



# West Contra Costa USD

## General Obligation Bond Update

Presentation to the Facilities Subcommittee

September 9, 2014



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A Division of Zions First National Bank

# Objectives for Today's Presentation

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- Present new “Base Case” long-term plan of finance scenario for 2010 Measure D and 2012 Measure E new money bonds based on a \$135 million issuance in 2015, 4.0% AV growth and \$48 tax rate target.
- Present alternative long-term plan of finance scenarios assuming!
  - 5.00% and 6.00% AV growth at a \$48 tax rate target.
  - \$60 tax rate target.
- Present tentative schedule for next new money issuance.

# Original Base Case: Measure 2010D/2012 E Financing Plan

- Assumptions: Target tax rate of \$48, 4.0% annual AV growth issuance of \$125 million in bonds in alternating years through 2019.

Year	Series	2010 Measure D	2012 Measure E	Total
	Previously Issued	\$140,000,000	\$85,000,000	\$225,000,000
2014-15	Elec. 2010 Ser. C Elec. 2012 Ser. B	50,000,000	75,000,000	125,000,000
2016-17	Elec. 2010 Ser. D Elec. 2012 Ser. C	60,000,000	65,000,000	125,000,000
2018-19	Elec. 2010 Ser. E Elec. 2012 Ser. D	65,000,000	60,000,000	125,000,000
2020-21	Elec. 2010 Ser. F Elec. 2012 Ser. E	42,205,011	71,719,572	113,924,583
2045	Elec. 2010 Ser. G Elec. 2012 Ser. F	22,794,989	3,280,428	26,075,417
		\$380,000,000	\$360,000,000	\$740,000,000

Issuance amounts are subject to change based on future A.V. growth, market conditions, interest rates at the time of sale, and structure assumptions. Bonds after the 2015 issuance may be required to use AB 182 compliant capital appreciation bonds and/or the use of Bond Anticipation Notes.

# New Base Case:

## Next Issue at \$135 Million / 4% AV Growth

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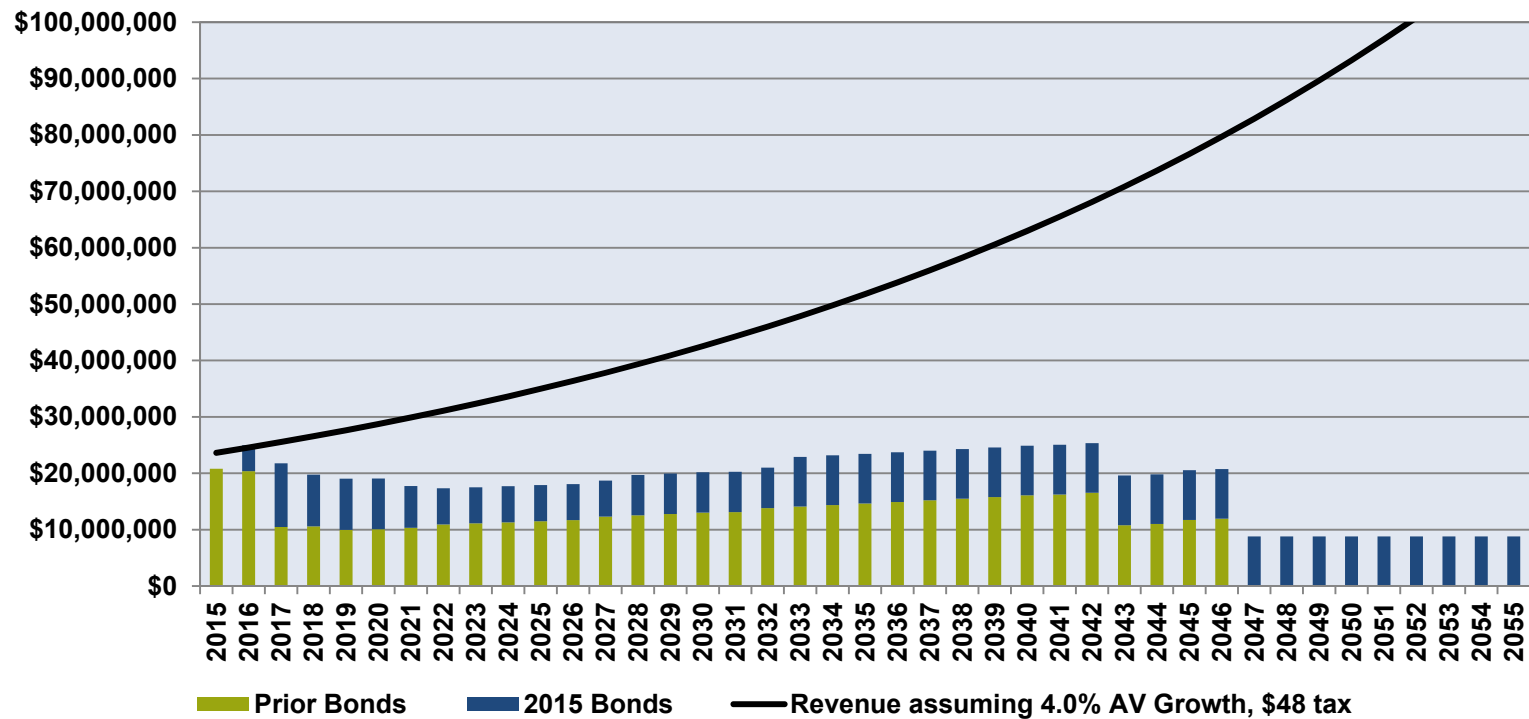
- Under the same assumptions of a \$48 tax rate and 4% AV growth, the new base case increases the first issuance to \$135 million from \$125 million.

