



West Contra Costa USD

Update on Bonding Capacity Waiver

Presentation to the Facilities Subcommittee

May 13, 2014



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A Division of Zions First National Bank

Background

- Section 15106 of the Education Code provides that a unified school district may only issue general obligation bonds up to 2.5% of the assessed value of property within the district.
- Section 33050 of the Education Code allows the State Board of Education (“SBE”) to waive any provisions of the Education Code, following a public hearing on the matter (with certain exceptions).
- Previously, the District has requested and received four waivers of its bonding capacity, as shown below:

Date	Bonds to which Waiver Applies	Adjusted Bonding Capacity Limit (%)	Expiration Date
November 2002	2002 Measure D	3.00% of AV	November 2007
May 2009	2005 Measure J	3.50% of AV	May 2014
March 2011	2010 Measure D	5.00% of AV	December 2021
May 2013	2012 Measure E	5.00% of AV	December 2025

Requirements

- The SBE requires the completion of an application for review by staff prior to waiver approval .
 - The SBE meets every two months, and applications must be submitted approximately 10-12 weeks prior to the meeting date.
- The District's Board must hold a public hearing and adopt an authorizing resolution prior to submitting the waiver application.
- The District must consult with its collective bargaining units and Citizens Bond Oversight Committee prior to submitting the waiver.
- The waiver must include:
 - Rationale for granting the waiver
 - Start and end dates for the waiver to be in effect
 - Adjusted bonding capacity limit being requested
 - May be tied to a specific authorization

Waiver Timeline

Date	Item	Comments
May – June	Prepare waiver application	
May 21st	Citizens Bond Oversight Committee meeting	Consultation/presentation regarding bonding capacity waiver
May 28th	First notice of public hearing published	First notice 14 days prior to public hearing
May 28th	Board of Education meeting	Consideration of resolution directing staff to proceed with bonding capacity waiver
June 3rd	Election date	
June 4th	Second notice of public hearing published	Second notice 7 days prior to public hearing
June 11th	Board of Education meeting	<ul style="list-style-type: none"> Public hearing on waiver held Consideration of authorizing resolution for waiver
June – September	Community outreach	<ul style="list-style-type: none"> Community members Cities, special districts, organizations Community leaders/elected officials
June 11th – June 25th	Waiver application deadline	10 - 12 weeks prior to SBE meeting
July 1st	Last day to certify election results	28 days following election date
September 3rd – September 4th	SBE Board meeting	First possible opportunity for waiver to be considered

Proposed Measure H Bonding Capacity

- A bonding capacity waiver of 5% of assessed value for 2014 Measure H would be consistent with the waivers in place for 2010 Measure D and 2012 Measure E.

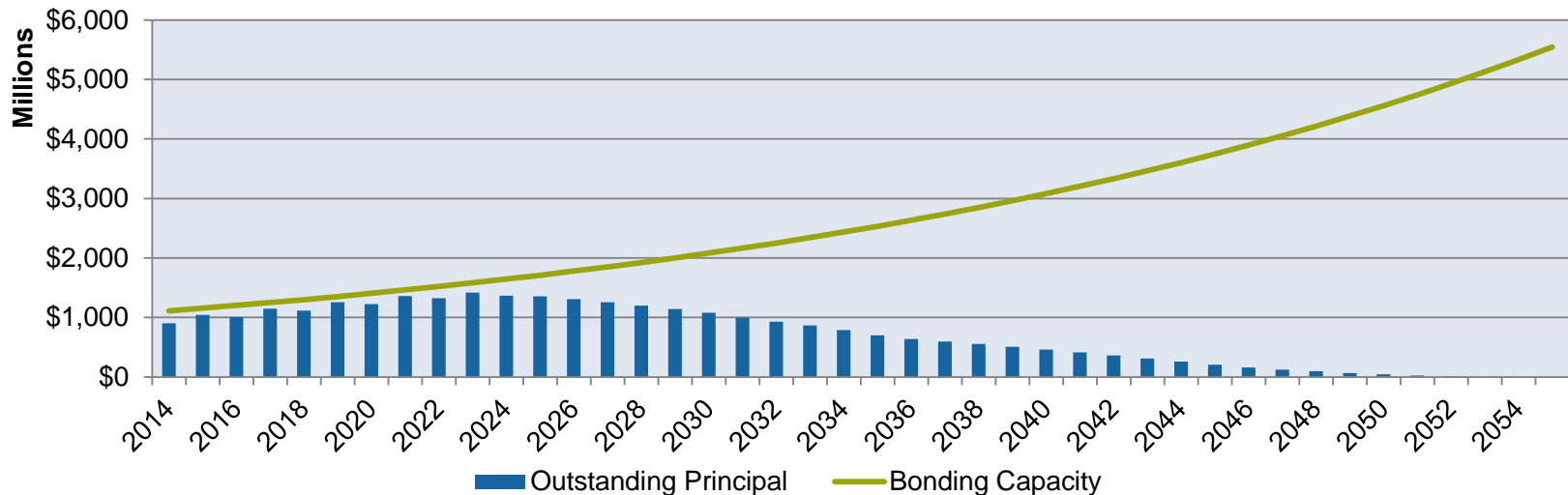
Bonding Capacity

	2013-14 AV	2014-15 Projected AV (at 4% growth)
2013-14 Total Assessed Valuation	\$22,225,132,320	\$23,114,137,613
Bonding Capacity (5% of Total AV)	1,111,256,616	1,155,706,881
Bonds Outstanding as of June 30, 2013 ^[1]	(795,430,136)	(795,430,136)
Bonds Sold in 2013-14	(125,000,000)	(125,000,000)
Principal Payments since June 30, 2013 ^[1]	20,282,206	20,282,206
Remaining Capacity	\$211,108,686	\$255,558,951

[1] Source: West Contra Costa USD, Financial Statements, June 30, 2013.

2014 Waiver Details

- The chart below shows expected growth in the District's bonding capacity, assuming 4% per year annual assessed value growth, as well as expected future principal amount of bonds outstanding, assuming \$860 million of additional bonds issued (including under Measure H).
- Based on the chart, we would recommend that the District submit a waiver request to last for a period of at least 10 years.



Note: Outstanding principal amount includes \$795,430,136 outstanding principal as of 6/30/2013, \$20,282,206 in principal payments since 6/30/2013, and \$125,000,000 in principal from new money issuances.

Tentative Issuance Schedule

- Assuming steady tax base growth, bonds will be issued along with 2010 Measure D Bonds and 2012 Measure E Bonds in alternate years.

Tentative Bond Issuance Schedule
(Assumes Approval of June 2014, Measure H Bonds)

Issuance Date	2005 Measure J	2010 Measure D	2012 Measure E	2014 Measure H	Total
Previously Issued	\$322,409,709	\$140,000,000	\$85,000,000	\$0	\$547,409,709
2015	0	50,000,000	75,000,000	45,000,000	170,000,000
2017	0	60,000,000	65,000,000	45,000,000	170,000,000
2019	0	65,000,000	60,000,000	45,000,000	170,000,000
2021	0	65,000,000	60,000,000	45,000,000	170,000,000
2023	77,590,291	0	15,000,000	45,000,000	137,590,291
2025	0	0	0	45,000,000	45,000,000
Total	\$400,000,000	\$380,000,000	\$360,000,000	\$270,000,000	\$1,410,000,000

Next Steps

- Decide on amount and duration of 2014 Measure H waiver application.
- Consider requesting 2005 Measure J waiver extension concurrently with Measure H waiver application.
- Collective agreement on waiver timeline strategy.