



Mt. Diablo Unified School District
Facilities Financing Programs
and
2010 Measure C

Board of Education
Study Session

March 9, 2015



Agenda

**Board of Education Study Session
March 9, 2015**

- Program Update
- School Facilities Financing History
- Community Facilities District Refunding
- G.O. Bond Program History and Update
 - Proposed 2015 Bond Sale
- Next Steps



Program Update

- Solar
 - PG&E payment reduced 498%
 - \$9.3M from PG&E rebates
 - \$60M in NCREB
- Mechanical Improvements
 - Classroom air conditioning at all sites complete
- Modernization (Accelerated Components)
 - New Classroom Construction to Replace Portables
 - Middle School Science Buildings
 - Safety/security lock retrofits
- High School Upgrades, Renovations, Modernization
- Technology Infrastructure
- Technology Classroom Enhancements
- Security System Replacement



Financial Update

Sales and Revenue Summary

•Total Revenue from Bond Sales =	\$270,761,228
•Interest Revenue as of January 7, 2014 =	\$1,506,136
•Revenue from PG&E Rebates (HVAC) =	<u>\$382,221</u>
• Total Funding Currently Available =	\$272,649,585

Measure C Encumbered

•Contracts and in-house labor	\$254,550,836
•Change orders	\$6,249,276
•Projected contracts	<u>\$7,226,143</u>
• Total projected commitment =	\$268,026,255
• Remaining unencumbered:	\$4,623,330

All expenditures thru January 31, 2015



Cash Flow Projection

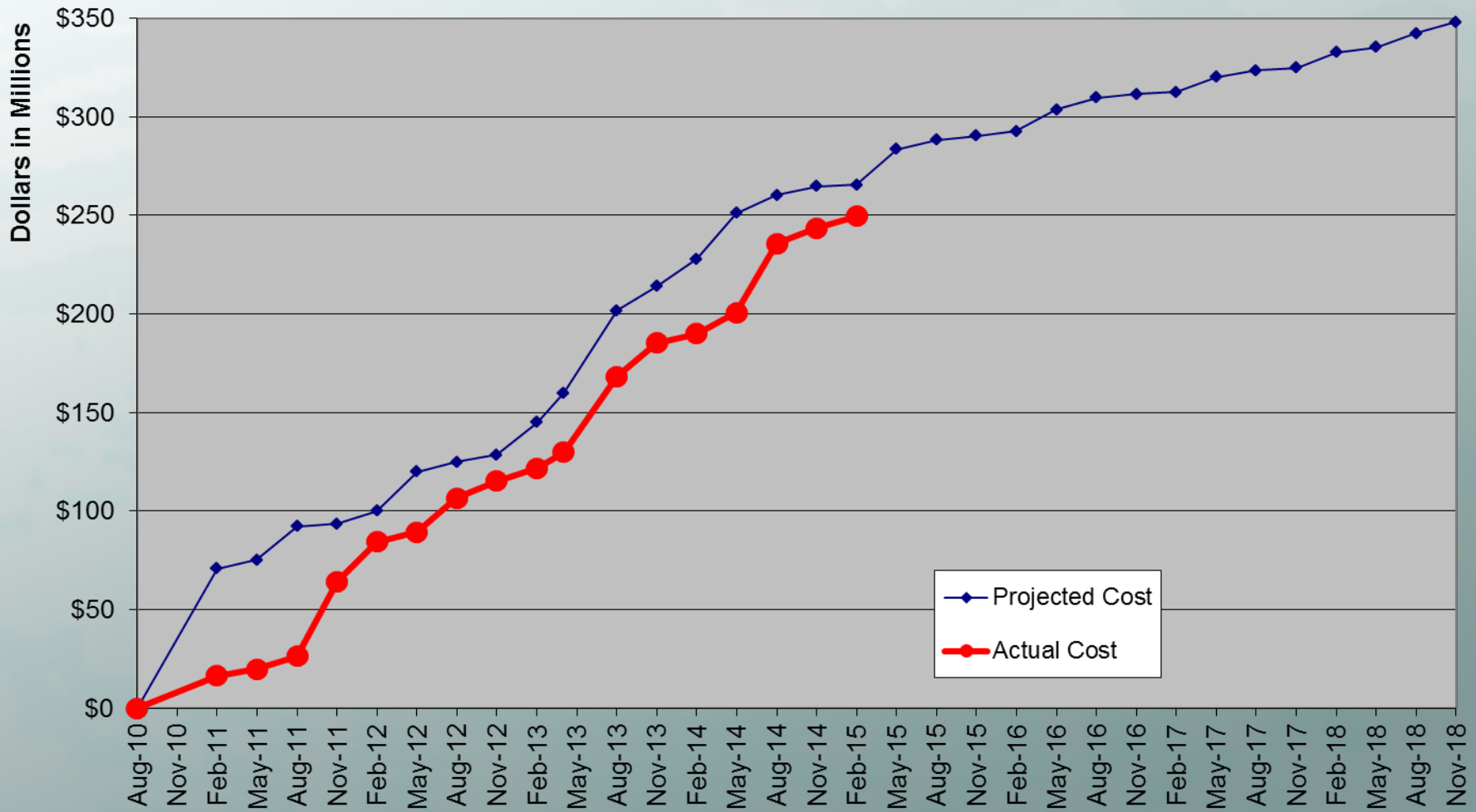
		2015	2016	2017	2018
Revenues:	Measure E Carryover	\$4,623,330.00			
	Projected Measure F	\$77,000,000.00	\$46,437,987.65	\$26,360,782.77	\$13,522,637.95
	Interest Earnings	\$2,523,278.11	\$1,435,569.43	\$814,909.00	\$418,034.60
	Total Revenues	\$84,146,608.11	\$47,873,557.08	\$27,175,691.77	\$13,940,672.55

