



Campbell Union School District

**Review of General Obligation Bond Program and
Plan to Issue Series 2018 Bonds**

Presentation to Board of Trustees

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General Obligation Bond Program

- The District has been spending bond money to make facility improvements on an ongoing and consistent basis for more than fifteen years.^[1]
 - Three successful authorizations totaling nearly \$300 million.
 - Significant expenditure of funds in each and every year since fiscal year 2002-03 and averaging nearly \$15 million per year.
 - Such expenditures have produced dramatic improvements to District facilities over that time.

[1] Excludes 1994 Measure D bond authorization which did not link to current program.



Program Successes

- The District's bond program has been successful from a variety of perspectives.
 - Facilities meet educational standards and are a point of community pride.
 - The percentage pass rates (66.9%, 73.9%, and 68.6%) demonstrate strong community support.
 - The District has met its tax rate targets in each and every year (\$55.20 per \$100,000 of assessed value after approval of 2010 Measure G and \$67.20 per \$100,000 with approval of 2016 Measure CC).
 - The District has managed its bond issuances with an eye toward best practices.



Historic Tax Rates

- ◆ The District has long managed its bond program based on clearly articulated tax rate management objectives.

Tax Year	1994 Measure D	2002 Measure H	2010 Measure G	2016 Measure CC	Total
2000	\$33.00	-	-	-	\$33.00
2001	30.20	-	-	-	30.20
2002	26.20	-	-	-	26.20
2003	26.70	\$20.20	-	-	46.90
2004	27.10	27.90	-	-	55.00
2005	28.00	24.90	-	-	52.90
2006	25.90	25.30	-	-	51.20
2007	24.00	26.80	-	-	50.80
2008	23.20	24.30	-	-	47.50
2009	27.10	25.30	-	-	52.40
2010	28.50	26.70	-	-	55.20
2011	24.90	29.80	\$0.50	-	55.20
2012	28.30	26.60	0.30	-	55.20
2013	24.60	22.00	8.60	-	55.20
2014	26.40	28.80	0.00	-	55.20
2015	23.50	17.20	14.50	-	55.20
2016	22.00	19.60	13.60	-	55.20
2017	29.40	25.80	0.00	-	55.20
2018	24.40	14.80	15.80	\$12.20	67.20



Future

- At this point, the established program is expected to provide the District with access to funding through summer 2029 using both authorizations under which the District currently has authorized but unissued bonds.

Year	2010 Measure G	2016 Measure CC	Combined
Already Issued	\$89 million	\$20 million	\$109 million
2018	\$6 million	\$18 million	\$24 million
2020	\$0 million	\$20 million	\$20 million
2022	\$6 million	\$14 million	\$20 million
2024	\$20 million	\$0 million	\$20 million
2026	\$20 million	\$0 million	\$20 million
2028	\$9 million	\$0 million	\$9 million
	\$150 million	\$72 million	\$222 million

Note: All \$42 million authorized under 1994 Measure D and substantially all \$74.9 million authorized under 2002 Measure H have been issued.



Issuance of Series 2018 Bonds

- At this point, the District is in the process of preparing to issue its Series 2018 bonds.
 - There is a need to secure funding for projects scheduled over the next two years and beyond.
 - Project costs escalation is here and seems likely to continue.
 - Interest rates remain low and there is some concern about significant increases to come.
 - There is some advantage to having continuity as the District transitions to new leadership.



2010 Measure G to 2016 Measure CC

- In 2016, the District placed a new bond measure on the ballot despite having remaining authorization on its existing authorization.
 - 2010 Measure G was marketed during the campaign as a “no tax rate increase” bond measure with a target tax rate of \$55.20 per \$100,000 of assessed value.
 - Lack of tax base growth from tax year 2009-10 through 2012-13 constrained issue size and resulted in repayment structures that were relatively deferred.
 - The successful election in 2016 not only provided additional authorization but added taxing authority to increase flexibility.
 - With long-term funding secured, the District will be able to manage its program more proactively.