Year	Series	2010 Measure D	2012 Measure E	Total
	Previously Issued	\$140,000,000	\$85,000,000	\$225,000,000
2014-15	Elec. 2010 Ser. C Elec. 2012 Ser. B	50,000,000	85,000,000	135,000,000
2016-17	Elec. 2010 Ser. D Elec. 2012 Ser. C	60,000,000	65,000,000	125,000,000
2018-19	Elec. 2010 Ser. E Elec. 2012 Ser. D	65,000,000	60,000,000	125,000,000
2020-21	Elec. 2010 Ser. F Elec. 2012 Ser. E	44,714,718	56,963,559	101,678,277
2045	Elec. 2010 Ser. G Elec. 2012 Ser. F	20,285,282	8,036,441	28,321,723
		\$380,000,000	\$360,000,000	\$740,000,000

Issuance amounts are subject to change based on future A.V. growth, market conditions, interest rates at the time of sale, and structure assumptions. Bonds after the 2015 issuance may be required to use AB 182 compliant capital appreciation bonds and/or the use of Bond Anticipation Notes.

# New Base Case: 2015 Bonds

- The 2015 Bonds need to be structured to provide debt service capacity for future bond issuances.
- A longer final amortization of up to 40 years using only current interest bonds will help near-term debt service constraints and provide maximum future flexibility.



Note: Indicative debt structure, subject to change.

# Alternative Scenario: Financing Plan with 5% AV Growth

- At 5.0% AV growth assumption, the District could issue its entire Measure D and Measure E authorizations on an every other year schedule by the end of fiscal year 2021 and stay within a \$48 tax rate target.

Year	Series	2010 Measure D	2012 Measure E	Total
	Previously Issued	\$140,000,000	\$85,000,000	\$225,000,000
2014-15	Elec. 2010 Ser. C Elec. 2012 Ser. B	50,000,000	85,000,000	135,000,000
2016-17	Elec. 2010 Ser. D Elec. 2012 Ser. C	60,000,000	65,000,000	125,000,000
2018-19	Elec. 2010 Ser. E Elec. 2012 Ser. D	65,000,000	60,000,000	125,000,000
2020-21	Elec. 2010 Ser. F Elec. 2012 Ser. E	65,000,000	65,000,000	130,000,000
		\$380,000,000	\$360,000,000	\$740,000,000

Issuance amounts are subject to change based on future A.V. growth, market conditions, interest rates at the time of sale, and structure assumptions. Bonds after the 2015 issuance may be required to use AB 182 compliant capital appreciation bonds and/or the use of Bond Anticipation Notes.

