



West Contra Costa USD

Presentation to the Facilities Subcommittee
November 13, 2012



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A Division of Zions First National Bank

2012 Measure E

- Last week, District voters approved 2012 Measure E by a vote of 64% in favor.
 - Provides District with the authority to sell bonds up to the maximum authorized amount within certain limitations.
 - Legal limitations include the intended use of proceeds, the planned pace of expenditure, and the projected tax impact at time of issue.
 - The District will also want to implement the program in a way that is consistent with the basic principles of prudent debt management and of the larger bond program's long-term health.
 - Local taxpayers to make repayment on any bonds legally issued.

District Bond Program

- 2012 Measure E is part of a long-term, ongoing bond program of the District.
 - Since 1998, the District has invested more than \$1 billion of state and local bond money in improvements to its facilities.
 - During the early part of last decade, the District was spending more than \$100 million per year on facility improvements.
 - The District made plans to slow its program dramatically in the wake of the worldwide financial crisis of 2008.
 - 2010 Measure D and 2012 Measure E represent efforts by the District to re-envision its bond program in a more deliberate way.

Projected Issuance Schedule

- While the sizing of each series of bonds will be made at the time of issuance, current plans call for the District to issue 2012 Measure E bonds (in conjunction with previously authorized bonds) in regular installments over the next eight years (to fund project over ten years).

Pro-Forma Issuance Schedule

	2005 Measure J	2010 Measure D	2012 Measure E	Total
Issued To Date:	\$322,409,709	\$100,000,000	\$0	\$422,409,709
2013	\$0	\$65,000,000	\$60,000,000	\$125,000,000
2015	\$0	\$65,000,000	\$60,000,000	\$125,000,000
2017	\$0	\$65,000,000	\$60,000,000	\$125,000,000
2019	\$0	\$65,000,000	\$60,000,000	\$125,000,000
2021	\$0	\$20,000,000	\$105,000,000	\$125,000,000
2023	\$77,590,291	\$0	\$15,000,000	\$92,590,291
Total	\$400,000,000	\$380,000,000	\$360,000,000	\$1,140,000,000

Note: The table above is based on pro-forma analysis of the finance team and has not been formally approved by the Board of Education.

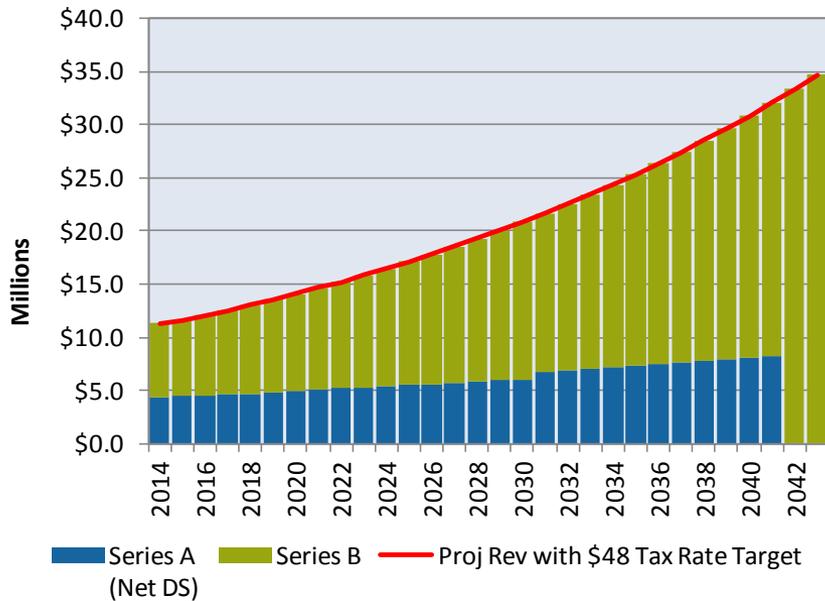
Sizing Decisions

- As in the past, decisions regarding the sizing of each issue will be made by the Board of Education at the time of each issuance based on a number of sometimes competing interests.
 - Borrow in alternate years to fund projects over the coming three years.
 - Pursue sizings and structures that maintain flexibility and provide the likelihood of continued access to bond funds over time.
 - Structure debt service to meet tax rate targets in initial years, stay within tax rate targets throughout, and leave room for future bonds.
 - Recognize that the early years are when a bond program is typically most flexible but also most uncertain.

Max-Out Bonds

- One theoretical possibility is for the District to issue as many 2010 Measure D bonds and as many 2012 Measure E bonds as possible within currently estimated tax rate constraints.

2010 Measure D Bond Program



Maximum 2010 Measure D Bond Proceeds: \$168 million

2012 Measure E Bond Program



Maximum 2012 Measure E Bond Proceeds: \$242 million

Program Acceleration

- Any decision to accelerate issuance should be made considering costs as well as benefits.
 - There are clear advantages to selling bonds earlier in the year.
 - Acceleration of series sizing will not necessarily accelerate the program as a whole and will decrease program flexibility.
 - Program flexibility might prove a valuable tool in the event of sluggish tax base growth or increases in interest rates.
 - At some point the District may want to use the 2012 Measure G bond proceeds to stabilize tax rates on prior bond measures.

Series A Bonds

- Discussions are currently underway regarding the sizing, timing, and repayment structure of the Series A Bonds.
 - Analysis of project cash flows – both for projects currently underway and planned.
 - Preference to issued bonds in July (though cash flow issues may required an earlier sale).
 - Depending on timing issues and expense of acceleration of sizing, there may be some advantage to issuing bonds in 2014.
 - Proposed sizing are expected to be presented to the Facilities Subcommittee and approved by the Board during the first quarter of 2013.

Bonding Capacity Waiver

- Issuance of any bonds under 2012 Measure E will depend on the District's ability to achieve a waiver of the statutory bonding capacity limit from the State Department of Education.
 - The District currently has bonds outstanding beyond its 2.5% capacity.
 - The District has been able to issue bonds under recent bond measures under waivers from the Department of Education specific to each bond measure.
 - The language for 2012 Measure E made specific reference to the District's plans to apply for a bonding capacity waiver.
 - The District plans to prepare an application for consideration by the Department of Education at their scheduled meeting on March 13th and March 14th.

Waiver Request

- The District should give strong consideration to requesting a waiver for these bonds at or above the 5% waiver requested in connection with the 2010 Measure D Bonds.
 - The District is currently bonded to 3.24% of its assessed value.
 - A 5% waiver would create room for the issuance of an additional \$433 million in bonds (the District has \$718 million in authorized but unissued bonds).
 - Tax base growth might allow for an increase in \$50 million.
 - Each year, the District repays approximately \$20 million in principal amount.

Waiver Strategy

- There are a number of benefits to building community outreach into the District's waiver application process.
 - In the past, bonding capacity waivers have been routinely approved by the State Board.
 - In recent years, however, there has been evidence that the political environment has been changing (and is continuing to change).
 - We believe that evidence of local community support can be a powerful counter-weight to potential opposition.