Program Element					
Expenditures:	Solar (Complete)				
	HVAC	\$1,413,935.63			
	Accelerated Work	\$15,611,046.25	\$2,446,675.75		
	Technology Infrastructure	\$319,000.00	\$516,000.00	\$255,582.23	
	Security	\$3,693,711.84			
	Modernization	\$15,751,501.59	\$16,870,524.71	\$11,904,231.66	\$11,485,691.25
	Irrigation				
	Projected Value	\$36,789,195.31	\$19,833,200.46	\$12,159,813.89	\$11,485,691.25
	Escalation	\$919,425.15	\$1,679,573.85	\$1,493,239.93	\$2,454,981.30
	Projected Total	\$37,708,620.46	\$21,512,774.31	\$13,653,053.82	\$13,940,672.55

Balance:	\$46,437,987.65	\$26,360,782.77	\$13,522,637.95	\$0.00
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Projected vs Actual Cost Comparison





School Facilities Financing History

CFD BONDS

- Voters in the District approved a \$90,000,000 community facilities district (“CFD”) bond authorization at an election in November 1989 by 71.2%.

G.O. BONDS

- Voters in the District approved a \$250,000,000 bond authorization at an election in March 2002 by 65.4%.
- Voters in the District approved a \$348,000,000 bond authorization at an election in June 2010 by 60.7%.

CERTIFICATES OF PARTICIPATION (“COP”)

- District has also issued an estimated \$20 million in Certificates of Participation or Leases over the last 20 years, none of which are outstanding