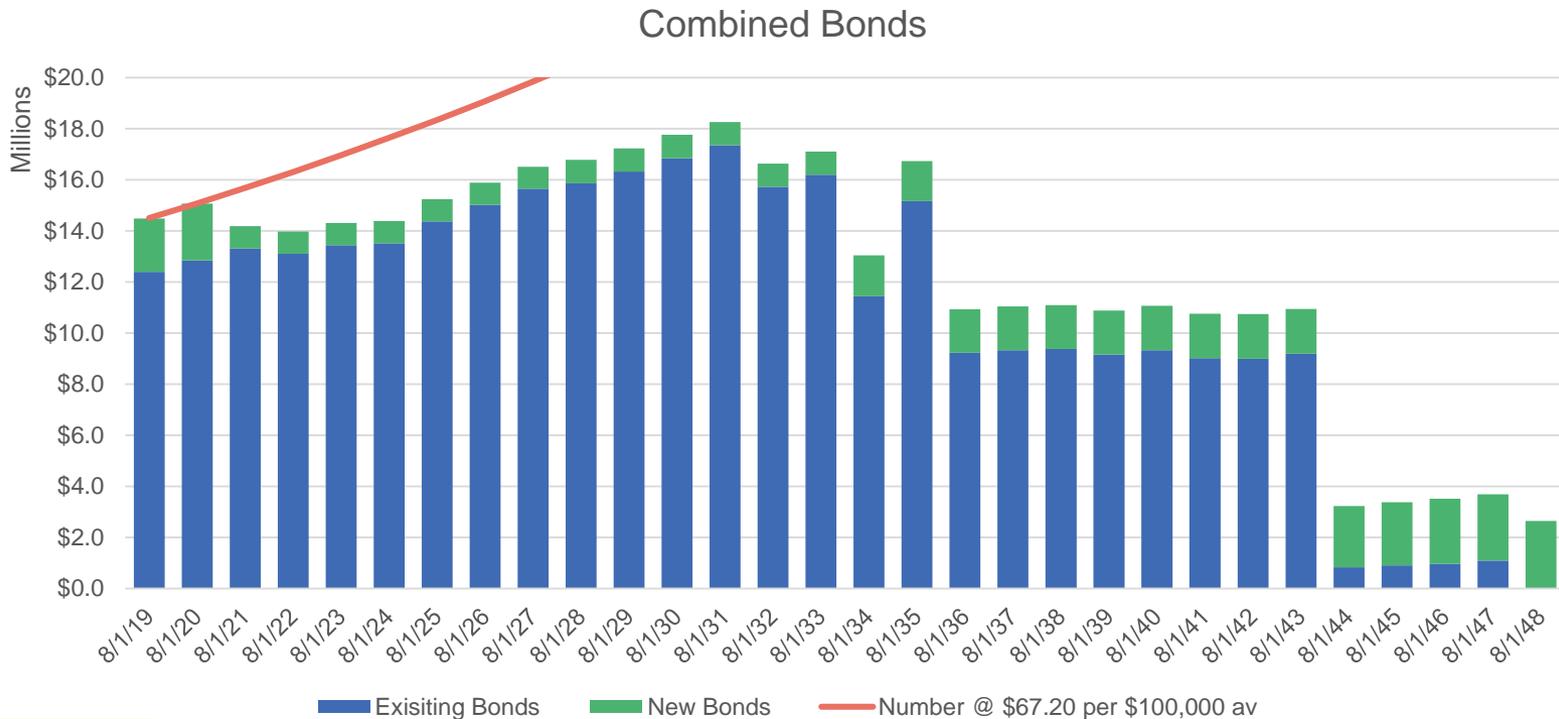
Sizing

- ◆ The proposed size of the bond issue and the share allocable to each authorization reflects a number of considerations.
 - We want to be able to fund project needs over at least a tax year period.
 - We want to issue bonds without causing tax rates (under reasonable projections) to exceed targeted levels.
 - We want to issue bonds using a repayment structure that accommodates future issuance of bonds.
 - We want to eventually reach a point of sustainability where bonds can be issued on an ongoing basis without increasing tax rates of outstanding debt as a percentage of the tax base.



