



West Contra Costa USD

General Obligation Bonds, Election of 2010, Series B
General Obligation Bonds, Election of 2012, Series A
Review of Bond Sale Results

Presentation to the Board of Education

November 13, 2013



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A Division of Zions First National Bank

2013 Bond Sale

- Late last month, the District closed its Series 2013 bond sale.
 - \$125 million in proceeds (\$40 million from 2010 Measure D and \$85 million from 2012 Measure E).
 - All-in effective interest rate of 5.05%.
 - Within tax rate impact of \$48 per \$100,000 of assessed value for both measures.
 - Structure designed to accommodate a 2015 bond sale sufficient in size to cover projects begun but not completed with Series 2013 proceeds.

A New Bond Program

- The sale represents the culmination of more than eighteen months of planning and effort.
 - Re-envisioning of 2005 Measure J bond program resulted in 2010 Measure D.
 - Concerns about the pace of the 2010 Measure D bond program caused the District to consider placing another bond on the ballot in November 2012.
 - 2012 Measure E was designed to put the overall bond program on pace to issue \$125 million in bonds in alternate years through 2023.
 - Such increase in pace required voter approval of the new bond measure and State Board of Education approval of the District's bonding capacity waiver application.

Elements of Success

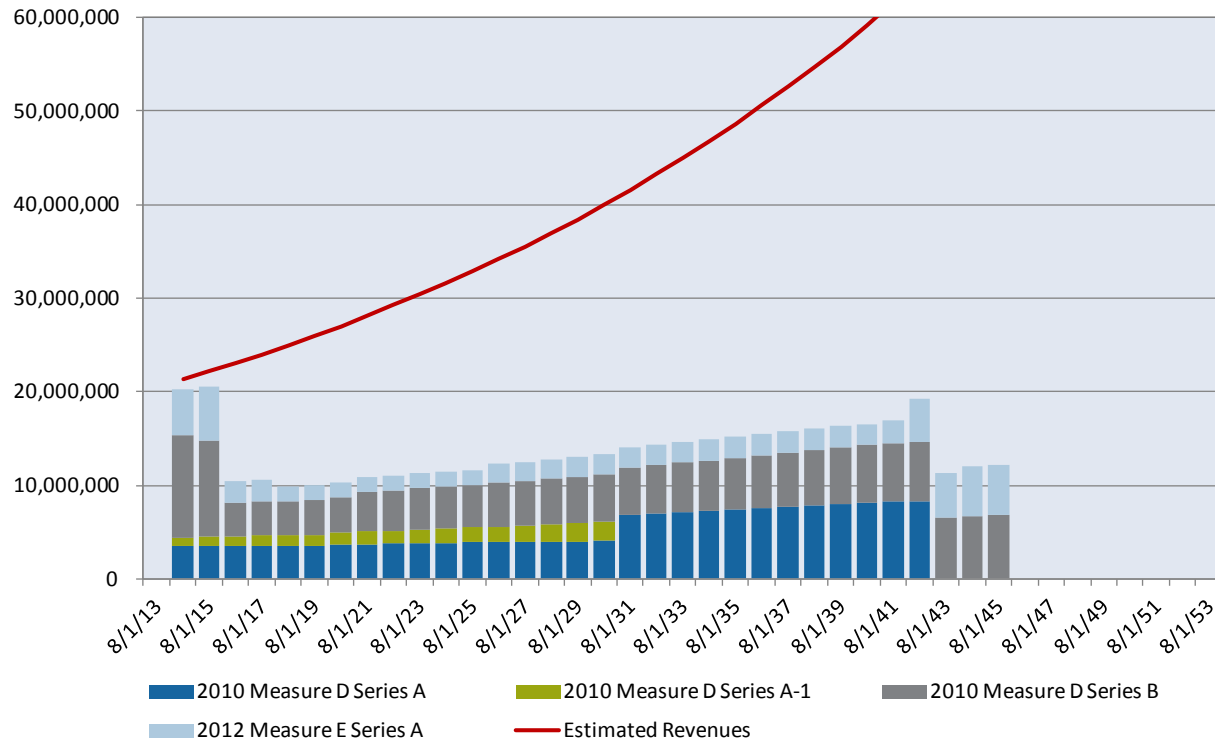
- The sale itself was very successful on a number of important fronts.
 - Transparent processes including a productive meeting with the County treasurer's office.
 - Positive outlook from Standard & Poor's.
 - Continued expansion of investor base.
 - Reduction in interest rates on a spread to MMD basis.
 - Ongoing improvement in communication between facilities and finance.