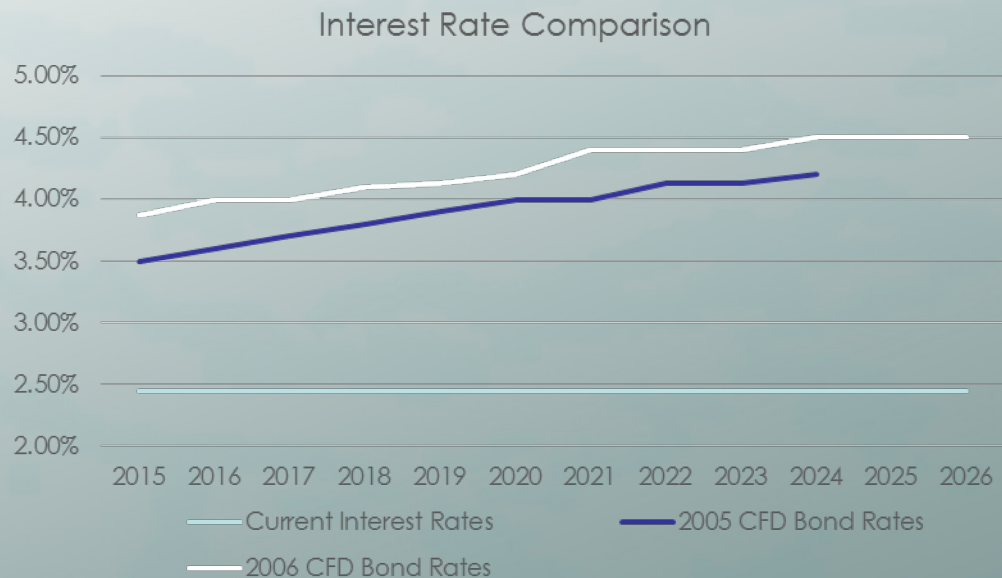


1989 CFD Bond Program

- Voters in the District approved a \$90,000,000 bond authorization at an election in November 1989 by 71.2%; all of the bonds from the 1989 election have been issued and subsequently refunded in:
 - *\$29.0M in bonds in 2002, \$15.8M in 2005, and \$30.0M in 2006*
- In 2012, the District redeemed in full the outstanding balance of 2002 Refunding Bonds
- Today there remains an estimated \$26.7 million in bonds from the 2005 and 2006 issues.
- The District annually collects a \$67 tax rate on all single family homes with funds going to 1) Debt Service, 2) a Reserve Fund, 3) a CFD Administration Account with the District, and 4) a Prior Redemption Account, which when sufficient is used to redeem outstanding CFD bonds.
- ***Refunding the outstanding CFD Bonds today has potential savings of approximately \$1,744,000.***

Comparing CFD Interest Rates

- Interest rates on the 2005 CFD Bonds are between 3.50% and 4.20%
- Interest rates on the 2006 CFD Bonds are between 3.875% and 4.50%
- Interest rates on the refunding bonds are estimated to be 2.45%
- The spread in interest is what generates the savings





2015 CFD Refunding Savings

- Based on current interest rates, the CFD savings would be approximately \$1,744,000, net of all estimate expenses, by refunding the 2005 & 2006 CFD bonds.
- The industry accepted threshold for present value savings is a minimum of 3.00%. Based on current interest rates, the refunding would generate present value savings of 6.31%.

<u>Date</u>	<u>Existing Debt Service</u>	<u>New Debt Service</u>	<u>Savings</u>
8/1/2015	\$3,884,273	\$3,772,305	\$111,968
8/1/2016	3,886,660	3,739,258	147,403
8/1/2017	3,896,440	3,746,593	149,848
8/1/2018	3,900,915	3,751,845	149,070
8/1/2019	3,892,250	3,745,015	147,235
8/1/2020	3,897,246	3,751,348	145,899
8/1/2021	1,763,686	1,615,475	148,211
8/1/2022	1,754,266	1,604,828	149,439
8/1/2023	1,966,126	1,818,568	147,559
8/1/2024	1,966,615	1,816,183	150,433
8/1/2025	207,550	57,818	149,733
8/1/2026	<u>209,000</u>	<u>61,470</u>	<u>147,530</u>
	\$31,225,028	\$29,480,703	\$1,744,325



