



West Contra Costa USD

2014/2015 Assessed Value Growth Update: GO Bond Refunding & Tax Rate Management

Presentation to the Board of Education

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A Division of Zions First National Bank

I. 2014-15 Assessed Valuation



2014-2015 Assessed Valuation

- Assessed values increased in every city in the District. The total increase for the District was \$2.39 billion or 10.75%*.

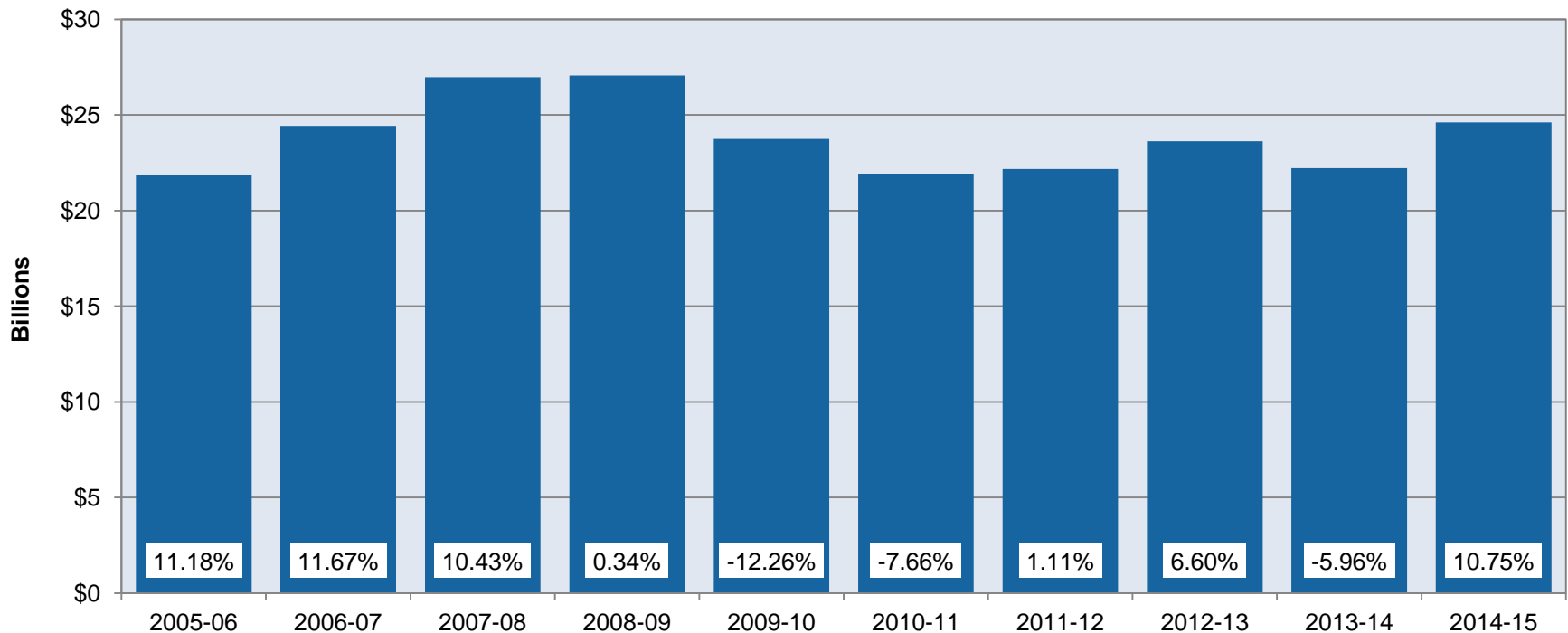
	2013-14	2014-15	Change	Change%
City of Richmond	\$ 10,887,907,109	\$ 11,836,861,461	\$ 948,954,352	8.7%
City of El Cerrito	\$ 3,002,461,949	\$ 3,264,235,176	\$ 261,773,227	8.7%
City of Hercules	\$ 2,332,918,870	\$ 2,739,769,260	\$ 406,850,390	17.4%
City of Pinole	\$ 1,759,547,319	\$ 1,973,893,972	\$ 214,346,653	12.2%
City of San Pablo	\$ 1,208,900,530	\$ 1,385,536,636	\$ 176,636,106	14.6%
Unincorporated	\$ 3,033,396,543	\$ 3,414,367,456	\$ 380,970,913	12.6%
Total	\$ 22,225,132,320	\$ 24,614,663,961	\$ 2,389,531,641	10.8%

*Assumes 2013-14 AV for State Utility of \$10.67 million.
Source: County Assessor and County Auditor-Controller



History of Assessed Valuation

- The District's 10-year compounded annual growth rate for AV is 2.27%.
- The District's 15-year compounded annual growth rate for AV is 4.45%.



