



# San Leandro Unified School District

## Qualified Zone Academy Bonds (“QZAB”)

May 6, 2014

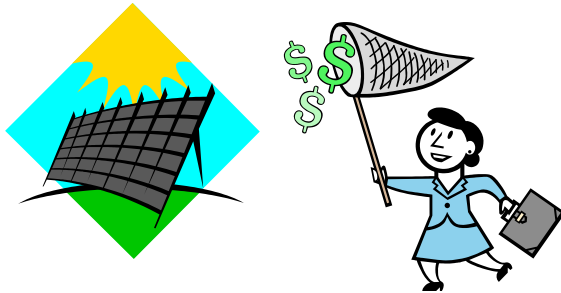
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# Big Picture

- Solar project will result in savings in utility costs to the District.

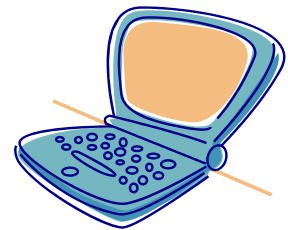


- Use **QZAB proceeds** to pay for some technology and certain Measure B Projects at Bancroft, Muir and SLHS (longer useful life).



- Savings can be used as a payment source for a financing.
- By using QZAB bonds, the cost of the financing is minimized.

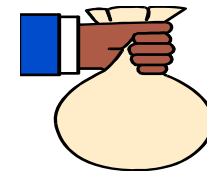
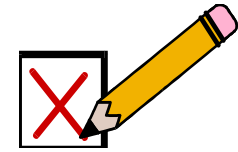
- Use **Measure B** funds freed up from those projects for other technology projects (allowable under bond language).



# How does the QZAB Work?

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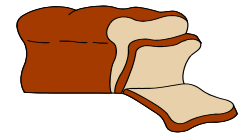
- District must qualify & receive authorization from State.
- District issues QZAB's - investor gives \$\$\$ to District.
- IRS gives investor annual income tax credit (constitutes the bulk of yield to investor)
- District repays original amount borrowed plus low supplemental interest to investor (remainder of yield to investor)



# Qualifications

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- **35% of students at site qualify for free & reduced lunches.**
  - Bancroft MS, John Muir MS, and San Leandro HS each qualify.
- **10% contribution from private sector partners.**
  - OSI and Lit San Leandro will contribute a combined total of \$500,000 worth of equipment, services and training.
- **“Academy” or similar program.**
  - The District’s S.T.E.A.M. (Science, Technology, Engineering, Arts and Mathematics) Academy has been approved by the Board, and by the State for QZAB financing. One Academy can operate on multiple campuses.



# Breakdown of Projects by Site

- The following projects are scheduled to be paid from QZABs:

	Useful Life	Bancroft MS	John Muir MS	SLHS	Total
Fiber Optic Loop	15	\$28,925	\$109,000	\$46,950	<b>\$184,875</b>
Furniture & Equipment	10	\$ -	\$300,000	\$337,000	<b>\$637,000</b>
Servers	10	\$33,000	\$33,000	\$33,000	<b>\$99,000</b>
Switches	10	\$219,495	\$203,766	\$297,874	<b>\$721,134</b>
Modernization Projects (Meas B)	20	<u>\$1,500,000</u>	<u>\$652,991</u>	<u>\$1,205,000</u>	<u><b>\$3,357,991</b></u>
		\$1,781,420	\$1,298,757	\$1,919,824	<b>\$5,000,000</b>

# 10% Private Sector Contribution\*

- OSI and Lit San Leandro have committed to the following:

Goods and Services Pledged	Form of Pledge	Bancroft MS	John Muir MS	San Leandro HS	Total
Bandwidth Support	\$1,000/month over 5 years (PV)	\$53,118	\$53,118	\$53,118	\$159,354
1000 Point PI System + Interface	Equipment	\$70,000	\$70,000	\$70,000	\$210,000
Tech Assistance	\$10,460/yr for 5 yrs (PV)	\$46,918	\$52,300	\$52,300	\$151,518
Training	One time fee (2 @ \$2,500 each)	\$5,000	\$5,000	\$5,000	\$15,000
Unlimited Online Support	One time fee	\$3,333	\$3,333	\$3,333	\$9,999
User Conference	10 passes (\$1000 each) over 5 yrs (PV)	<u>\$8,971</u>	<u>\$8,971</u>	<u>\$8,971</u>	<u>\$26,913</u>
<b>Total match</b>		<b>\$187,340</b>	<b>\$192,722</b>	<b>\$192,722</b>	<b>\$572,784</b>

\* The values shown in this table are the present value ("PV") of items that are not lump-sum or one-time donations.

# Financing Lease Structure

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- **Site Lease:** District leases Washington Elementary School (the “Site”) to Public Agency Finance Corporation (“PAFC”: a non-profit “lessor” corporation for public agency lease/leaseback financings).
- **QZAB Lease:** District leases back the Site plus the improvements (the QZAB projects) from PAFC – this “lease back” is the QZAB lease proposed to be privately placed with and funded by Banc of America Leasing & Capital, LLC.
- **Agency Appointment:** PAFC assigns and the District accepts responsibility for all aspects of acquiring and constructing the QZAB projects and meeting QZAB requirements.
- Upon conclusion of all lease payment obligations, all leases, including the leasehold estate (of the Site), terminate.

*Note:* Tax rate estimates assume 3% growth in AV annually.

# Board Approval

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- **Board on May 6<sup>th</sup> approves a resolution authorizing:**
  - a) The QZAB financing as a general fund financing lease obligation of the District;
  - b) District staff to implement the QZAB financing *provided that* : total amount does not exceed \$5,150,000, supplemental interest rate does not exceed 2.25%, costs of issuance do not exceed \$150,000 and term does not exceed 15 years;
  - c) The form of the lease, site lease and other financing documents;
  - d) Jones Hall as special counsel, KNN Public Finance as financial advisor, and Banc of America Leasing & Capital, LLC as proposed private placement buyer of the QZAB .



# QZAB Sources and Uses

Sources	
<b>Bond Proceeds:</b>	
Par Amount	\$5,135,000.00
	<u>\$5,135,000.00</u>

Uses	
<b>Delivery Date Expenses:</b>	
Costs of Issuance	\$131,659.50
<b>Other Uses of Funds:</b>	
Bancroft Middle School	1,781,419.70
John Muir Middle School	1,298,756.60
San Leandro High School	1,919,823.70
Additional Proceeds	3,340.50
	<u>\$5,135,000.00</u>

# QZAB Costs of Issuance

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Costs of Issuance	Amount
Bank Counsel	\$20,000.00
Bond Counsel	50,000.00
Financial Advisor	47,500.00
Trustee	3,000.00
Title Insurance	5,659.50
Public Agency Finance Corp.	2,500.00
Miscellaneous	3,000.00
	\$131,659.50

# Solar Savings versus Payments

Lease Year Ending	Lease Payment	Projected Energy Savings	Unused Savings
9/15/2015	\$291,600	\$350,219	\$58,619
9/15/2016	323,500	364,428	40,928
9/15/2017	333,835	379,215	45,381
9/15/2018	348,844	394,605	45,762
9/15/2019	363,419	410,621	47,203
9/15/2020	377,560	427,290	49,731
9/15/2021	396,267	444,638	48,372
9/15/2022	409,431	462,693	53,262
9/15/2023	427,162	481,484	54,322
9/15/2024	444,350	501,040	56,690
9/15/2025	460,995	521,394	60,399
9/15/2026	482,098	542,577	60,479
9/15/2027	497,550	564,624	67,074
9/15/2028	522,460	587,516	65,057
9/15/2029	<u>540,805</u>	<u>609,487</u>	<u>68,682</u>
	<u>\$6,219,872</u>	<u>\$7,041,832</u>	<u>\$821,960</u>