Repayment Structure – Combined Bonds

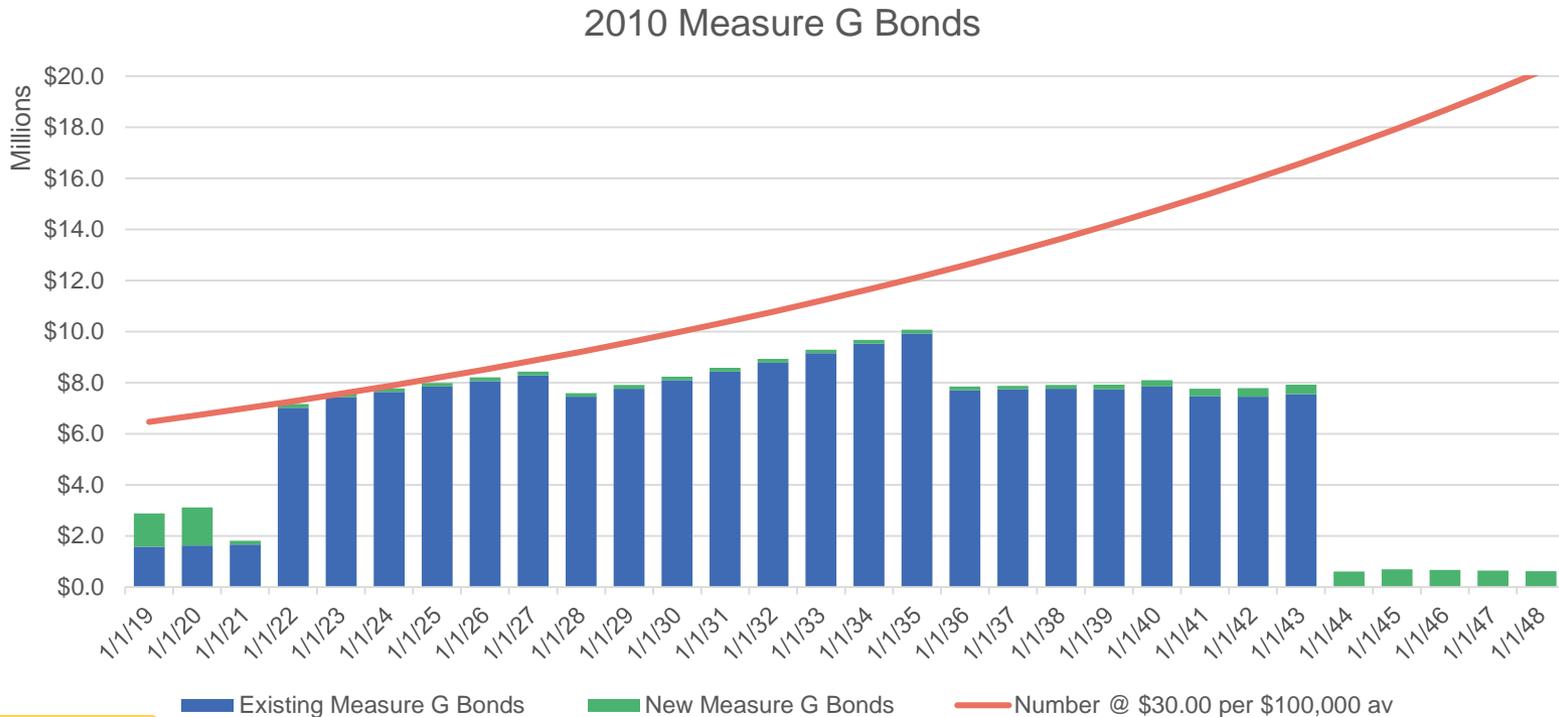
- The repayment structure for all bonds combined is designed to fit within projected revenues of an overall \$67.20 per \$100,000 of assessed value bond levy.