2002 G.O. Bond Program Summary

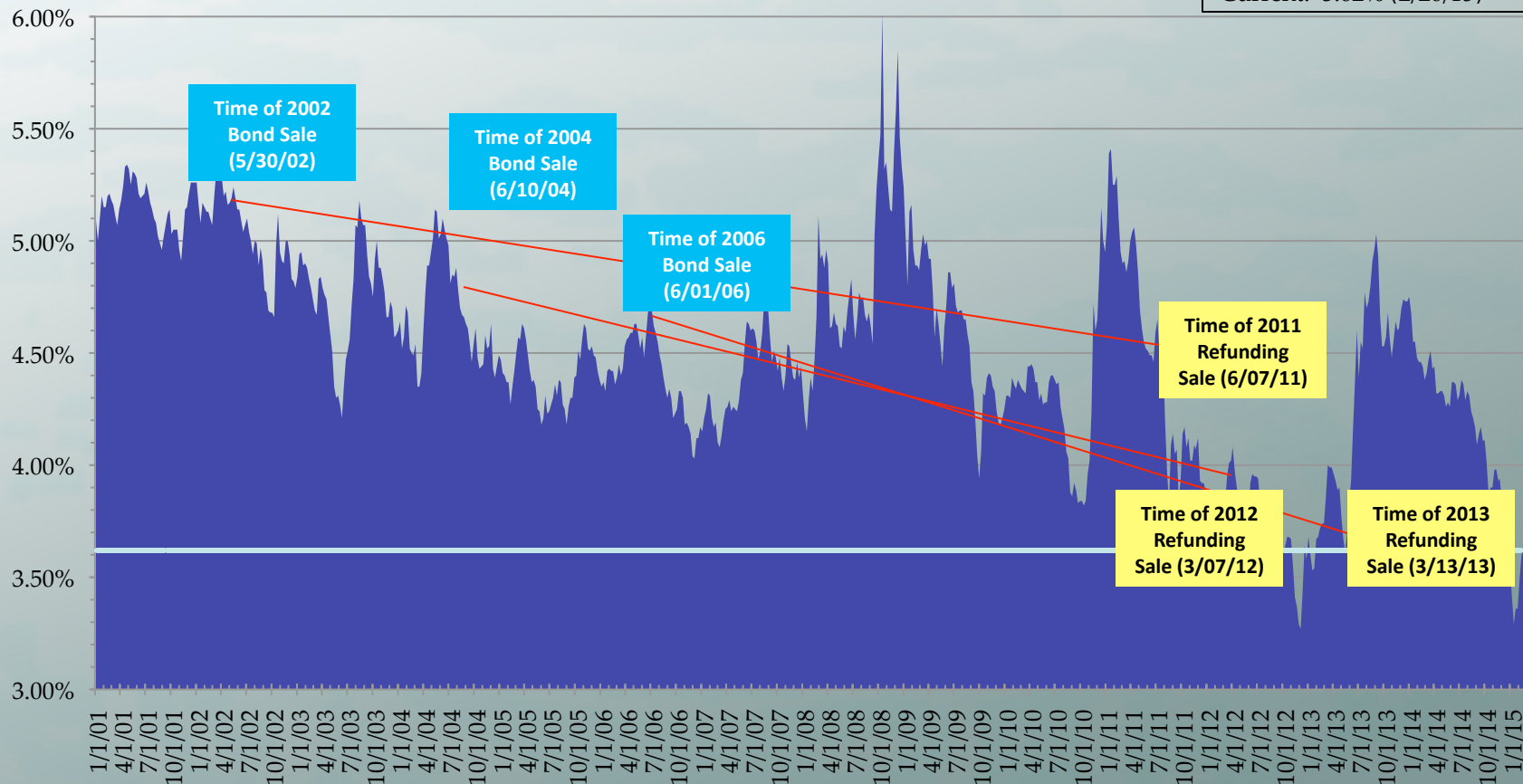
- Voters in the District approved a \$250,000,000 bond authorization at an election in March 2002 by 65.4%; all of the bonds from the 2002 election have been issued based on the following issuance schedule:
 - *\$69.4 million in bonds in 2002, \$121.0 million in 2004, and the final \$59.6 million in 2006*
- In Fiscal Year 2010-11, District refunded it's 2002 bonds to save taxpayers \$4.7 million.
- In Fiscal Year 2011-12, District also refunded its 2004 bonds to save taxpayers an additional \$8.8 million.
- In Fiscal Year 2012-13, District refunded its 2006 bonds to save taxpayers an additional \$6.8 million.

Due to the District's recent efforts to refund their outstanding bonds, property owners are projected to save over \$20 million in lower debt service payments.

Historic Interest Rate Environment

Bond Buyer 20 Bond Index (January 1, 2001 to February 26, 2015)

High: 6.01% (10/16/08)
Low: 3.27% (12/6/12)
Average: 4.51%
Current: 3.62% (2/26/15)



Rates comparing original bond sales and refundings



2010 G.O. Bond Program Summary

- In 2010, voters in the district approved a \$348.0 million bond election by a 60.9% affirmative vote.
- District secured significant federal subsidies to benefit its bond program including New Clean Renewable Energy Bonds and Qualified School Construction Bonds that saved taxpayers over \$30 million in interest costs for the 2010 Series B Bonds and 2011 Series C Bonds.
- In addition, District has benefited from historically low interest rates and conservatively structured bond issuances to keep borrowing costs down.
- A total of \$271.0 million in bonds have been sold to date:
 - \$110.0 million in bonds in 2010, \$11.0 million in 2011, and \$150.0 million in 2012
- ***\$77.0 million in bond authorization remains from Measure C 2010***



