



West Contra Costa USD

2015/2016 Assessed Value and
Impact on District Bond Program/Tax Rates

Presentation to the Board of Education
July 21, 2015



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A Division of Zions First National Bank

Tonight's Presentation

- The purpose of tonight's presentation is to:
 - Provide District with 2015-16 assessed value estimates
 - Discuss the District's current bonding program and issuance schedule
 - Evaluate impact of assessed valuation growth on long-term tax rate projections
 - Discuss method of sale for future series of bonds
 - Address questions of the Facilities Subcommittee and discuss future financing needs

I. 2015-16 Assessed Valuation



2015-2016 Assessed Valuation

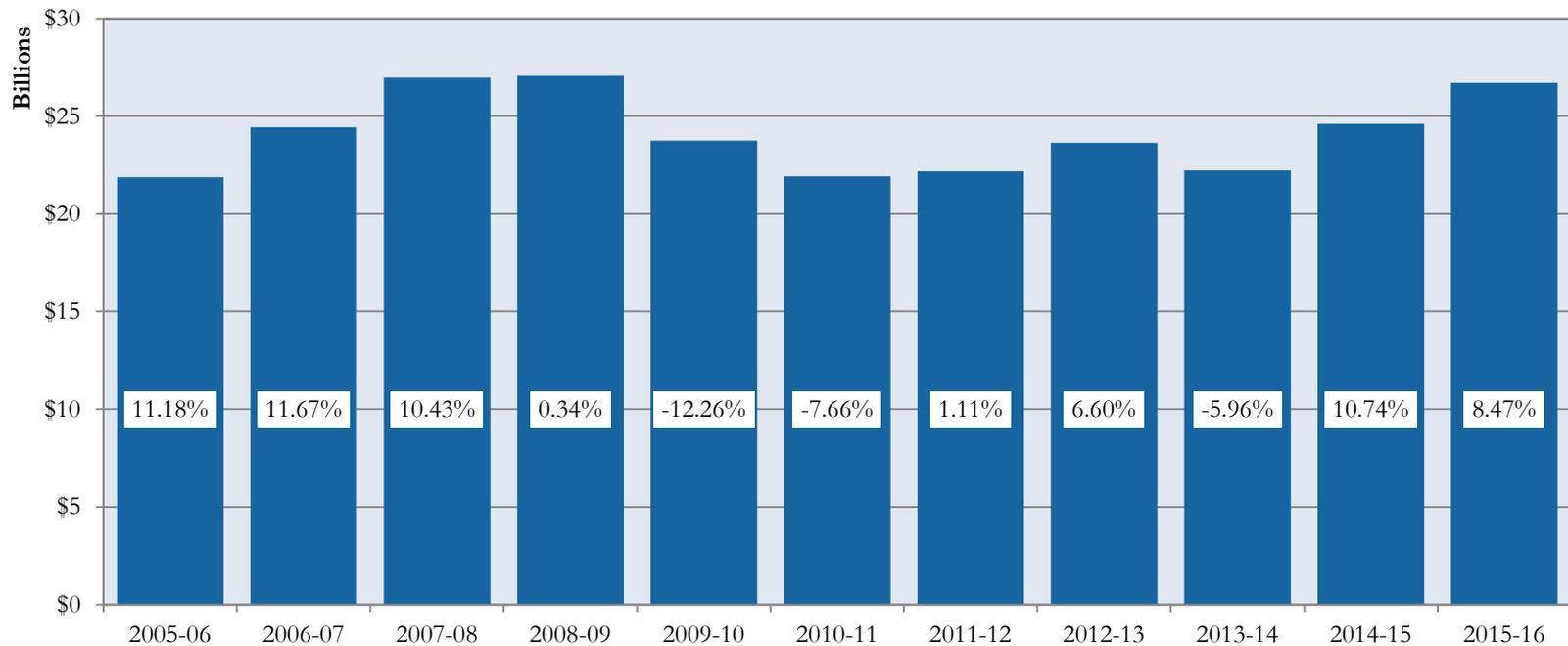
- Assessed values increased in every city in the District. We estimate the total increase for the District was \$2.08 billion or 8.47%*.
- The County Assessor will release the District's official assessed value later this month.

	2014-15	2015-16	Change	Change %
El Cerrito	\$3,264,235,176	\$3,589,412,806	\$325,177,630	9.96%
Hercules	\$2,731,614,588	\$2,892,189,321	\$160,574,733	5.88%
Pinole	\$1,974,488,120	\$2,112,161,565	\$137,673,445	6.97%
Richmond	\$11,842,200,772	\$12,892,773,551	\$1,050,572,779	8.87%
San Pablo	\$1,385,536,636	\$1,522,192,734	\$136,656,098	9.86%
Unincorporated	\$3,413,554,960	\$3,688,279,166	\$274,724,206	8.05%
Total	\$24,611,630,252	\$26,697,009,143	\$2,085,378,891	8.47%

* Estimated based on assumptions of West Contra Costa USD tax base composition.
Source: Contra Costa County Assessor

History of Assessed Valuation

- The District's 10-year average annual growth rate for AV is 2.35%.
- The District's 15-year average annual growth rate for AV is 4.83%.