Project Funding

- The proceeds will allow the District to complete a number of projects that are currently underway and to begin moving forward on a number of new projects.
 - Projects nearing completion include: De Anza HS; LPS/Gompers; Portola ES.
 - Projects getting underway: Kennedy HS Science Wing; Pinole Valley HS temporary campus; Coronado ES; El Cerrito HS Stadium; Montalvin ES; Nystrom ES; Richmond Swim Center at Kennedy HS; Ohlone ES; Pinole MS Field; Downer ES Field.
 - Series 2013 proceeds will also be used to continue ongoing technology funding.

Issue Structure

- Primarily because we are at the beginning stages of both bond programs, the structure remains relatively flexible (assuming normal tax base growth resumes).



Ratings

- With the “positive outlook” from Standard & Poor’s, ratings on the District’s bonds continue to move in a positive direction.

Agency	Current Rating
Moody’s	Aa3 (stable)
Standard & Poor’s	A+ (positive
Fitch	A+ (stable)

Rationale

- The rating reports, however, provide a relatively balanced view of the future.

Strengths

- Strength of local economy
- Size of tax base
- Strong reserves
- Revenue flexibility
- Potential benefit from LCFF

Weaknesses

- Taxpayer concentration
- Fluctuations in tax base
- High debt levels
- Reliance on state funding
- Uncertainty regarding state funding
- OPEB and CalSTRS concerns (Fitch only).

Investor Outreach

- The District continues to prioritize investor outreach efforts.
 - Our goal is to be recognized by investors for having a strong investor outreach program.
 - Approved documents and key information are posted to EMMA on a timely basis.
 - The District's availability to discuss such information is communicated to key investors.
 - Specific outreach is done in connection with each series of bonds.
 - In connection with this series of bonds, the District recorded a net road show, a presentation was distributed to all investors (along with an offer to answer specific questions on one-on-one basis), and the District held one investor conference call (with Capital Management).