Source: California Municipal Statistics, County Auditor-Controller.

Impact of 2014-15 Assessed Valuation Growth

- The strong AV growth will allow the District to meet its 2014-15 target tax rates, with less reliance on stabilization funds.

	2002 Measure D	2005 Measure J
Sources of Funds		
Estimated Tax Revenue @ \$60 levy	\$14.62 M	\$14.62 M
Funds on Hand at 6/30/2014 ⁽¹⁾	\$12.54 M	\$8.75 M
Total	\$27.16 M	\$23.37 M
18 Month Measure D Aggregate Debt Service ⁽²⁾	(\$28.12 M)	(\$24.92 M)
Net Shortfall @ \$60 levy	(\$0.96 M)	(\$1.55 M)
Stabilization Fund at 6/30/2014	\$1.45 M	\$3.40 M

(1) Exclusive of Stabilization Fund; per County data

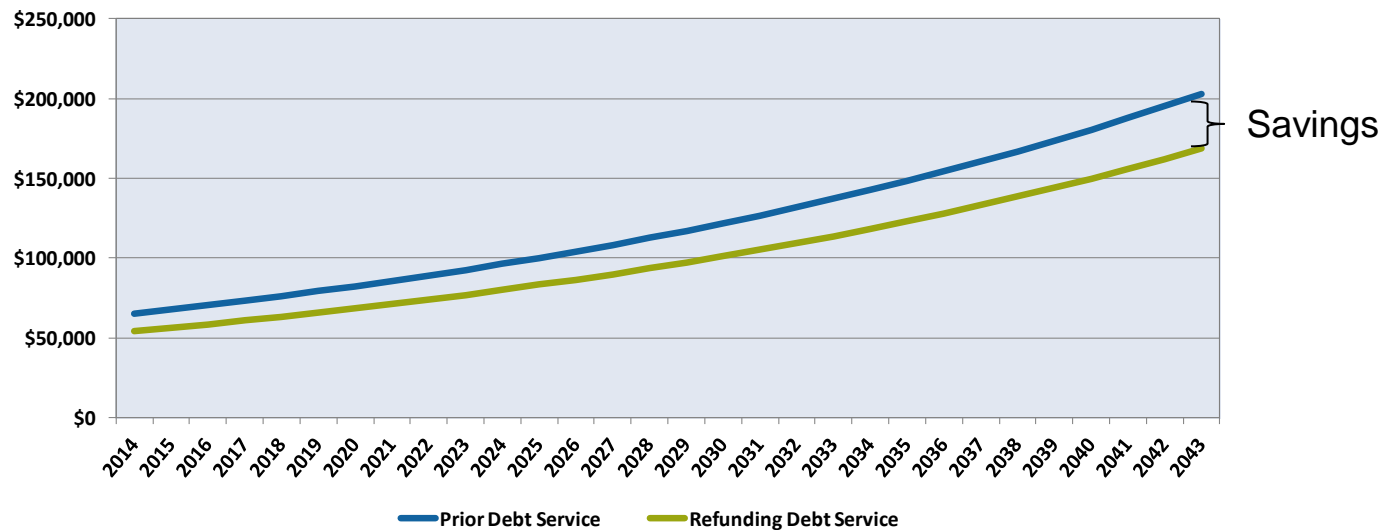
(2) Per County tax levy formula; inclusive of August 1, 2014, February 1, 2015 and August 1, 2015 debt service payments.

II. 2014 General Obligation Bond Refunding



What is a Refunding?

- Similar to refinancing a home mortgage.
- Paying off existing debt by borrowing money in a lower interest rate environment leads to savings, which are passed on to the taxpayers.
- Additionally, a refunding can be used to restructure debt, which can be beneficial for other purposes.
- The District's 2014 GO Bond refunding will only move forward if it generates savings for the District's taxpayers, net of all costs.



West Contra Costa USD Refunding Policy

- The Board adopted a refunding policy (B.P. 7214.3) on April 24, 2013.
- The policy stipulates minimum guidelines when evaluating potential refunding opportunities.
- The highlights of the policy include:
 - Current refundings should achieve present value savings of at least 4%;
 - Refundings should achieve \$1 million of present value savings and a minimum of \$100,000 annual savings;
 - The term of the debt should not be extended;
 - Refundings should be structured to achieve level annual debt service savings, or to level out overall debt service, or to maintain tax rates; and
 - Refundings may be utilized to manage tax rate commitments to voters.