2010 G.O. Bond Issuance Summary

	Series 2010 Bonds	Series 2011 Bonds	Series 2012 Bonds	Series 2015 Bonds
Final Payment Year	2035	2031	2037	2040
Principal Amount of Bonds Issued	\$109,996,475	\$10,998,582	\$149,995,000	\$77,005,000
TRUE Interest Cost	4.39%	3.67%	4.04%	3.02%*
Total Net Debt Service	\$213,339,701	\$16,630,221	\$264,991,012	\$119,331,300*
Ratio of Debt Service to Principal	1.94:1	1.51:1	1.84:1	1.56:1*

Source: Isom Advisors 1/23/2015

* Estimate



Remaining Authorization

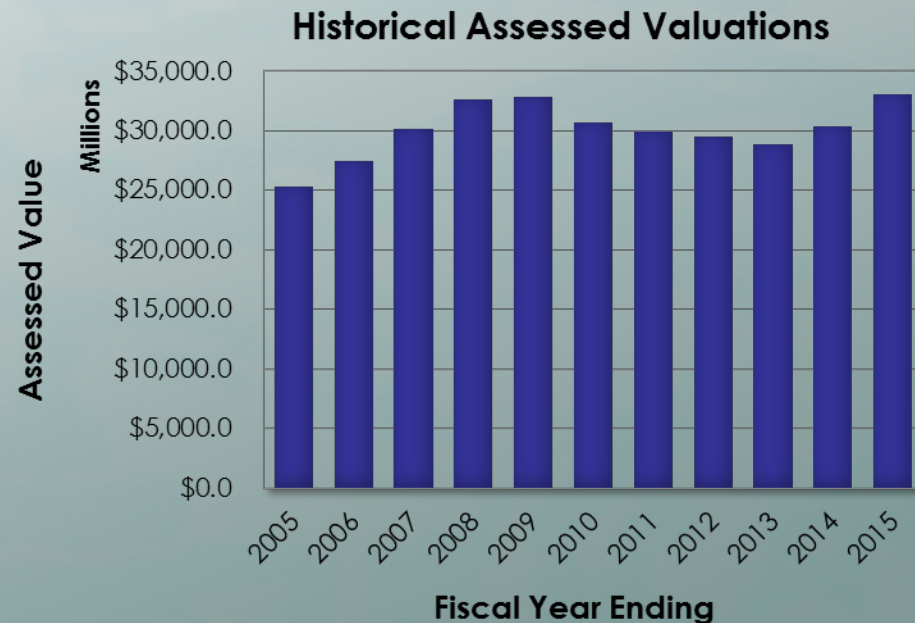
- Today, the District has an estimated \$77 million in authorized but unissued bonds from the Measure C 2010 election.
- Assessed valuation saw an increase from 2012-13 values of \$28,888,230,412 to 2014-15 values of \$33,034,981,481, an increase of 14.4%.
- Thanks to 2014-15 assessed valuation and using modest projected growth and today's interest rates, it is projected that the District will be able to keep to the timeline and sell its remaining bonds in 2015.
- Funds are projected to be available to the District's construction program for the summer of 2015/16 building season.