# Alternative Scenario: Financing Plan with 6.0% AV Growth

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- At 6% AV growth assumption, the 2017 financing can be increased by \$10 million and all remaining authorization can be issued by 2021, within \$48 tax rate.

Year	Series	2010 Measure D	2012 Measure E	Total
	Previously Issued	\$140,000,000	\$85,000,000	\$225,000,000
2014-15	Elec. 2010 Ser. C Elec. 2012 Ser. B	60,000,000	75,000,000	135,000,000
2016-17	Elec. 2010 Ser. D Elec. 2012 Ser. C	70,000,000	65,000,000	135,000,000
2018-19	Elec. 2010 Ser. E Elec. 2012 Ser. D	65,000,000	60,000,000	125,000,000
2020-21	Elec. 2010 Ser. F Elec. 2012 Ser. E	45,000,000	75,000,000	120,000,000
		\$380,000,000	\$360,000,000	\$740,000,000

Issuance amounts are subject to change based on future A.V. growth, market conditions, interest rates at the time of sale, and structure assumptions. Bonds after the 2015 issuance may be required to use AB 182 compliant capital appreciation bonds and/or the use of Bond Anticipation Notes.



# Alternative Scenario: Financing Plan with \$60 Tax Rate / 4.0% AV Growth

- A \$60 tax rate for five years starting in 2016-17 allows issuances of approximately \$190 million in 2017 and 2019 and the completion of the bonding program in 2019.

Year	Series	2010 Measure D	2012 Measure E	Total
	Previously Issued	\$140,000,000	\$85,000,000	\$225,000,000
2014-15	Elec. 2010 Ser. C Elec. 2012 Ser. B	50,000,000	85,000,000	135,000,000
2016-17	Elec. 2010 Ser. D Elec. 2012 Ser. C	100,000,000	90,000,000	190,000,000
2018-19	Elec. 2010 Ser. E Elec. 2012 Ser. D	90,000,000	100,000,000	190,000,000
2020-21	Elec. 2010 Ser. F Elec. 2012 Ser. E	-	-	-
		\$380,000,000	\$360,000,000	\$740,000,000

Issuance amounts are subject to change based on future A.V. growth, market conditions, interest rates at the time of sale, and structure assumptions. Bonds after the 2015 issuance may be required to use AB 182 compliant capital appreciation bonds and/or the use of Bond Anticipation Notes.





# Summary

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- At a size of \$135 million, the 2015 new money issue can be issued within the constraints of:
  - \$48 target tax rate.
  - 4% annual AV growth assumption.
  - Current interest bonds only - no use of capital appreciation bonds.
  
- For later issuances, the District can consider strategies to access remaining authorization sooner, if necessary, including:
  - Assessed valuation growth assumption in excess of 4%.
  - Target tax rate in excess of \$48 per \$100,000 of assessed value.

# Preliminary Financing Schedule\*

Date	Activity
September 9, 2014	Subcommittee approval of financing schedule and structure
<b>September 17, 2014</b>	<b>Board approval of financing team</b>
September 18, 2014	Financing Kickoff Meeting
September-October	Drafting of legal documents and preliminary official statement
<b>October 15, 2014</b>	<b>Board approval of resolution authorizing sale (1<sup>st</sup> of 2 required consecutive meetings)</b>
<b>November 12, 2014</b>	<b>Board approval of resolution, legal documents, and preliminary official statement</b>
November-December	Drafting of rating agency presentation
Week of January 12, 2015	Meetings with rating agencies
<b>February 11, 2015</b>	<b>Board approval of updated preliminary official statement</b>
Week of February 23	Investor outreach & discussion
February 26 or March 4	Pricing
March 11, 2015	Closing

\*Subject to change



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# Appendix



# The District's Assessed Value

- The growth in assessed value has been uneven in the recent past for the District:
  - 30-Year compounded annual growth rate: 4.94%
  - 15-Year compounded annual growth rate: 4.45%
  - 10-Year compounded annual growth rate: 2.23%
  - 5-Year compounded annual growth rate: 0.72%