14/15 AV Growth Assists with Tax Management

- Previously, it was unclear if the District would be able to meet its 2015-16 tax rate targets (for 2002 Measure D and 2005 Measure J), even with stabilization funds.
- With the strong AV growth in 2014-15, the District will be able to meet its tax rate targets in 2015-16 (based on 4.0% AV growth), using a combination of stabilization funds and debt service savings from the refunding.
- We do not anticipate needing to use convertible capital appreciation bonds to achieve 2014-15 or 2015-16 tax rate targets.

Potential Refunding Structures

- There are a number of approaches to structuring the refunding bonds:

Scenario A

- Minimize the amount of bonds refunded
- Front loads savings to achieve tax rate targets for 2014-15 and 2015-16.
- Does not attempt to address 2016-17 tax rate target.
- Provides flexibility to effectuate future refunding, dependent on market conditions.

Scenario B

- Maximize the amount of bonds refunded
- Front loads savings to achieve tax rate targets for 2014-15 and 2015-16.
- Also provides 2016-17 tax relief.
- Does not provide flexibility to effectuate future refunding.

Potential Combined Refunding Savings

2014 General Obligation Refunding Bonds

	Scenario A	Scenario B
Types of Bonds Utilized	Current Interest Bonds	Current Interest Bonds
Total Principal Redeemed	\$52,326,992.75	\$85,021,935.40
Prior Debt Service	\$78,576,807.50	\$139,581,807.50
Refunding Debt Service	\$72,497,100.00	\$129,339,958.34
Debt Service Savings	\$6,079,707.50	\$10,241,849.16
Net Present Value Savings	\$5,484,100.27	\$8,578,540.34
Percentage Savings (Refunded Bonds)	10.392%	9.973%
True Interest Cost	3.398%	3.760%

Note: Subject to change based on debt structure, actual refunding candidates and market conditions.

Refunding Schedule

- July 8 District Received Ratings
 - Moody's has affirmed the District's Aa3/stable rating
 - Fitch has affirmed the District's A+/stable rating
 - S&P has affirmed the District's A+ rating and revised outlook to stable
- July 15 Post preliminary official statement
- July 18 Discussions with investors
- July 23 Pre-Pricing Conference Calls
- July 24 Pricing of the 2014 Bonds
- August 13/14 Closing of the 2014 Bonds

III. Bonding Capacity



2014/2015 Bonding Capacity

- Based on 2014/2015 assessed valuation, the District has nearly \$350 million in bonding capacity remaining at 5.00%.

Bonding Capacity at 5%

	2013-14	2014-15
Total Assessed Valuation	\$22,225,132,320	\$24,614,663,961
Bonding Capacity at 5% of Total AV	1,111,256,616	1,230,733,198
Bonds Outstanding July 1 ^(a)	(795,430,136)	(900,147,930)
Bonds Sold During Fiscal Year	(125,000,000)	<i>TBD</i>
Principal Paid During Fiscal Year ^{(a)(b)}	20,282,206	18,389,543
Year End Remaining Capacity	\$211,108,686	\$348,974,811