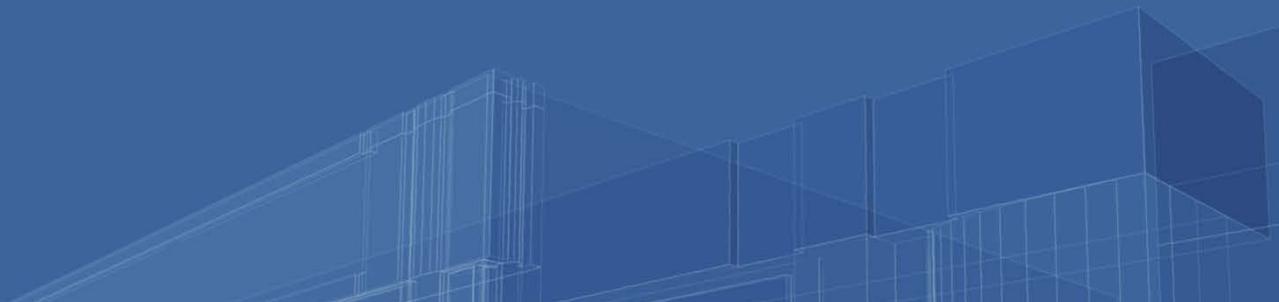


Source: California Municipal Statistics, County Auditor-Controller.

Strong AV Growth Helps District Bond Program

- Flexibility with Bond Issuance Schedule
- Statutory Bonding Capacity
- Tax Rate Management & Long-Range Outlook

II. Flexibility with Bond Issuance Schedule



Bond Program Overview

- District voters have approved six (6) bond measures authorizing \$1.63 billion to fund district-wide capital facility projects.
- The District has issued approximately \$1.17 billion to-date leaving more than \$450 million in remaining authorization.

Measure	Total Authorization	Amount Issued (To Date)	Remaining Authorization	Current Tax Rate (per \$100,000 AV)	Next Planned Issuance (Tentative)
1998 Measure E	\$40,000,000	\$40,000,000	-	\$10.20	N.A.
2000 Measure M	\$150,000,000	\$150,000,000	-	\$55.60	N.A.
2002 Measure D	\$300,000,000	\$300,000,000	-	\$60.00	N.A.
2005 Measure J	\$400,000,000	\$322,409,709	\$77,590,291	\$60.00	TBD
2010 Measure D	\$380,000,000	\$190,000,000	\$190,000,000	\$48.00	2016-17
2012 Measure E	\$360,000,000	\$170,000,000	\$190,000,000	\$48.00	2016-17
Total	\$1,630,000,000	\$1,172,407,192	\$457,592,808	NA	NA

Original Issuance Schedule (Presented in Feb. 2015)

- The original issuance schedule, last presented to the Board in February 2015, was based on 2014-15 assessed value and incorporates the following assumptions for all series of bonds: maintains tax rate of \$48 per \$100,000 of assessed value, up to 40-year maturity structure and 4% AV growth.
 - Due to anticipated tax rate constraints, there was a “tail” of approximately \$28 million which was not expected to be accessible until 2045.

Year	Series	2010 Measure D	2012 Measure E	Total
	Previously Issued	\$190,000,000	\$170,000,000	\$360,000,000
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 AV growth, market conditions, interest rates at the time of sale, and structure assumptions. Bonds issued after 2015 may be required to use AB 182 compliant capital appreciation bonds or the District may need to use Bond Anticipation Notes.

Updated Issuance Schedule

- The updated issuance schedule incorporates estimated 2015-16 assessed value and is based on the following assumptions for all series of bonds: maintains tax rate of \$48 per \$100,000 of assessed value, up to 40-year maturity structure and 4% AV growth.
 - Based on estimated 2015-16 AV growth, the District is expected to have access to remaining authorization from both 2010 Measure D and 2012 Measure E without an expected “tail”.

Year	Series	2010 Measure D	2012 Measure E	Total
	Previously Issued	\$190,000,000	\$170,000,000	\$360,000,000
2015-16 or 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 AV growth, market conditions, interest rates at the time of sale, and structure assumptions. Bonds issued after 2015 may be required to use AB 182 compliant capital appreciation bonds or the District may need to use Bond Anticipation Notes.

Alternative Issuance Schedule

- The alternative issuance schedule increases the next series of bonds to \$165 million and incorporates the following assumptions for all series of bonds: maintains tax rate of \$48 per \$100,000 of assessed value, up to 40-year maturity structure and 4% AV growth.
 - In order to increase the next series of bonds, the District may need to rely on AB 182 compliant Capital Appreciation Bonds and/or Bond Anticipation Notes for subsequent financings.

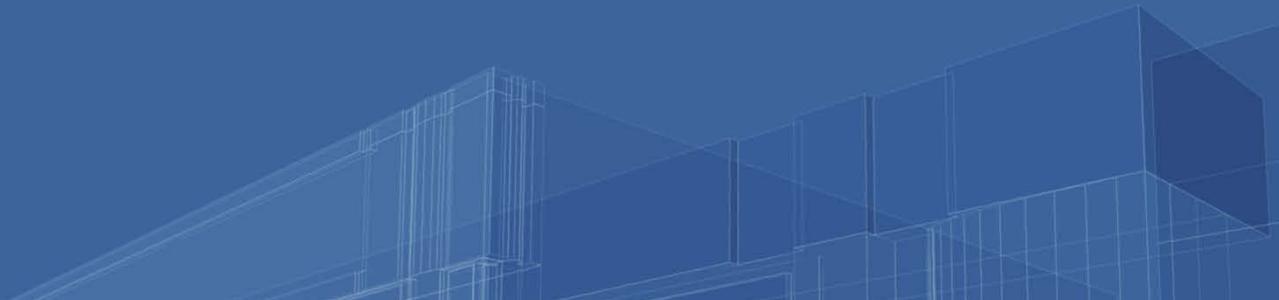
Year	Series	2010 Measure D	2012 Measure E	Total
	Previously Issued	\$190,000,000	\$170,000,000	\$360,000,000
2015-16 or 2016-17	Elec. 2010 Ser. D Elec. 2012 Ser. C	80,000,000	85,000,000	165,000,000
2018-19	Elec. 2010 Ser. E Elec. 2012 Ser. D	65,000,000	60,000,000	125,000,000
2020-21	Elec. 2010 Ser. F Elec. 2012 Ser. E	45,000,000	45,000,000	90,000,000
		\$380,000,000	\$360,000,000	\$740,000,000

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

Strategies to Access Remaining Authorization Sooner

- The District may be able to access remaining authorization sooner if:
 - Assessed valuation exceeds the assumed 4.0% annual growth.
 - The District exceeds the \$48 per \$100,000 of assessed value target tax rate.
- Accelerating issuance schedule and/or increasing bond amount in advance of known assessed value growth could place upward pressure on long-term tax rates.

