



San Leandro Unified School District

Bond Program Update

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Presented by

Ruth Alahydoian
KNN Public Finance
Ralahydoian@knninc.com

Kurt Weidmann
Harris & Associates
Kweidmann@harris-asoc.com



1333 Broadway, Suite 1000, Oakland, CA 94612
phone 510-839-8200 fax 510-208-8282

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Topics

- Measure B and Measure M Project Timelines & Cash Needs
- Recently introduced legislation affecting school bonds & discussion on CABs
- Current bond market conditions & potential to refinance existing bonds
- Financing schedule for bond issuance
- Other



Measure B Projects – Cash Needs

- **Timeline**

- November 2006 – Bond Election
- January 2007 – Start
- October 2014 – Construction scheduled completion
- June 2015 – Financial & DSA Closeouts scheduled completion

- **Cash Needs**

- Cash on hand currently (02/27/13) = **\$15.8 million**
- Estimated month current cash will be depleted = **Early November 2013**
- Additional cash needs after current cash is expended = **\$11.7 million**

Measure M Projects – Cash Needs

- **Timeline**

- November 2010 – Bond Election
- January 2011 – Start
- October 2014 – Construction scheduled completion
- June 2015 – Financial & DSA Closeouts scheduled completion

- **Cash Needs**

- Cash on hand currently (02/27/13) = **\$18.2 million**
- Estimated month current cash will be depleted = **September 2013**
- Additional cash needs after current cash is expended = **\$20.1 million**

Issuing Remaining Bonds – 4 Questions

1. What are the District's Cash Flow Needs?

2. Does the District have the Statutory Debt Capacity?

• Total AV:	<u>\$9,438,812,961</u>
• 2.5% of AV (Debt Capacity):	235,970,324
• Outstanding Debt:	<u>162,436,387</u>
• Remaining Capacity	\$73,533,937

3. How Much Authorization is Left?

• Measure B:	\$11,673,612
• Measure M:	<u>\$20,100,000</u>
	\$31,773,612

4. Can Bonds be Repaid within the Tax Rate Constraints?

- Measure B: Keep tax rate for Measure B repayment under **\$60** per \$100,000
- Measure M: Keep tax rate for Measure M repayment under **\$29** per \$100,000 AV

Tax Rates versus Tax Amount

- **Tax rates** are charged per \$100,000 of property value. As property value increases, the same rate will generate more tax revenues:
 - \$60 per \$100,000 of assessed value when property is valued at \$100,000 = \$60.00
 - \$60 per \$100,000 of assessed value when property is valued at \$102,000 = \$61.20
- Once the bonds are sold, the repayment **amount** is fixed. If property values increase more than expected, the tax rate can go down.
 - To collect \$1,000,000 from current tax base, tax rate is **\$10.60** per \$100,000 of AV.
 - To collect \$1,000,000 from a tax base that has grown by 2%, the tax rate is **\$10.40** per \$100,000.
- Current tax rates for San Leandro USD bonds:
 - Measure A: \$37.30
 - Measure B: \$48.86
 - Measure M: \$22.34
 - Combined: \$108.50

Recently Developments

- **CAB Moratorium Letter** - On January 17, 2013, State Superintendent of Public Instruction Tom Torlakson and State Treasurer Bill Lockyer sent a letter to all school districts asking for a “moratorium” on issuing CABs until the Legislature and the Governor decide on reforms.
- **CAB Legislation Introduced** – On January 24, 2013, Assembly Members Buchanan and Hueso introduced legislation (AB 182) that will:
 - Restrict school districts from issuing under the Government Code, which allowed for up to 40 year repayment. Schools will only be allowed to issue under Education Code, which limits the repayment term to 25 years.
 - Require CABs to be “callable” (ability to refinance).
 - Require CAB repayment to be no more than 4 times the original principal amount.
 - Require more disclosure up-front, at a Board meeting, when CABs will be issued.

How Does this Affect SLUSD?

- The remaining bonds will not be CABs.
- The repayment term cannot exceed 25 years – both Measure B and Measure M bonds will fit within a 25 year repayment schedule.
- SO, San Leandro USD will not be affected.