Repayment Structure – Measure G Bonds

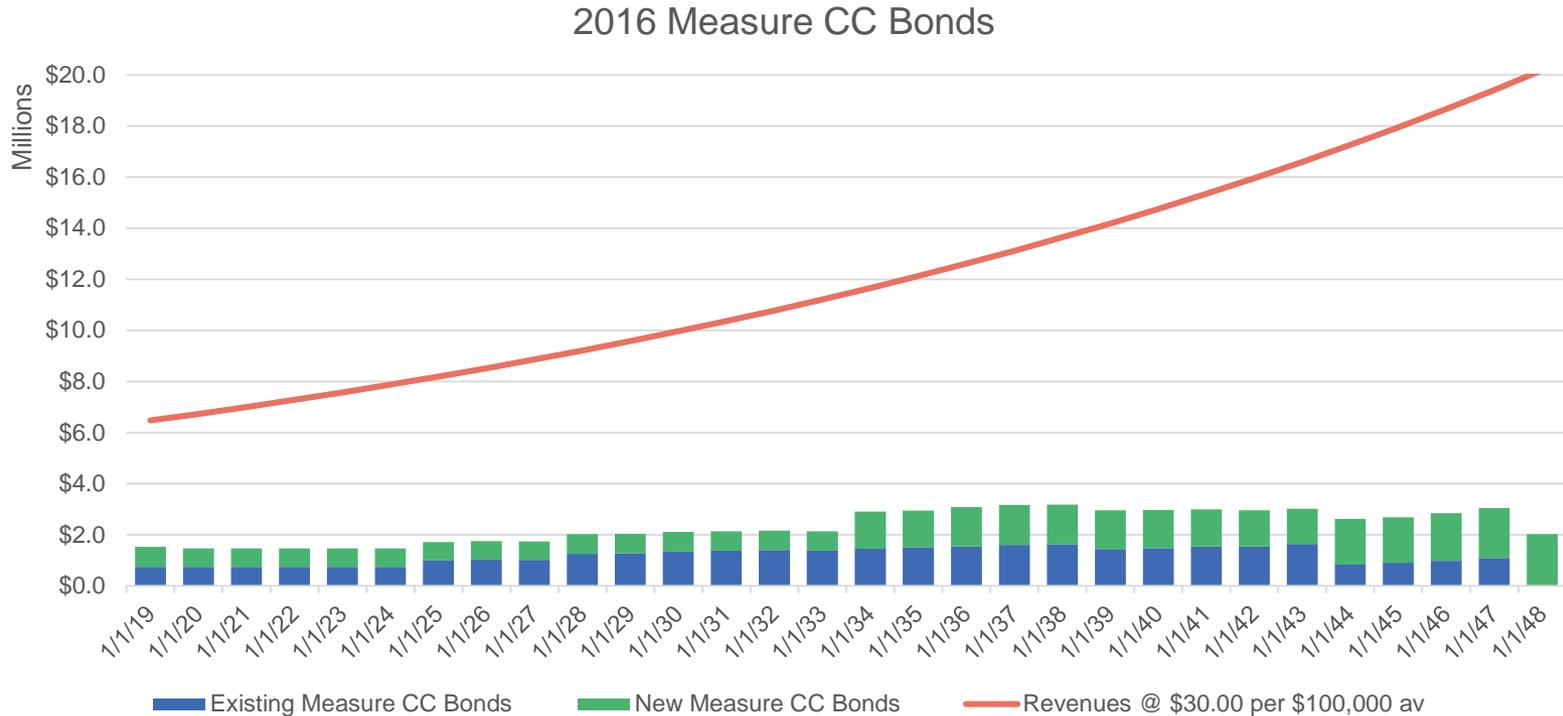
- ◆ The repayment structure for the Measure G Bonds alone is designed to fit within projected revenues of a \$30.00 per \$100,000 of assessed value bond levy.