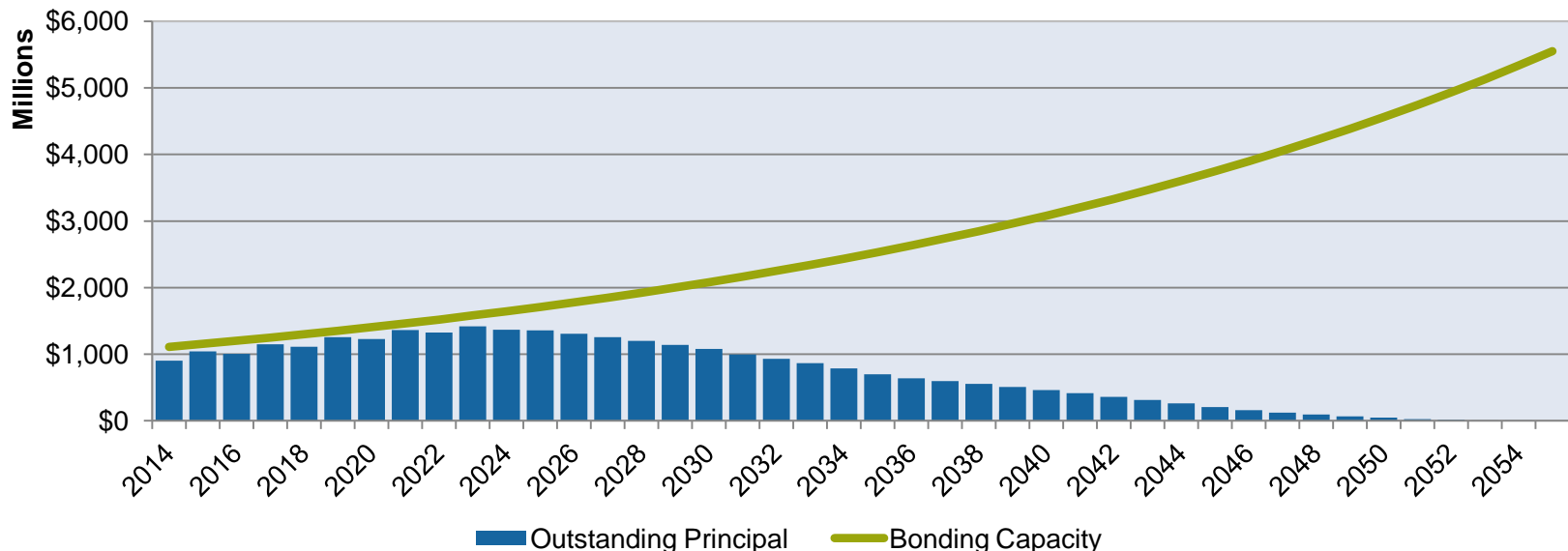
^(a) 2013-14 information from 2013 District Audit

^(b) Scheduled Payments

Note: Subject to change based on debt structure, actual refunding candidates and market conditions.

Long-Term Capacity Projections

- 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 to be issued (\$592 million remaining authorization from 2005 Measure J, 2010 Measure D and 2012 Measure E).



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.

Note: Subject to change based on debt structure, actual refunding candidates and market conditions.

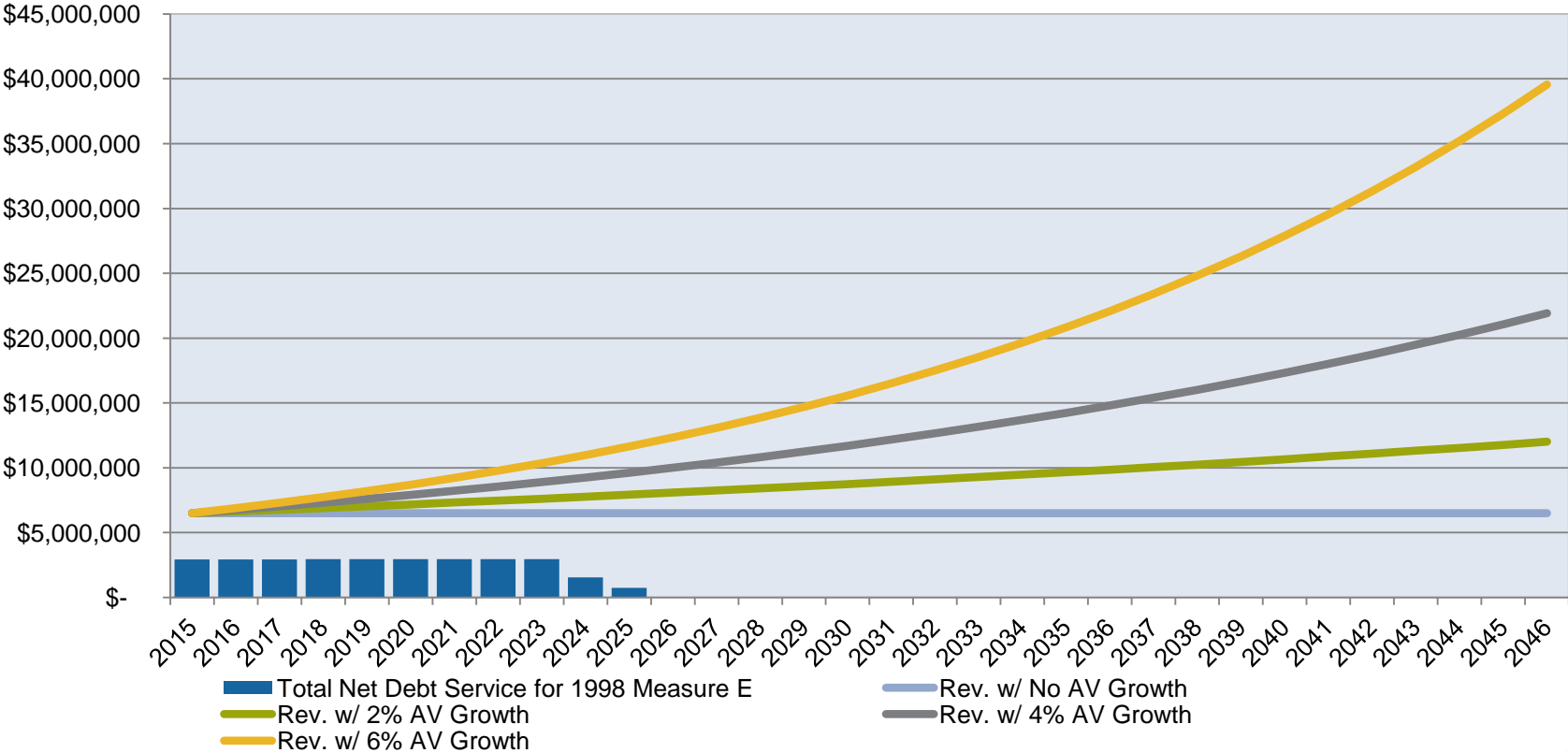
IV. Assessed Value Growth & Long-Range Tax Rate Outlook