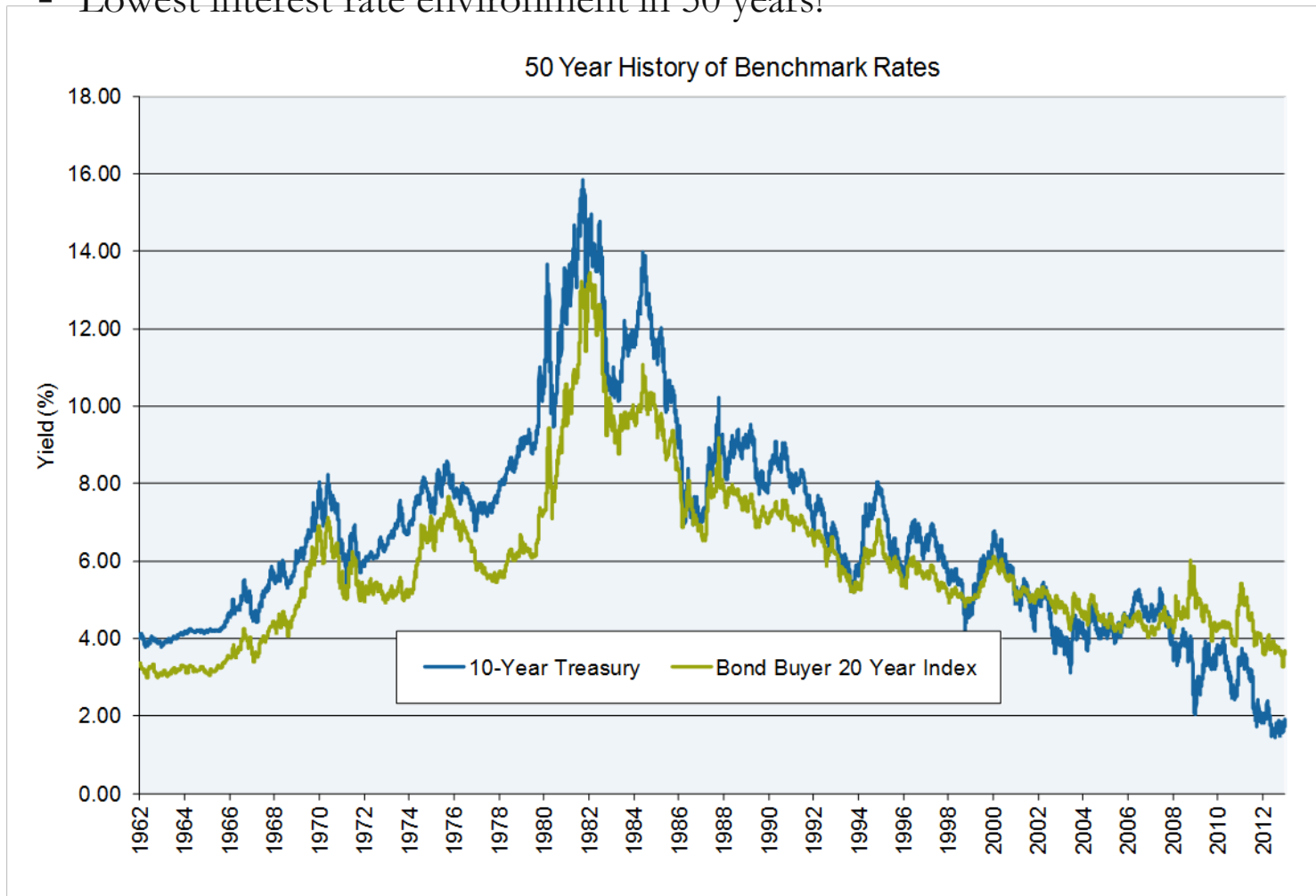
San Leandro USD's CABs

- The District issued CABs in 2009, when there was uncertainty around the bond market and around the availability of State funds.
- The CABs allowed the District to:
 - Keep tax rates as low as possible for Measure B.
 - Keep the bond program moving at a time when construction costs were favorable.
 - Issue QSCBs, which were low interest cost bonds, that preserved bond authorization for additional projects.

Issue	Year Issued	Final Maturity	Original Principal	Original Debt Service	Payback Ratio	Currently Outstanding Principal	Remaining Debt Service if not refunded	Payback Ratio of Remaining Debt
Series A	2007	2031	\$29,000,000	\$46,673,866	1.61	\$22,335,000	\$33,764,585	1.51
Series B	2009	2033	30,000,000	65,105,237	2.17	29,800,000	59,017,769	1.98
Series C Standard CABs	2010	2035	5,692,878	27,590,000	4.85	5,692,878	27,590,000	4.85
Series C Convertible CABs	2010	2039	14,306,165	80,704,050	5.64	14,306,165	80,704,050	5.64
Series D (QSCBs)	2011	2026	18,327,344	27,246,406	1.49	18,327,344	25,414,155	1.39
TOTAL MEASURE B:			\$97,326,387	\$247,319,559	2.54	\$90,461,387	\$226,490,559	2.50

Bond Market Conditions

- Lowest interest rate environment in 50 years!



