West Contra Costa USD

Financing Team Member Selection and Potential Refunding

Presentation to the Facilities Subcommittee

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Financing Team Changes

- There have been a number of changes to the financing team since the District closed its Series 2013 transaction last October.
- RFPs were issued for the following in anticipation of a potential 2014 refunding general obligation bond issuance:
  - Bond counsel
  - Disclosure counsel
  - Co-managing underwriter(s)
- Nixon Peabody was previously selected as bond counsel and approved by the Board.

Disclosure Counsel RFP

- The District sought proposals from qualified law firms to serve as disclosure counsel for the District's general obligation bond program.
- District received 10 proposals for evaluation.
  - The District held interviews on February 7, 2014, with four potential candidates.
  - Candidates were evaluated on the basis of each firm's schools practice expertise, experience and industry rankings.
- Rudy Salo from Nixon Peabody is recommended to serve as disclosure counsel.

Co-Managing Underwriter RFP

- The District has previously used Piper Jaffray and De La Rosa & Co. to serve as underwriters on its general obligation bond program.
- After news that De La Rosa & Co. was being acquired by another firm (Stifel), the District sought proposals for the role of co-managing underwriter.
- The District held interviews on March 28, 2014, with four potential candidates (e.g. Backstrom, Stifel, Blaylock and Hutchinson).
- Backstrom McCarley Berry & Co. is recommended to serve as co-managing underwriter for the 2014 GO Bond Refunding.
- Backstrom and Stifel are recommended to serve as co-managing underwriters for the next new money issuance.
- Piper Jaffray will continue serving as senior managing underwriter.

Potential GO Bond Refunding Objectives

- The new team is being put into place as the District continues to move ahead with plans to issue general obligation refunding bonds this summer (if appropriate).

Refunding Objectives:

- One objective is to help manage tax rates to honor commitments to taxpayers and to comply with statutory requirements.
- Another objective is to achieve savings for taxpayers by reducing bond debt service.

Potential GO Bond Refunding Schedule

- **Refunding Schedule**:
  - **May 13th:** Presentation to Facilities Subcommittee on the refunding bond issuance.
  - **May 14th:** Presentation to District Board on the refunding bond issuance.
  - **May 28th:** District Board provided Resolution authorizing Refunding bonds.
  - **Early June:** Annual meeting with County Auditor-Controller's Office.
  - **July 23rd:** Bond Pricing.
  - **August 13th:** Bond Closing.

Tax Rate Management Process

- In recent years, an evaluation of refunding candidates has been an important part of the District's tax rate management practices.
- Based on projections and the availability of tax rate stabilization funds, the District should expect to meet its tax rate targets in 2014/2015 on five of its six bond measures even in the absence of tax base growth.
- In the absence of sufficient tax base growth, an alternative option is allowing the County to levy in excess of tax rate targets.

Measure	Tax Rate Target	Achievability
1998 Measure E	$26.40	Under All Circumstances
2000 Measure M	55.60	With Use of Tax Rate Stabilization Fund
2002 Measure D	60.00	Depending on Tax Base Growth
2005 Measure J	60.00	With Use of Tax Rate Stabilization Fund
2010 Measure D	48.00	Under All Circumstances
2012 Measure E	48.00	Under All Circumstances

Potential GO Bond Refunding Analysis

- In connection with tax rate management efforts, there may be an opportunity to refund outstanding bonds to lower annual debt service, which would lower tax rates as well.