1998 Measure E (non-Prop. 39)

1998 Measure E Summary

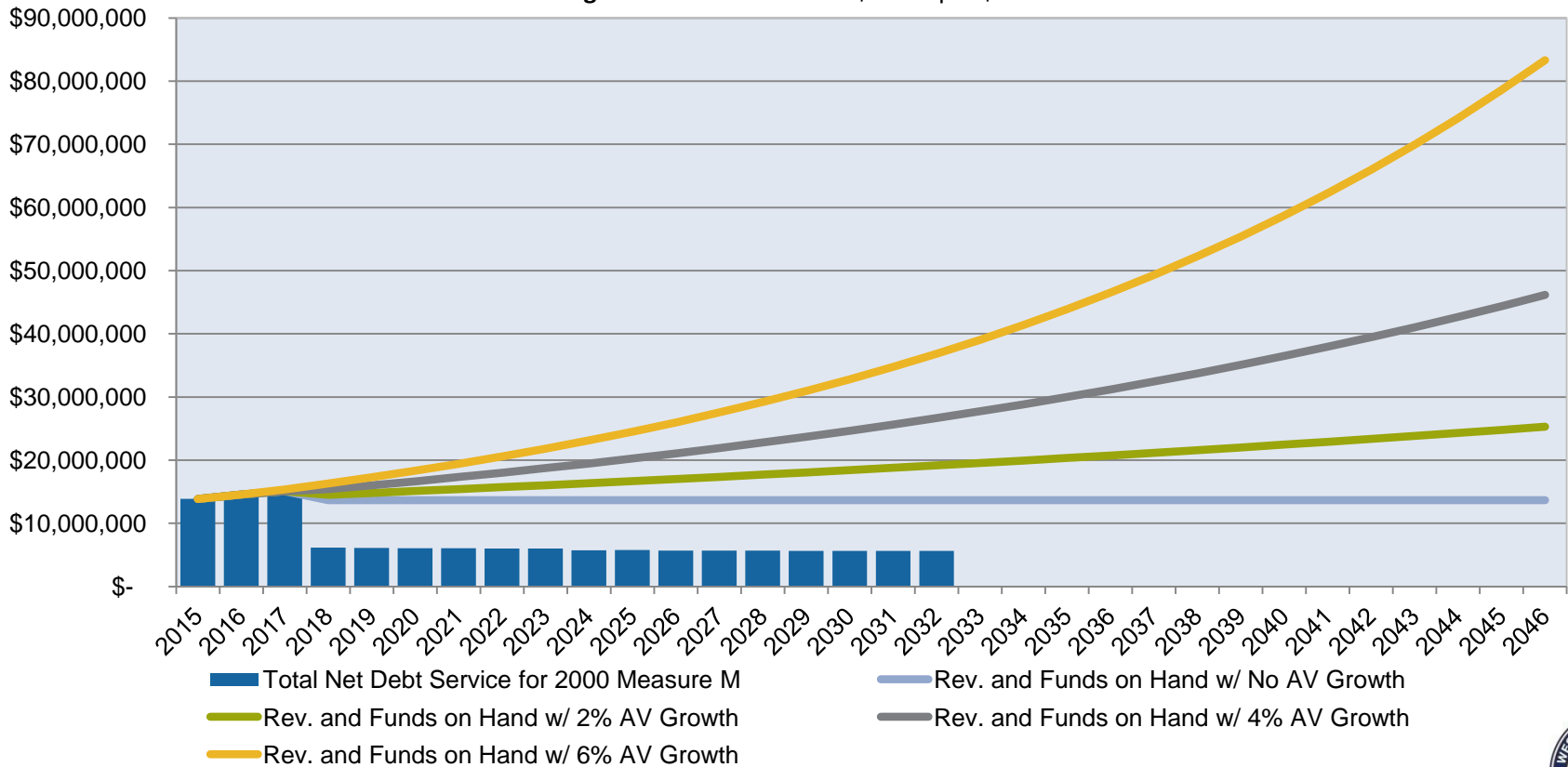
Authorization	\$40.0 million
Issued	\$40.0 million
Currently Outstanding	\$23.6 million
Remaining Authorization	\$0
Target Tax Rate	\$26.40 per \$100K AV