District's Tax Base

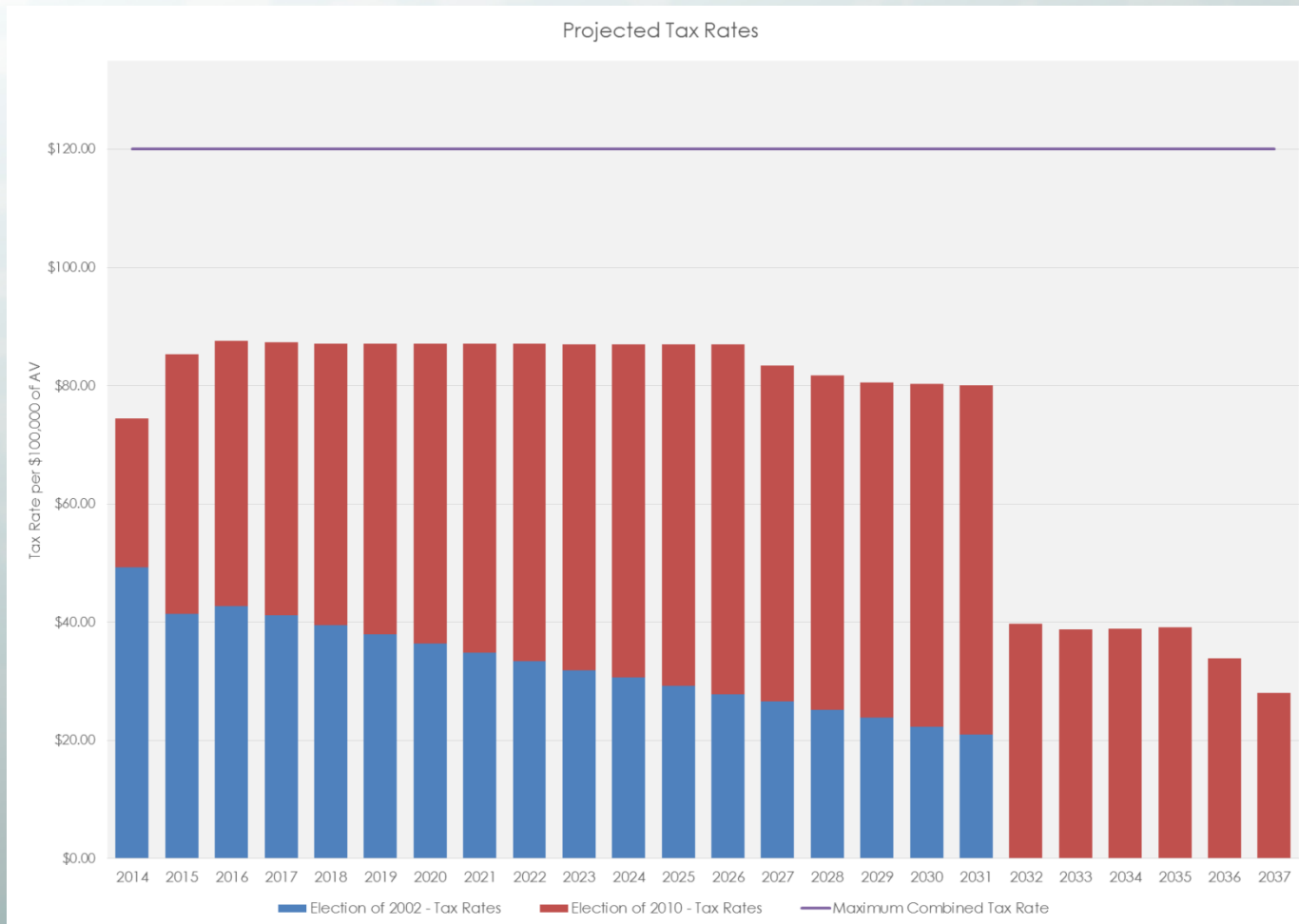
- ❖ The District's 2014-15 assessed value is \$33,034,981,481.
- ❖ The District's average assessed valuation growth since 2005 is 2.9%.
- ❖ The assessed valuation has increased by a cumulative total of 13.9% since 2013, and continued increases in the District's tax base is expected.

Fiscal Year Ending	Assessed Valuation Growth Rate
2005	
2006	8.5%
2007	9.9%
2008	8.2%
2009	0.6%
2010	-6.4%
2011	-2.6%
2012	-1.2%
2013	-2.2%
2014	5.0%
2015	8.9%
Average	2.9%



Source: California Municipal Statistics, Inc.

Projected Series F Issuance Tax Rate



- ❖ The projected average tax rate for the combined elections is \$68.79 per \$100,000 of assessed value
- ❖ *Note that if District selects a 30-year bond; debt service is higher by \$9 million but avg tax rate is \$59.63*



Next Steps

(Dates will be finalized based workshop)

Task	Responsible Party	Date
Board Workshop to review Facilities Financing Program	Financial Advisor	March 9
Distribute timeline, term sheet and distribution list	Financial Advisor	March 16
Distribute draft of the Preliminary Official Statement (POS), bond resolution and legal documents	Bond Counsel	March 16
Comments due on POS, bond resolution and legal documents	ALL	March 31
District Board Agenda deadline	ALL	March 11
Send credit package to rating agency and bond insurance provider	Financial Advisor	March 13
District Board adopts bond resolution & POS	School District	March 23
Rating prep. conference call	ALL	March 26
Rating meeting with rating agency	ALL	W/O March 30
Receive ratings and insurance bids	Financial Advisor	April 13
Print and mail POS	Bond Counsel/Financial Advisor	April 16
Price Bonds	School District/Financial Advisor	April 23
Closing	ALL	May 6