III. Tax Rate Management & Long-Range Outlook



Estimated 2015-16 Tax Rates

- The District has been able to consistently maintain tax rate targets in connection with each of their respective bond measures.

	1998 Measure E	2000 Measure M	2002 Measure D	2005 Measure J	2010 Measure D	2012 Measure E
1998/99	\$6.10	N/A	N/A	N/A	N/A	N/A
1999/00	\$12.50	N/A	N/A	N/A	N/A	N/A
2000/01	\$20.40	N/A	N/A	N/A	N/A	N/A
2001/02	\$18.00	\$6.90	N/A	N/A	N/A	N/A
2002/03	\$16.10	\$25.00	\$11.50	N/A	N/A	N/A
2003/04	\$12.30	\$45.40	\$48.70	N/A	N/A	N/A
2004/05	\$16.10	\$46.90	\$52.30	N/A	N/A	N/A
2005/06	\$11.50	\$43.70	\$48.90	N/A	N/A	N/A
2006/07	\$10.50	\$38.60	\$48.70	\$16.50	N/A	N/A
2007/08	\$9.00	\$34.20	\$44.20	\$16.10	N/A	N/A
2008/09	\$9.30	\$36.50	\$48.40	\$28.80	N/A	N/A
2009/10	\$10.50	\$55.20	\$58.10	\$59.00	N/A	N/A
2010/11	\$11.30	\$55.60	\$60.00	\$60.00	N/A	N/A
2011/12	\$8.60	\$55.60	\$60.00	\$60.00	\$48.00	N/A
2012/13	\$8.70	\$55.60	\$60.00	\$60.00	\$31.40	N/A
2013/14	\$10.20	\$55.60	\$60.00	\$60.00	\$48.00	\$48.00
2014/15	\$8.70	\$55.60	\$60.00	\$60.00	\$48.00	\$48.00
2015/16*	\$8.70	\$55.60	\$60.00	\$60.00	\$48.00	\$48.00
Target	\$26.40	\$55.60	\$60.00	\$60.00	\$48.00	\$48.00

*Tax rates for 2015-16 have not yet been finalized.