Refinancing Possibility

- With interest rates as low as they are, we are reviewing options to refinance some of the District's existing bonds.
- If a refinancing generates sufficient debt service savings, it will be brought to the Board along with the Measure B and Measure M bond issues to keep allow for a combined bond sale.
- The District has refinanced (or “refunded”) in the past:
 - 2004 – allowed final series of Measure A to be issued without increasing tax rates and reduced interest costs from 5.10% to 4.45%
 - 2007 – reduced overall cost from 5.13% to 4.13% for a savings of \$3.4 million for taxpayers over repayment of bonds.
 - 2011 –reduced overall cost from 4.45 % to 2.73% for a savings of \$460,000 for taxpayers over repayment of bonds.

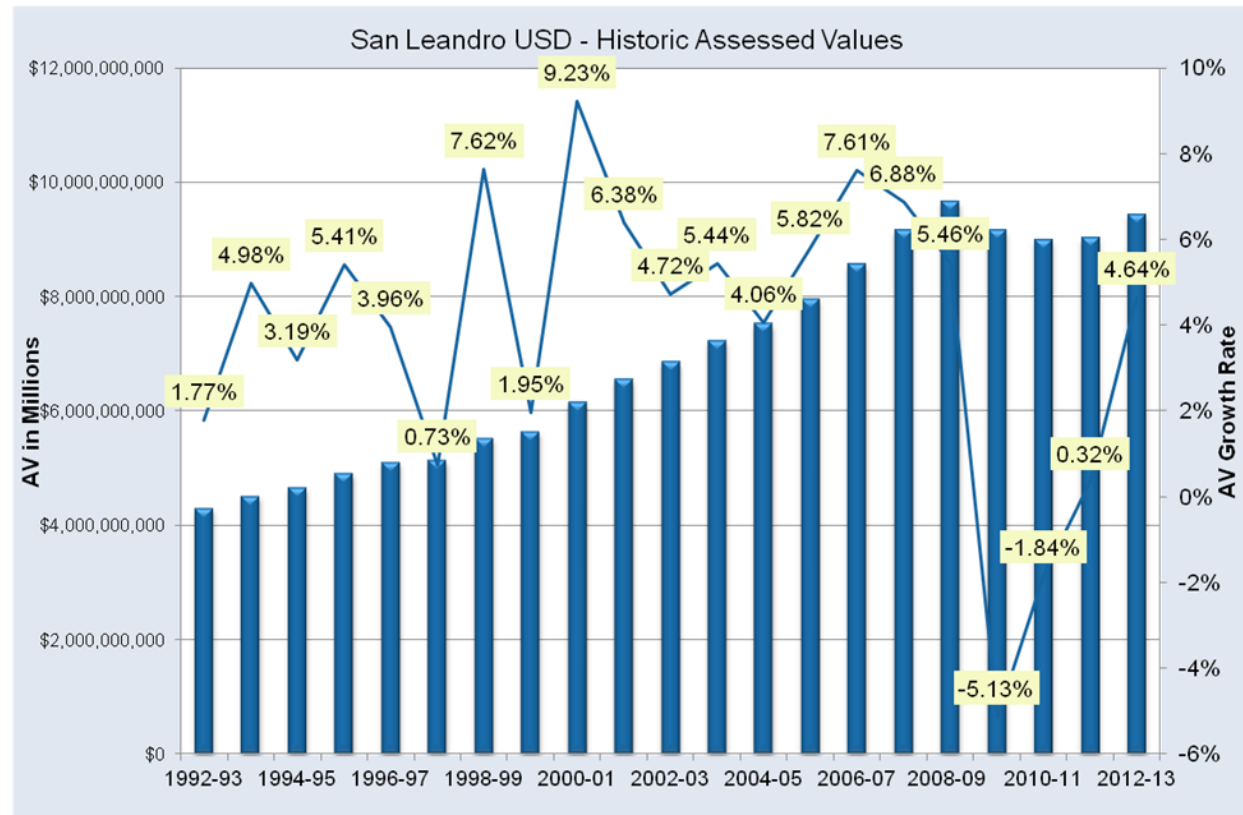
Bond Issuance Process and Schedule

Timing for August 2013	Activity	Who is involved
April / May 2013	Planning & Structuring - determining timing, sizing, structure and type of sale.	KNN, the District, Bond Counsel
May 2013	Authorizing Documents – Resolution for adoption by District Board	Bond Counsel, District
June 2013	Disclosure Documents – preparation of the Official Statement	Disclosure Counsel, District, KNN
Late June 2013	Credit Review/Rating – Rating presentation to S&P and Moody’s	District and KNN
Mid July 2013	Sale of Bonds	KNN, District,
Late July 2013	Final Legal Documents	Bond Counsel, District (signatures), KNN (review)
Late July 2013	Closing	County, Bond Counsel, District, Underwriter

Appendix - Assessed Value Estimates Look Good!