2000 Measure M (non-Prop. 39)

2000 Measure M Summary

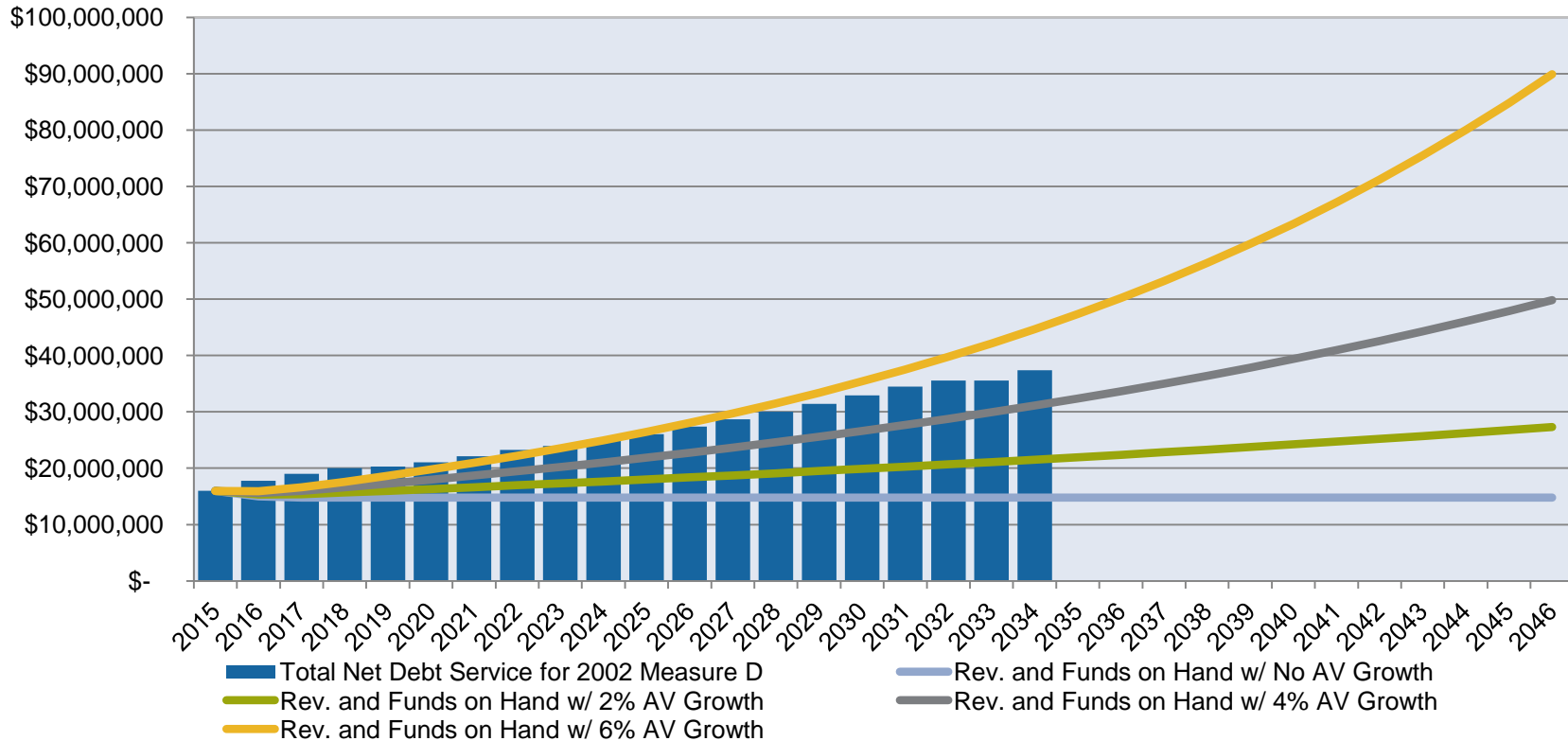
Authorization	\$150.0 million
Issued	\$150.0 million
Currently Outstanding	\$100.1 million
Remaining Authorization	\$0
Target Tax Rate	\$55.60 per \$100K AV