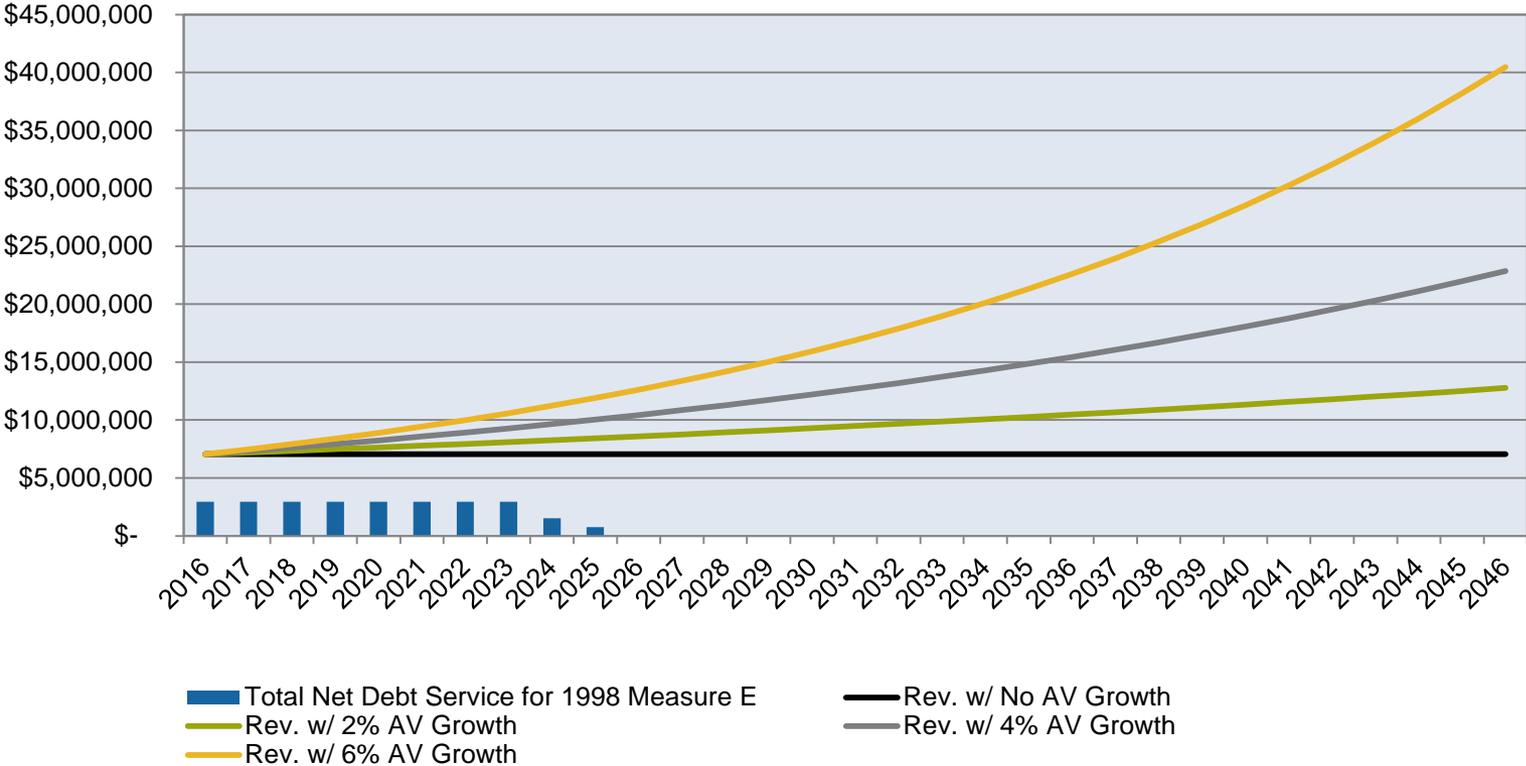
Long-Range Tax Outlook

- The District's long-term outlook on tax rates is dependent on the assumed growth of its assessed valuation.
- Following charts show revenues at assessed value growth rates between 0% and 6% versus debt service expenditures. Debt service above a revenue line means the County will have to set tax rates above the District's target rate at that particular assessed value growth rate. Debt service below a revenue line means the County can maintain (or be under) the District's target rate at that particular assessed value growth rate.

1998 Measure E (non-Prop. 39)

1998 Measure E Summary

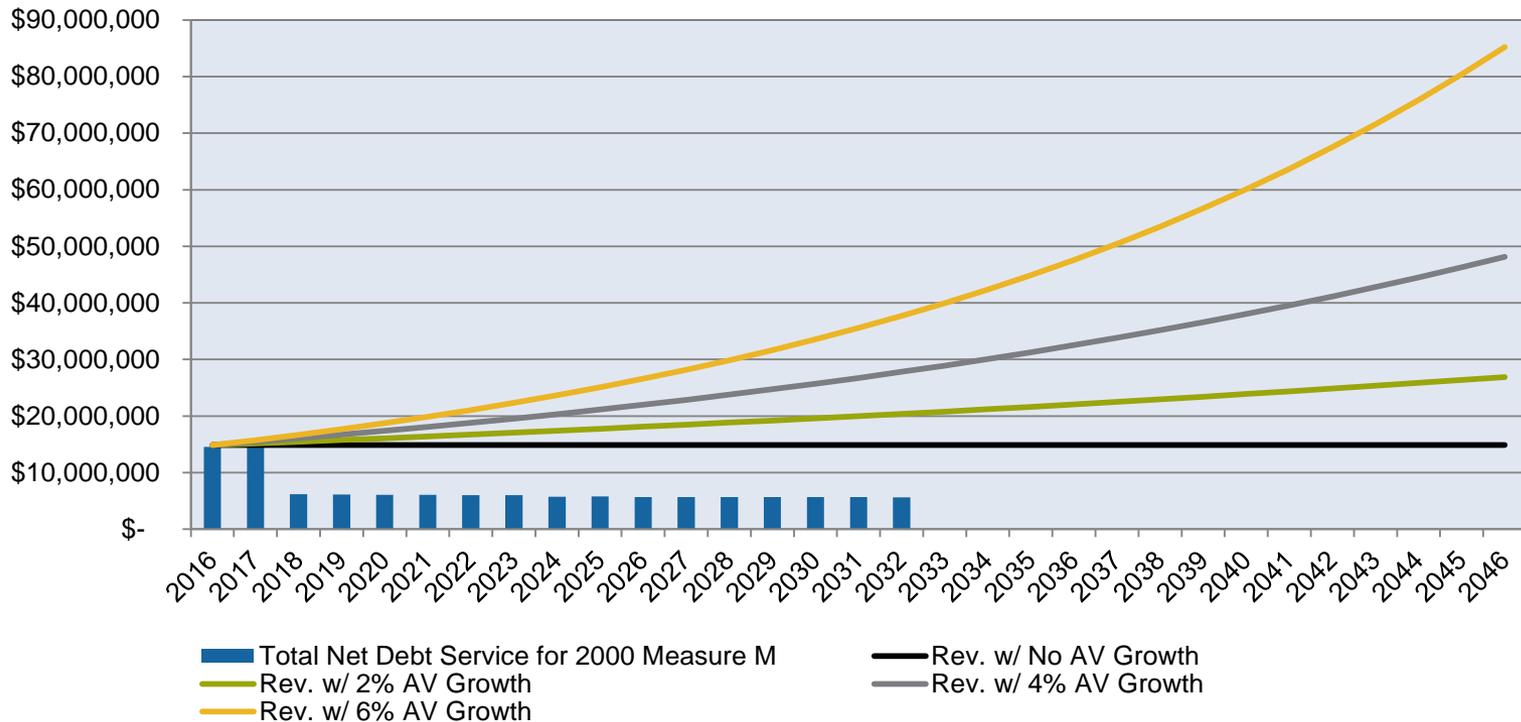
Authorization	\$40.0 million
Issued	\$40.0 million
Currently Outstanding	\$20.4 million
Remaining Authorization	\$0
Target Tax Rate	\$26.40 per \$100K AV