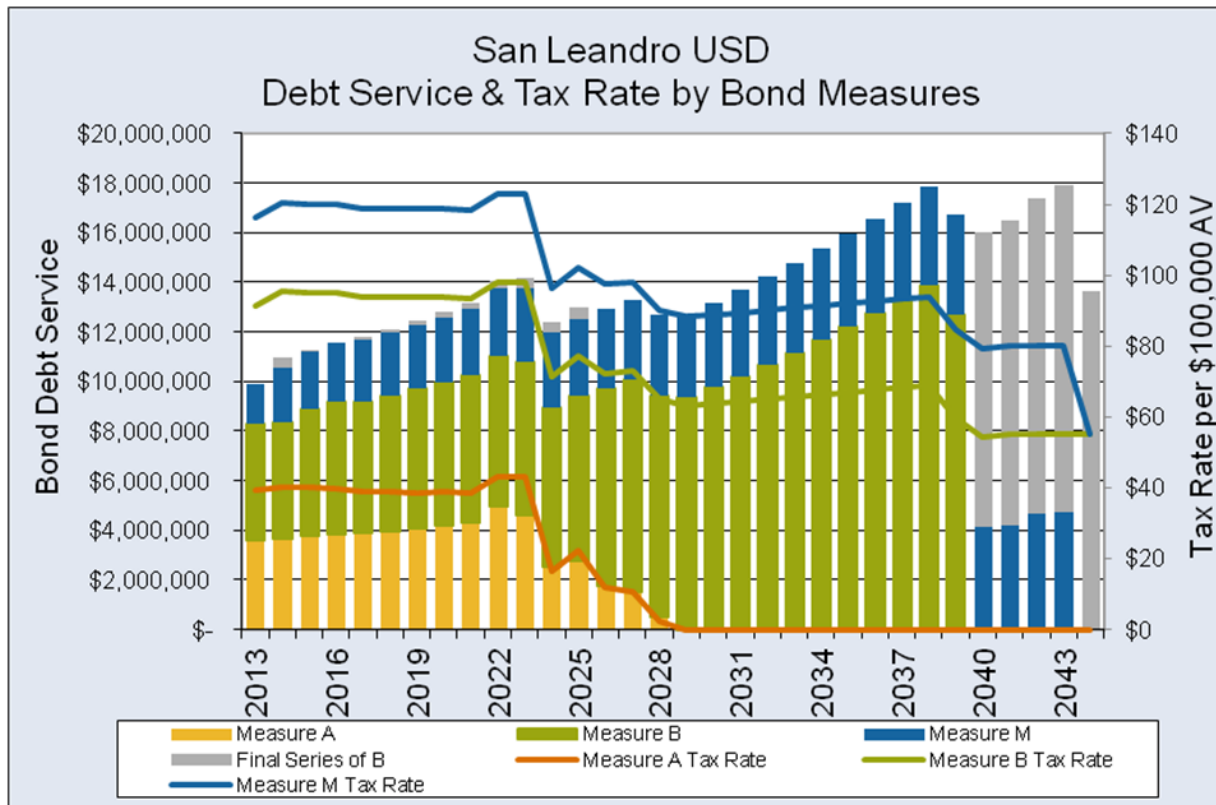
- County numbers indicate over 4% growth from last year!
- The Kaiser facilities have added considerably to the property base.

	Total AV	Annual Growth
1991-92	\$4,220,683,213	
1992-93	\$4,295,502,906	1.77%
1993-94	\$4,509,225,803	4.98%
1994-95	\$4,653,235,889	3.19%
1995-96	\$4,904,880,330	5.41%
1996-97	\$5,099,051,950	3.96%
1997-98	\$5,136,291,966	0.73%
1998-99	\$5,527,863,466	7.62%
1999-00	\$5,635,683,772	1.95%
2000-01	\$6,155,577,146	9.23%
2001-02	\$6,548,147,716	6.38%
2002-03	\$6,856,930,214	4.72%
2003-04	\$7,229,901,401	5.44%
2004-05	\$7,523,292,486	4.06%
2005-06	\$7,961,090,647	5.82%
2006-07	\$8,566,803,062	7.61%
2007-08	\$9,155,838,245	6.88%
2008-09	\$9,656,160,320	5.46%
2009-10	\$9,160,323,400	-5.13%
2010-11	\$8,991,374,808	-1.84%
2011-12	\$9,019,965,297	0.32%
2012-13	\$9,438,812,961	4.64%
Average 5 years		0.69%
Average 10 years		3.32%
Average 20 years:		4.07%



Appendix - Debt Service and Tax Rates for All Bonds

- The combined tax rate for all three bond measures will be \$108.50 per \$100,000 AV.
- The County does not calculate by bond measure, but based on a proportional allocation of debt service, the tax rates per \$100,00 AV break-down as follows:



Measure A: \$37.30

Measure B: \$48.86

Measure M: \$22.34

Combined: \$108.50