Repayment Structure – Measure CC Bonds

- The repayment structure for the Measure CC Bonds alone is designed to fit within projected revenues of a \$30.00 per \$100,000 of assessed value bond levy.





Ratings

- The District's bonds are currently rated "Aa1" by Moody's, "AA" by Standard & Poor's, and "AAA" by Fitch.
 - The District's bonds are more highly rated than they ever have been in connection with the series 2018 bonds.
 - We recommend that the District apply for ratings from Moody's and Fitch but not Standard & Poor's.
 - The recommendation reflects our desire to improve the marketability of the bonds and being "good" market participants while reducing costs where appropriate.
 - The Fitch "AAA" rating reflects their willingness to rate the bonds based on tax base analysis only upon receipt of a special legal opinion.
 - The schedule calls for a face to face meeting with the rating agency representatives on May 16th and the receipt of ratings on May 28th.



Competitive Sale

- We are recommending that the District sell its bonds by competitive sale.
 - Bonds may be sold by competitive sale or negotiated sale. The District has sold its bonds by both methods at different times in the past.
 - The higher ratings and “vanilla” structure of these bonds make this issue a good candidate for competitive.
 - The District’s most recent bond issue was sold by competitive sale and achieved good rates.
 - Given the lack of supply for this type of issue, we expect to receive at least half a dozen strong bids from higher quality bidders.



SB 450

- New legislation effective January 1, 2018, requires that a number of specific bond metrics be disclosed to the issuer and the public prior to the issuance of the bonds.

Item	Good Faith Estimate
True Interest Cost Percentage	4.00%
Costs of Issuance	Approximately \$220,000
Underwriter Fee	\$4 per bond (\$96,000)
Proceeds Received	\$24.0 million
Total Debt Service	\$45.5 million



Costs of Issuance

- Our target is for each provider to be median or below for comparable transactions.

Campbell Union School District
General Obligation Bonds, Series 2018
Costs Related to Bond Issuance

Role	Consultant	Fee
Financial Advisor	PFM Financial Advisors LLC	\$80,000
Financial Advisor Reimbursables	PFM Financial Advisors LLC	\$2,500
Bond Counsel	Quint & Thimmig LLP	\$40,000
Bond Counsel Reimbursables	Quint & Thimmig LLP	\$2,500
Disclosure Counsel	Quint & Thimmig LLP	\$25,000
Disclosure Counsel Reimbursables	Quint & Thimmig LLP	\$2,500
Special Revenue Opinion Counsel	Squire Patton Boggs LLP	\$10,000
Rating Agency	Moody's Investor Service	\$18,500
Rating Agency	Fitch Ratings	\$18,000
Paying Agent	U.S. Bank	\$2,500
Bidding Platform	IPREO	\$2,000
Advertising Fee	Bond Buyer	\$1,500
Municipal Data	California Municipal Statistics	\$2,000
Printing	AVIA	\$1,500
Contingency	To Be Returned if Unused	\$10,000
Total		\$218,500



Schedule

- ◆ The District is planning on taking bids on June 19th and receiving funds on July 3rd.

Date	Activity
Friday, May 4	Comments due on draft legal financing documents.
Thursday, May 10	District Board meeting to present financing plan.
Wednesday, May 16	Credit rating meetings.
Wednesday, May 23	Deliver material to District for Thursday, June 7 th , Board meeting.
Monday, May 28	Receive & review ratings.
Thursday, June 7	District Board meeting to approve financing resolution.
Friday, June 8	Post preliminary official statement.
Week of Monday, June 11	Contact with potential investors and underwriters.
Tuesday, June 19	Sale date. Establish interest rates.
Friday, June 22	Distribution of draft closing documents for review and comment.
Week of Monday, June 25	Potential closing meeting to discuss closing documents, review sale, and plan for ongoing responsibilities.
Thursday June, 28	Deliver material to District for July Board meeting.
Thursday, June 28	Comments due on draft closing documents.
Tuesday, July 3	Closing. District receives funds.
Thursday, July 12	District board meeting to review financing results.