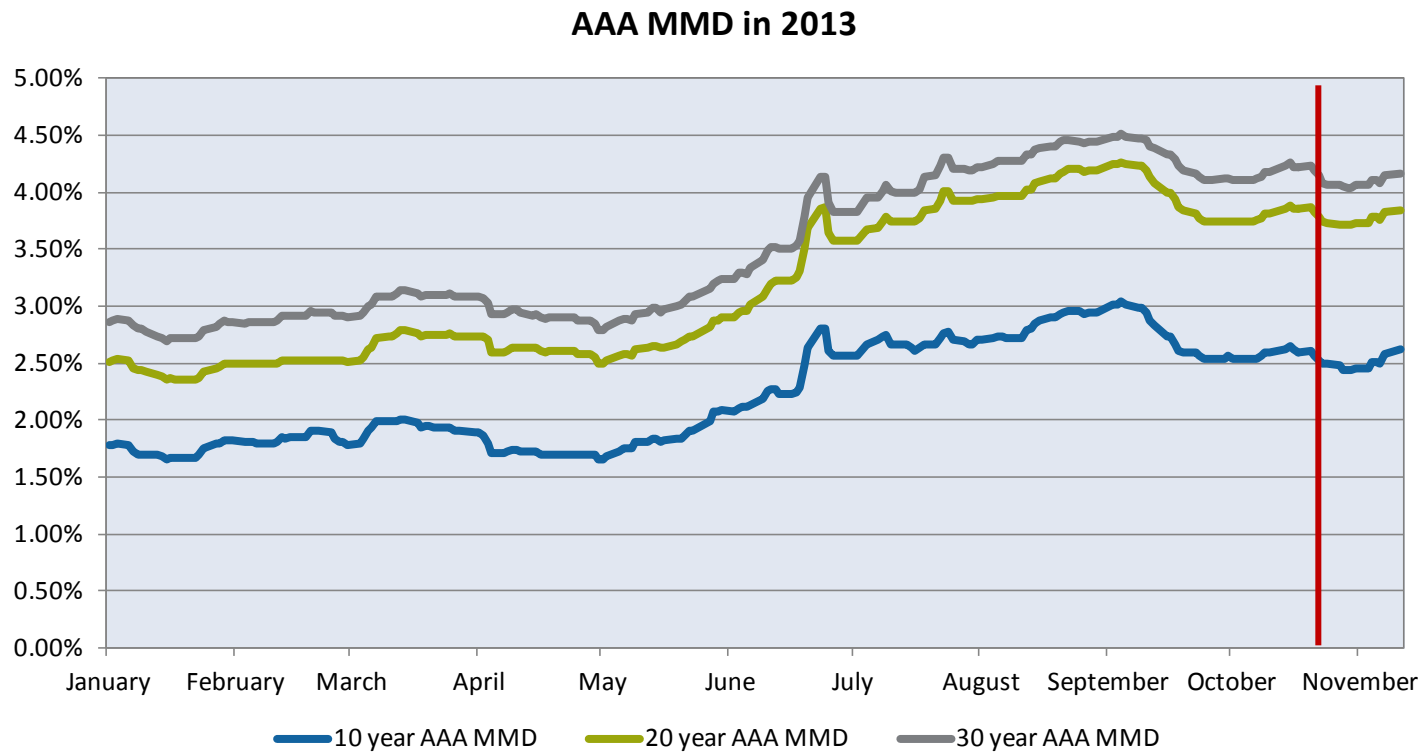
Major Institutional Buyers

- The number and variety of participating institutional investors provide evidence of the success of the District's investor outreach program.

<p>Wells Fargo NA</p> <p>\$25,250,000</p> 	<p>Alliance Bernstein</p> <p>\$18,000,000</p> 	<p>Citi Bank NA</p> <p>\$11,240,000</p> 	<p>STW Fixed Income Management</p> <p>\$11,200,000</p> 	<p>Black Rock Advisors</p> <p>\$10,000,000</p> 
<p>Deutsche Asset Management</p> <p>\$10,000,000</p> 	<p>Black Rock Mutual Funds</p> <p>\$6,195,000</p> 	<p>Wells Capital Management</p> <p>\$3,500,000</p> 	<p>Wells Asset Management</p> <p>\$1,900,000</p> 	<p>Templeton Financial Services</p> <p>\$1,100,000</p> 
<p>Black Rock SMA</p> <p>\$1,335,000</p> 	<p>Mainline West LLC</p> <p>\$1,000,000</p> 	<p>Principal Financial Management</p> <p>\$1,000,000</p> 		

Market Conditions

- The District sold its bonds into a relatively stable market.



Absolute Rates

- Because of market movements since May, however, market rates were higher than they have been on other recent transactions.

	10-Year MMD	30-Year MMD
5/3/2006 Election of 2005, Series A	4.12%	4.58%
7/1/2008 Election of 2005, Series B	3.84%	4.69%
8/12/2009 Election of 2005, Series C-1 Election of 2005, Series C-2 2009 GO Refunding Bonds	2.99%	4.64%
6/10/2010 Election of 2005, Series D-1 Election of 2005, Series D-2	2.93%	4.04%
11/8/2011 Election of 2010, Series A Election of 2010, Series A-1	2.29%	3.73%
8/10/2011 2011 GO Refunding Bonds	2.26%	3.84%
6/19/2012 2012 GO Refunding Bonds	1.86%	3.15%
10/11/2013 Election of 2010, Series B Election of 2012, Series A	2.60%	4.18%

Comparable Sales

- On a spread to MMD basis, rates achieved by the District were better than rates achieved on its Series 2011 Bonds.