2002 Measure D

2002 Measure D Summary

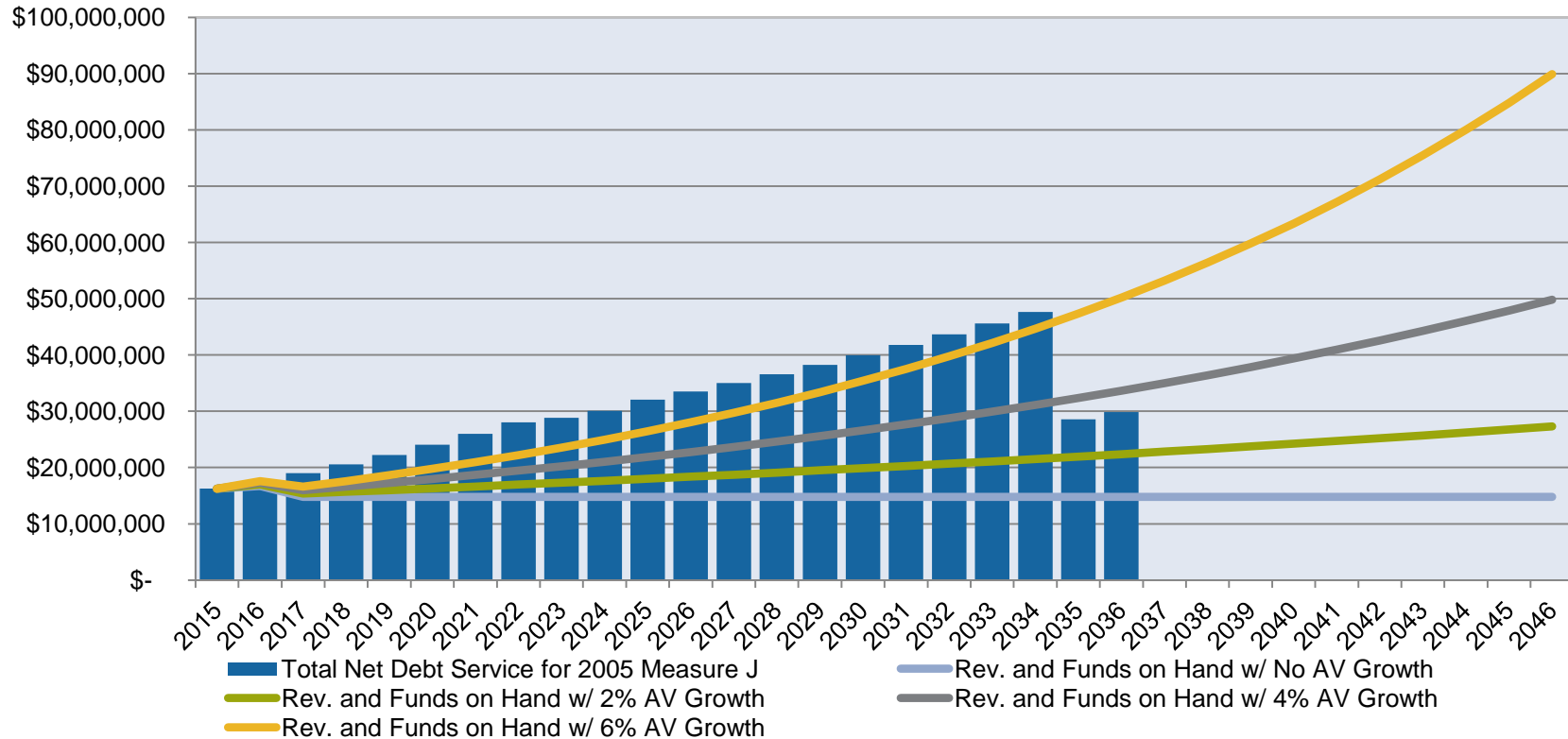
Authorization	\$300.0 million
Issued	\$300.0 million
Currently Outstanding	\$246.2 million
Remaining Authorization	\$0
Target Tax Rate	\$60.00 per \$100K AV