2000 Measure M (non-Prop. 39)

2000 Measure M Summary

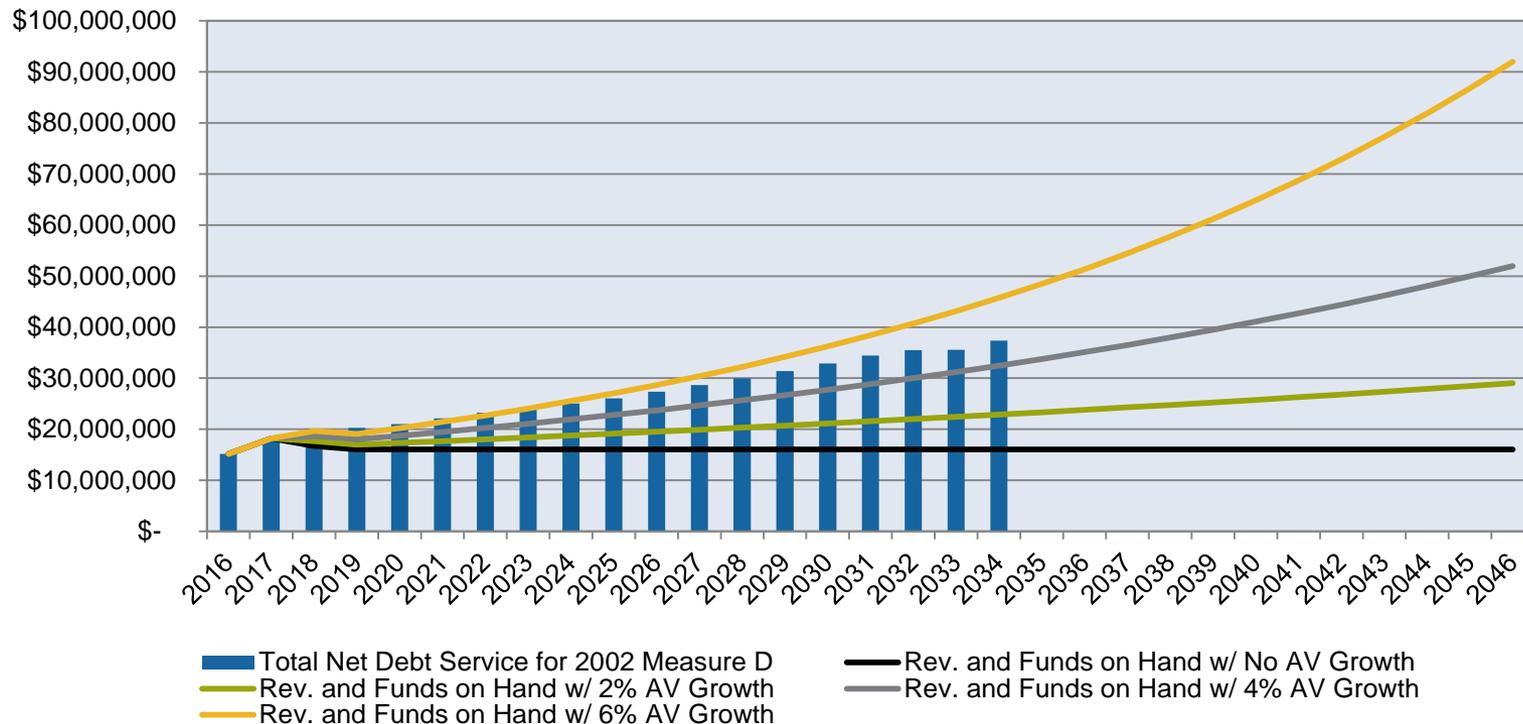
Authorization	\$150.0 million
Issued	\$150.0 million
Currently Outstanding	\$92.3 million
Remaining Authorization	\$0
Target Tax Rate	\$55.60 per \$100K AV



2002 Measure D

2002 Measure D Summary

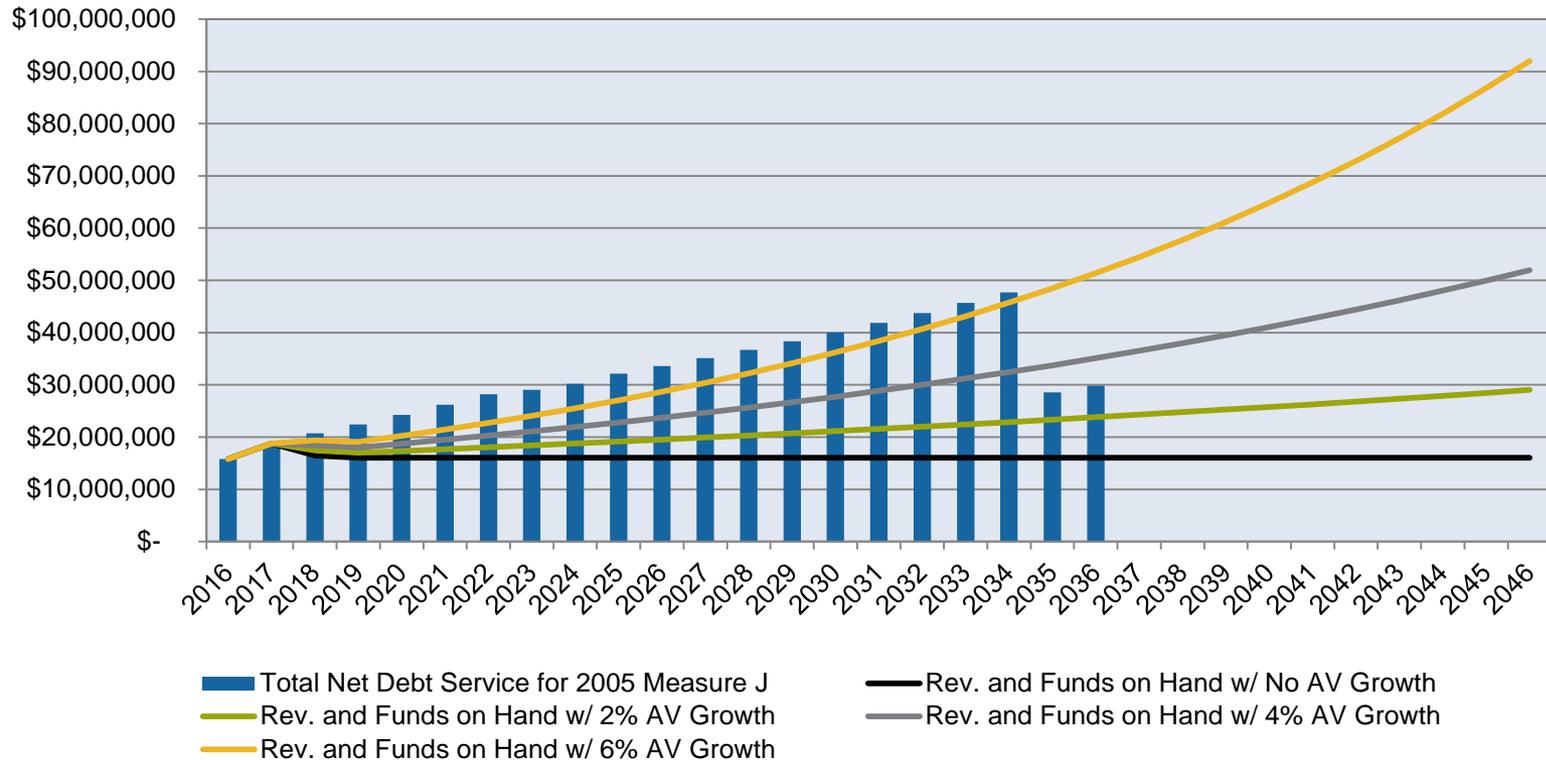
Authorization	\$300.0 million
Issued	\$300.0 million
Currently Outstanding	\$235.5 million
Remaining Authorization	\$0
Target Tax Rate	\$60.00 per \$100K AV