Years to Maturity from Sale Date	Election of 2012, Series A					Election of 2010, Series B					Election of 2010, Series A				
	Coupon	Yield	Spread to MMD	Yield to Maturity	YTM Spread to MMD	Coupon	Yield	Spread to MMD	Yield to Maturity	YTM Spread to MMD	Coupon	Yield	Spread to MMD	Yield to Maturity	YTM Spread to MMD
1	4.000	0.300	0.120			2.000	0.240	0.060			3.000	0.600	0.350		
2	4.000	0.380	0.010			4.000	0.380	0.010			3.000	1.020	0.600		
3						4.000	0.890	0.250							
4						4.000	1.300	0.350							
5															
6															
7															
8	5.000	2.680	0.480												
9	5.000	2.970	0.580								5.000	3.440	1.290		
10	5.000	3.240	0.680								5.000	3.600	1.310		
11	5.000	3.510	0.790	3.619	0.900						5.000	3.760	1.320	3.851	1.410
12	5.000	3.710	0.830	3.882	1.000						5.000	3.960	1.370	4.099	1.510
13	5.000	3.910	0.880	4.110	1.080	3.750	4.030	1.000			5.000	4.080	1.340	4.249	1.510
14	5.000	4.100	0.930	4.303	1.130	4.000	4.170	1.000			4.125	4.290	1.430		
15	5.000	4.280	0.980	4.469	1.170	4.125	4.300	1.000			4.250	4.400	1.420		
16	5.250	4.330	0.900	4.598	1.170	4.250	4.430	1.000			4.375	4.510	1.420		
17	5.250	4.450	0.900	4.705	1.150	4.375	4.600	1.050							
18	5.250	4.530	0.900	4.776	1.150	4.500	4.680	1.050							
19	5.250	4.610	0.900	4.843	1.130	4.600	4.780	1.070							
20	5.250	4.670	0.900	4.892	1.120	4.625	4.840	1.070							
21															
22											5.250	4.700	1.190	4.921	1.410
23															
24											5.250	4.830	1.170	5.016	1.360
25															
26	5.500	4.900	0.820	5.174	1.090	5.500	4.900	0.820	5.174	1.090					
27															
28															
29	5.000	5.160	1.030												
30															
31						5.000	5.170	1.030			5.00/5.25	5.07/4.90	1.34/1.17	5.075	1.340
32	5.125	5.200	1.060			5.125	5.200	1.060							
33															
34															
35															

Issuer: West Contra Costa Unified School District
 Sale Date: 10/10/2013
 Par: \$85,000,000
 Security: General Obligation
 Underlying Rating: Aa3/A+/A+ (Moody's/S&P/Fitch)
 Insurer: N/A
 Bank Qualified: No
 Prepayable on: 8/1/2023 @ Par

Issuer: West Contra Costa Unified School District
 Sale Date: 10/10/2013
 Par: \$40,000,000
 Security: General Obligation
 Underlying Rating: Aa3/A+/A+ (Moody's/S&P/Fitch)
 Insurer: N/A
 Bank Qualified: No
 Prepayable on: 8/1/2023 @ Par

Issuer: West Contra Costa Unified School District
 Sale Date: 11/8/2011
 Par: \$79,000,000
 Security: General Obligation
 Underlying Rating: Aa3/A+/A+ (Moody's/S&P/Fitch)
 Insurer: AGM
 Bank Qualified: No
 Prepayable on: 8/1/2021 @ Par

Issuer: West Contra Costa Unified School District
 Sale Date: 10/10/2013
 Par: \$40,000,000
 Security: General Obligation
 Underlying Rating: Aa3/A+/A+ (Moody's/S&P/Fitch)
 Insurer: N/A
 Bank Qualified: No
 Prepayable on: 8/1/2023 @ Par

Moving Forward

- As the program moves into the future, the financing team will be focused on a number of issues related to tax base growth.
 - New program has been built around the concept of maintaining flexibility.
 - A specific goal is to make sure that each series of bonds issued can be issued without negatively impacting the District's ability to issue the next series of bonds.
 - This issuance demonstrates the goal – the Series 2013 bond sizing remained at \$125 million despite the fact that tax base growth was well less than expected in 2013-14.
 - The program will benefit from increased communication with the County Assessor.
 - Both the 2010 Measure D bond program and the 2012 Measure E bond program have been build around the assumption of 4% long-term growth.