2005 Measure J

2005 Measure J Summary

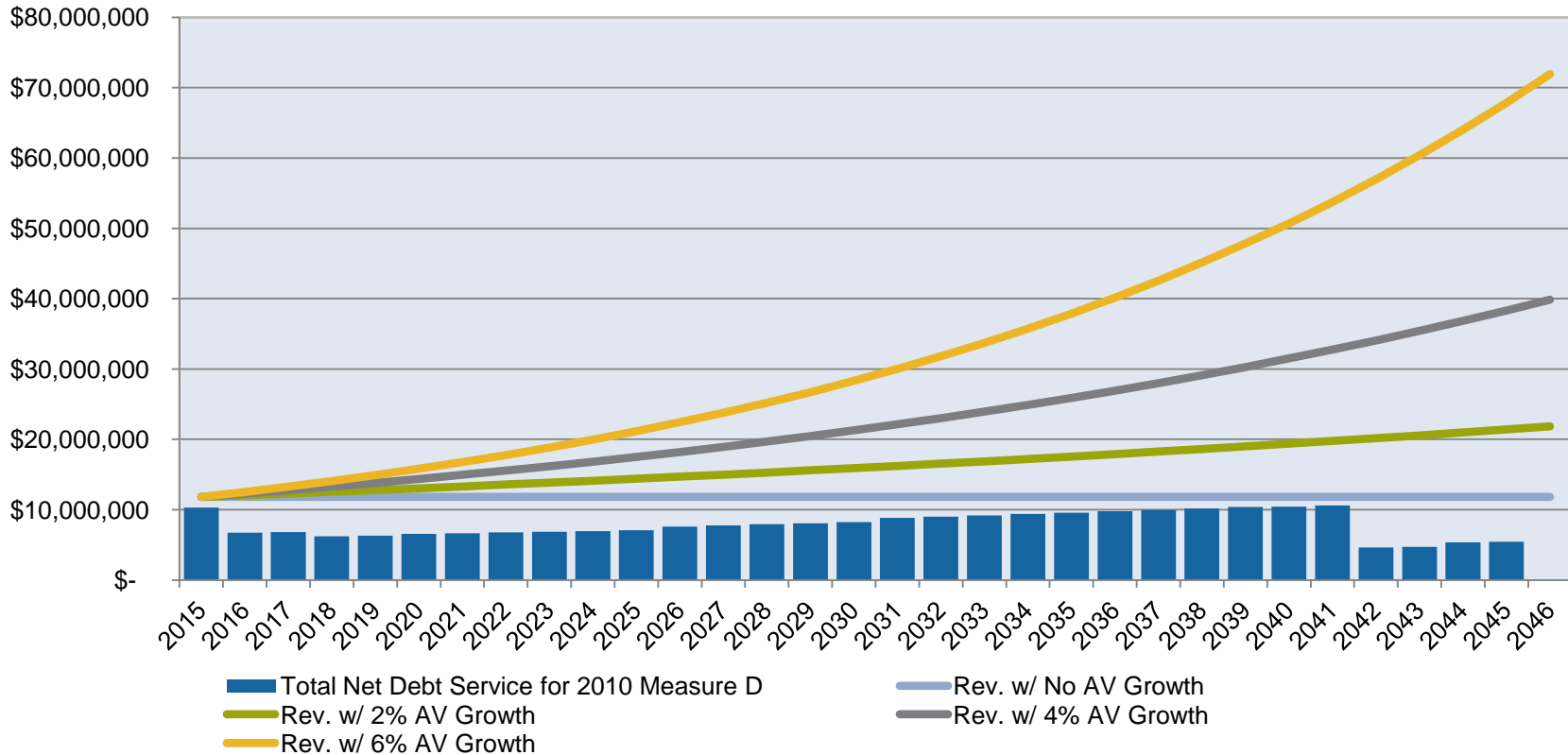
Authorization	\$400.0 million
Issued	\$322.4 million
Currently Outstanding	\$318.8 million
Remaining Authorization	\$77.6 million
Target Tax Rate	\$60.00 per \$100K AV



2010 Measure D

2010 Measure D Summary

Authorization	\$380.0 million
Issued	\$100.0 million
Currently Outstanding	\$127.8 million
Remaining Authorization	\$280.0 million
Target Tax Rate	\$48.00 per \$100K AV



2012 Measure E

2012 Measure E Summary

Authorization	\$360.0 million
Issued	\$85.0 million
Currently Outstanding	\$85.0 million
Remaining Authorization	\$275.0 million
Target Tax Rate	\$48.00 per \$100K AV