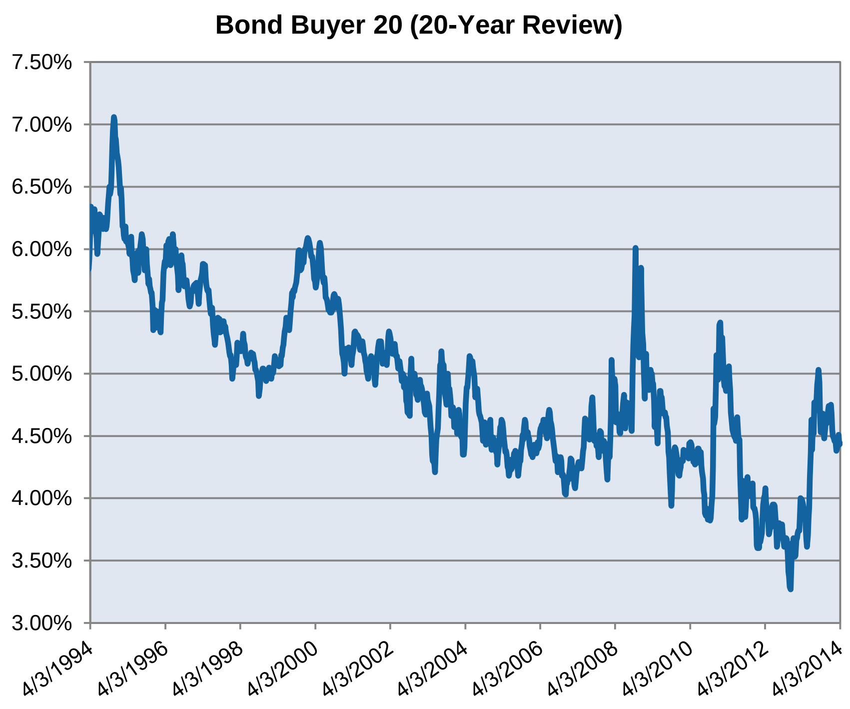
Election	Series	Delivery Date	Original Par Amount	Outstanding Par Amount	Call Feature
2002 Measure D	Series C (CIBS)	8/11/2004	$40,000,000	$24,640,000	8/1/2014 @ par
2005 Measure J	Series A	5/17/2006	$70,000,000	$59,025,000	8/1/2014 @ 101; 8/1/2015 @ par

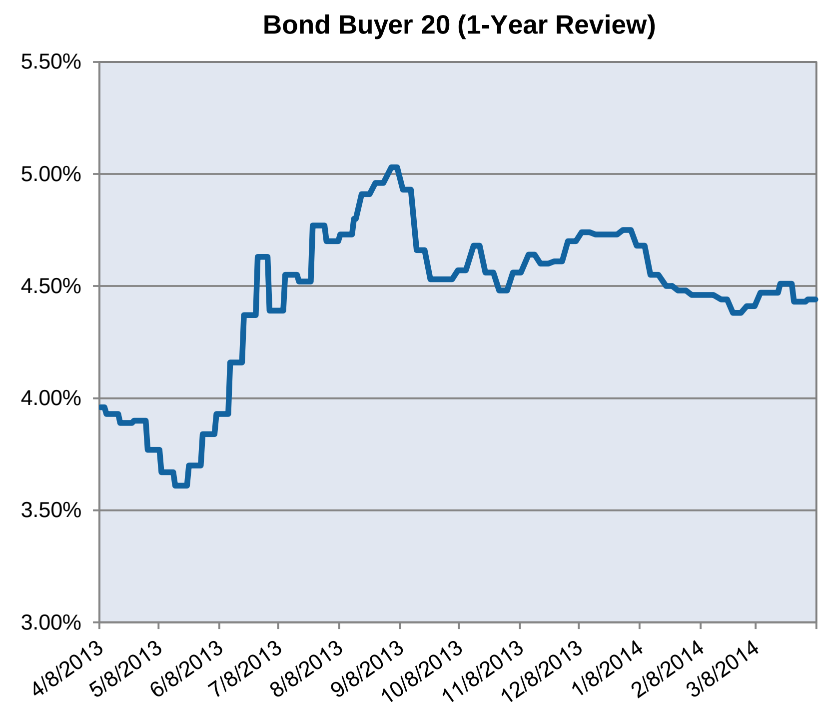
Potential GO Bond Refunding Analysis (continued)

- Under current market conditions, a 2014 refunding could generate as much as 8% NPV savings (depending on structure) and effectively decrease outstanding debt service.
- The actual refunding candidates will be based on the overall tax rate management strategy.
- At this point, we would expect that the contemplated refunding would surpass the District's minimum 4% threshold for NPV savings even if interest rates increased by 50 basis points.

Interest Rate Trends

- The interest rate market remains favorable despite some upward pressure on rates at the end of 2013 due to monetary policy decisions and (mostly) positive economic indicators.





Next Steps

- The working group had an initial meeting to kick-off the refunding on March 21, 2014.
  - The financing schedule targets closing in August after the release of property tax information.
  - KNN and the financing team will continue to monitor market conditions in the meantime.
- As in previous years, the District plans to meet with the County Auditor-Controller's Office in early June to discuss the balance of the debt service fund and projections for tax base growth.