2005 Measure J

2005 Measure J Summary

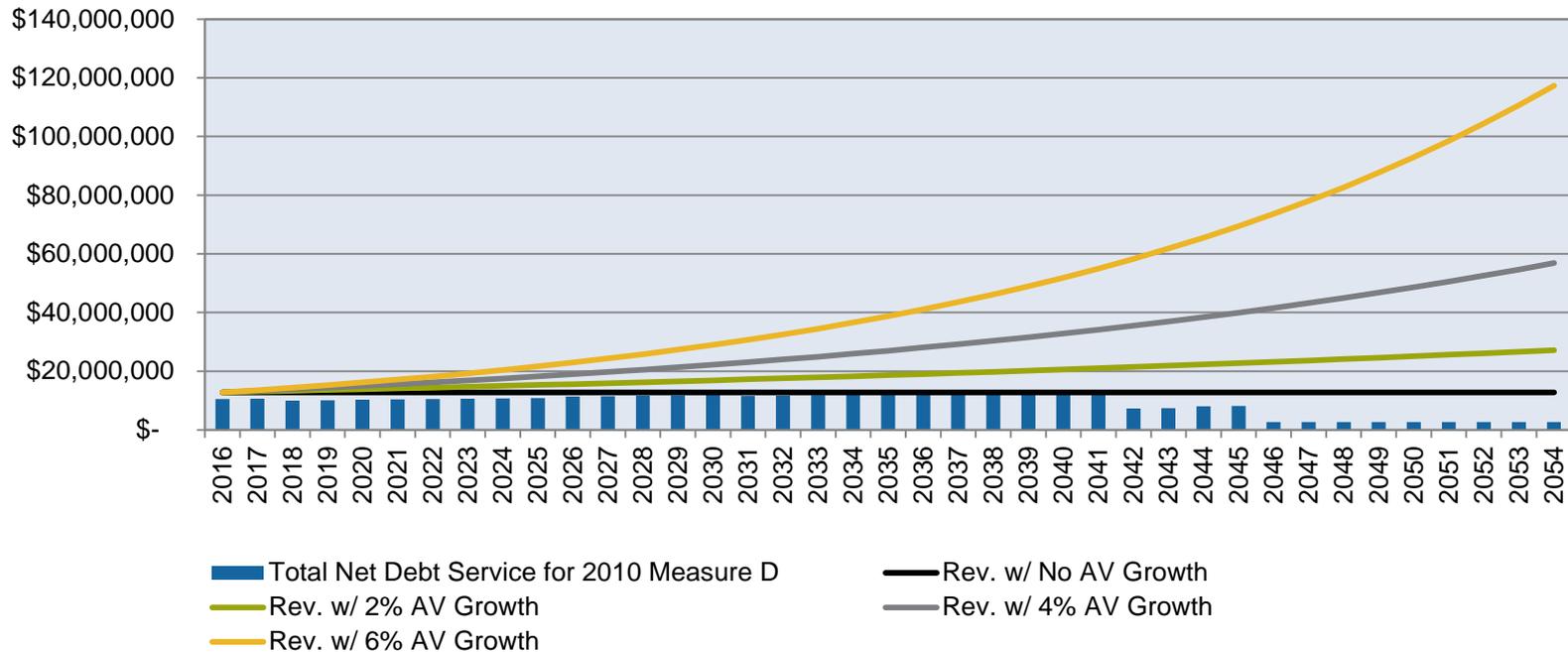
Authorization	\$400.0 million
Issued	\$322.4 million
Currently Outstanding	\$312.9 million
Remaining Authorization	\$77.6 million
Target Tax Rate	\$60.00 per \$100K AV



2010 Measure D

2010 Measure D Summary

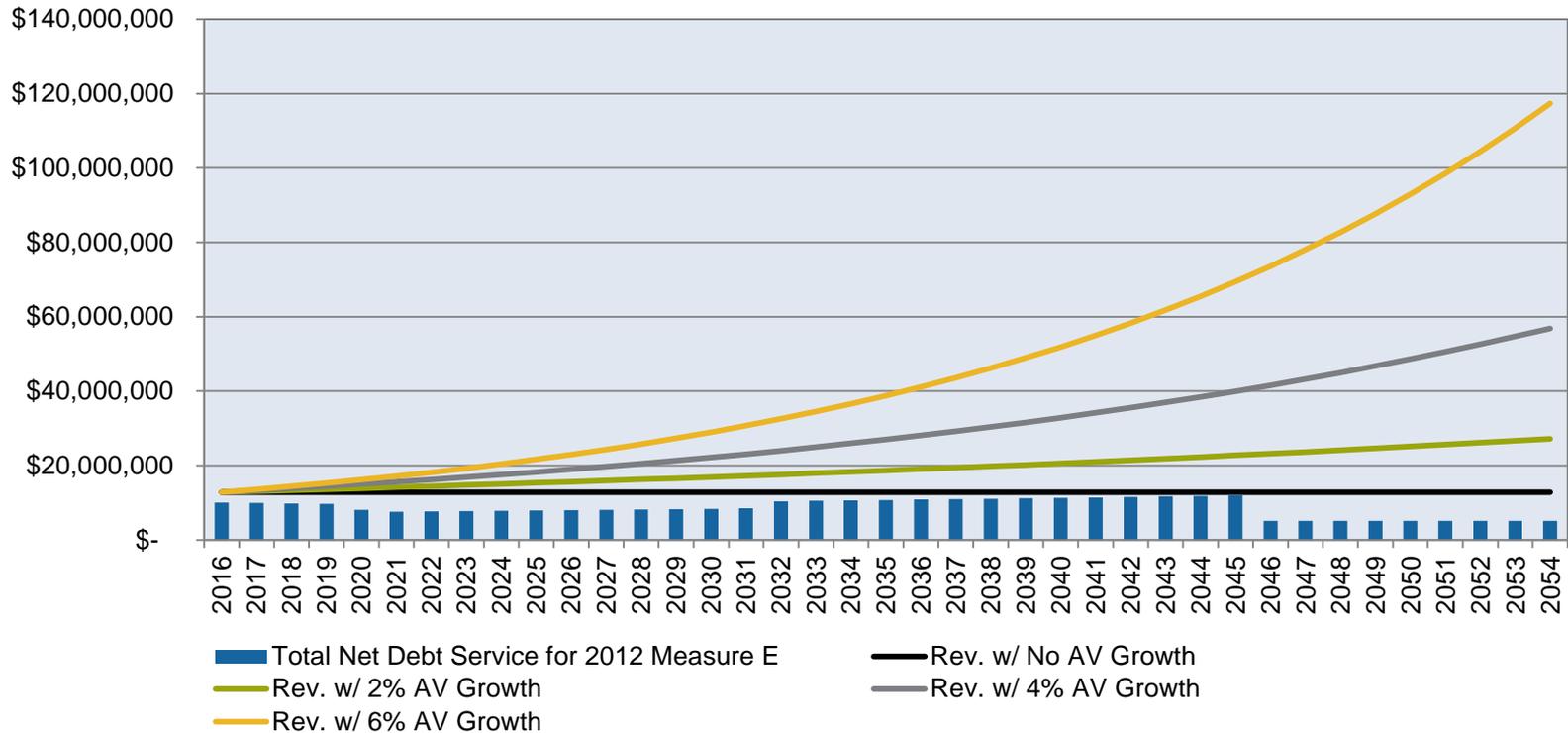
Authorization	\$380.0 million
Issued	\$190.0 million
Currently Outstanding	\$174.3 million
Remaining Authorization	\$190.0 million
Target Tax Rate	\$48.00 per \$100K AV



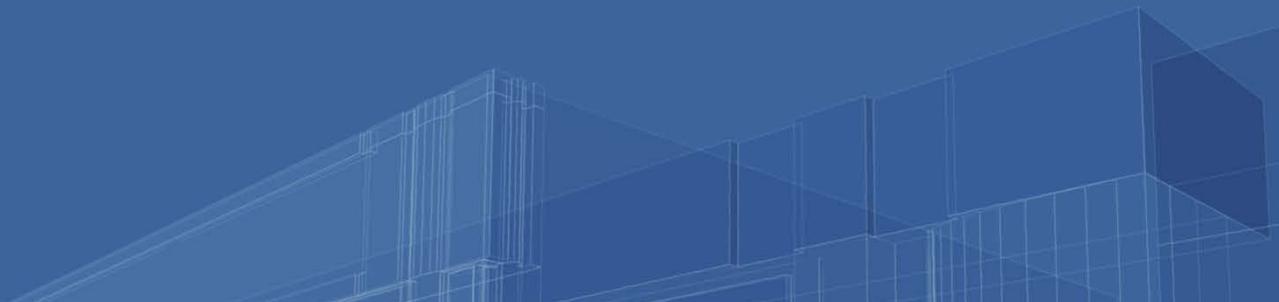
2012 Measure E

2012 Measure E Summary

Authorization	\$360.0 million
Issued	\$170.0 million
Currently Outstanding	\$162.3 million
Remaining Authorization	\$190.0 million
Target Tax Rate	\$48.00 per \$100K AV



IV. Evaluating Method of Sale

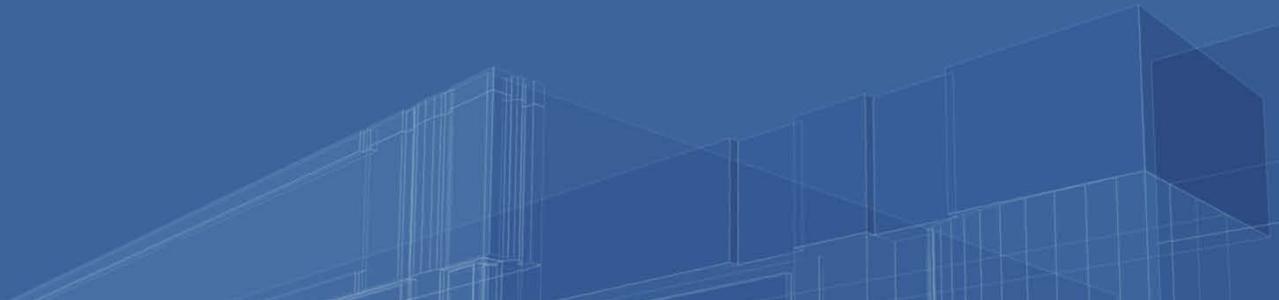


Evaluating Method of Sale

- Listed below are characteristics associated with both competitive and negotiated bond transactions:

Negotiated Sale	Competitive Sale
New credit or limited presence in the municipal bond market	Significant borrowing experience and market exposure
Non-rated or low investment grade rating	Highly rated general obligation bond, or essential service credit
Relatively volatile bond market and/or interest rate environment	Relatively stable bond market and/or interest rate environment
Complex or innovative bond features	Traditional bond mechanics

Appendix



Bonding Capacity Limit Waiver

- Section 15106 of the Education Code provides that a unified school district may only issue general obligation bonds up to 2.5% of the assessed value of property within the district.
- Section 33050 of the Education Code allows the State Board of Education (“SBE”) to waive any provisions of the Education Code, following a public hearing on the matter (with certain exceptions).
- Previously, the District has requested and received four waivers of its bonding capacity, as shown below:

Date	Bonds to which Waiver Applies	Adjusted Bonding Capacity Limit (%)	Expiration Date
November 2002	2002 Measure D	3.00% of AV	November 2007
May 2009	2005 Measure J	3.50% of AV	May 2014
March 2011	2010 Measure D	5.00% of AV	December 2021
May 2013	2012 Measure E	5.00% of AV	December 2025

- With the growth in assessed value for 2015-16, the District’s remaining bonding capacity with the waivers is approximately \$365 million.
- Statutory debt capacity with the waivers will change with variations in assessed value as well as the amount of remaining debt, as the District pays off prior bonds.

2015/2016 Bonding Capacity

- Based on estimated 2015/2016 assessed valuation, the District has more than \$365 million in bonding capacity remaining at 5.00%.

Bonding Capacity at 5%

	2014/2015	2015/2016*
Total Assessed Value	\$24,614,663,961	\$26,697,009,143
Bonding Capacity at 5% of Total AV	1,230,733,198	1,334,850,457
Outstanding Bonded Indebtedness of the District (as of 7/1)	(900,147,930) ^(a)	(997,652,606.40) ^(b)
Bonds Sold During Fiscal Year	(135,000,000)	<i>TBD</i>
Principal Paid During Fiscal Year	29,639,543 ^(a)	30,199,482 ^(b)
Total Remaining Bonding Capacity	\$225,224,811	\$367,397,332

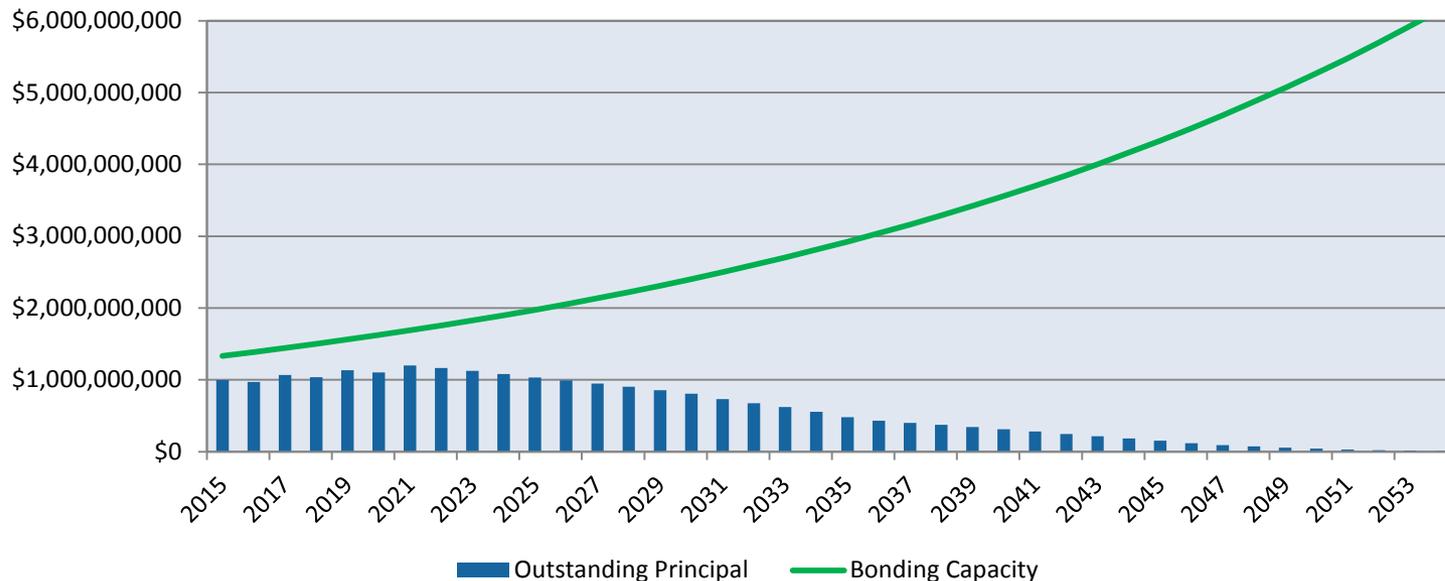
^(a) Based on District's 2014 Audited Financials

^(b) Based on KNN's calculation of outstanding principal and scheduled payments

*Subject to change based on District's actual 2015-16 assessed value.

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 (\$380 million remaining authorization from 2010 Measure D and 2012 Measure E).



Note: Outstanding principal amount includes \$ 997,652,606.40 outstanding principal as of 6/30/2015, \$30,199,482 in principal payments since 6/30/2014, and three (3) future series of bonds issued every other year at approximately \$125M.