

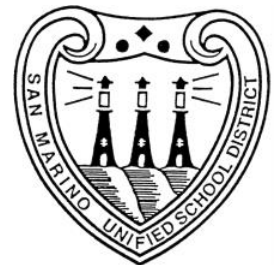
San Marino Unified School District

Board Presentation

October 7, 2019

Presented by:

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Section I

Bond Program Information

Building the Bond Program

In order to develop a bond program, the following items must be determined:

- ◆ Tax rate target
- ◆ Assessed value (“AV”) growth assumption
- ◆ Interest rate assumption
- ◆ Project timing

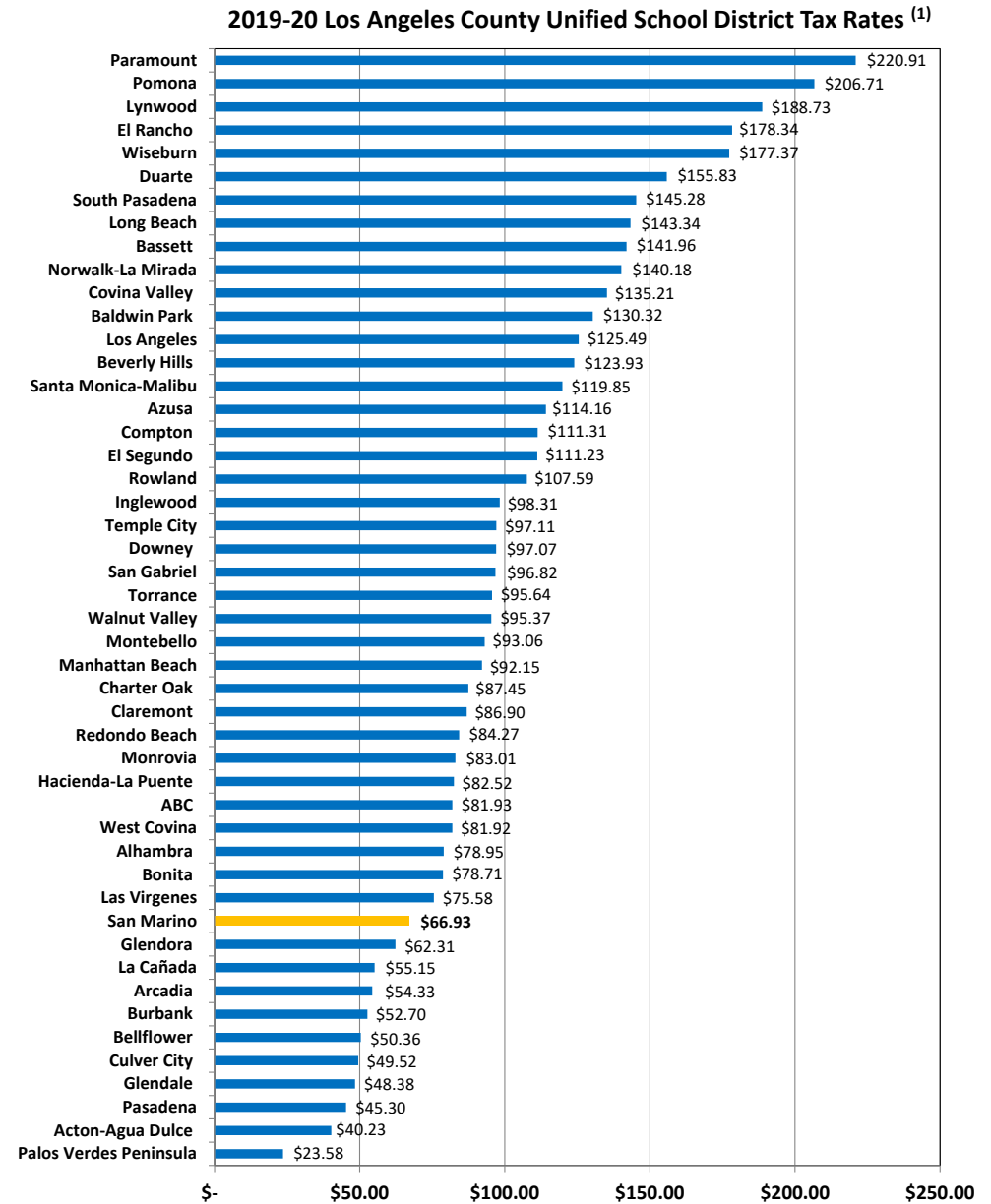
As the above factors change, the timing of bond sales and the amount of bonds sold can be tailored to maintain tax rates at voter-approved levels



LA County Unified School District Bond Tax Rates

SMUSD's 2019-20 tax rate of \$66.93 per \$100,000 of AV is below the average unified school district tax rate in the County

- ◆ Average 2019-20 tax rate for unified school districts with bonds is \$102.36 per \$100,000 of AV



(1) Source: Los Angeles County Auditor-Controller.



SMUSD Bonds

SMUSD has accessed all authorization from its two outstanding bond measures:

- ♦ June 4, 1996 measure for \$34.33 million passed with 75.8% vote
 - Highest tax rate estimate: \$88.62 per \$100,000 of AV
- ♦ June 20, 2000 measure for \$18 million passed with 70.4%
 - Highest tax rate estimate: \$107.50 per \$100,000 of AV
 - Average tax rate estimate for all outstanding bonds: \$99.97 per \$100,000 of AV
- ♦ *Note: the 1996 and 2000 elections were approved under Proposition 46, which does not have a tax rate limit but required 2/3 voter approval (vs. Proposition 39, which has a tax rate limit of \$60 per \$100,000 of AV but requires 55% voter approval)*

Bond Year	1998 General Obligation Bonds, Series B ⁽¹⁾			General Obligation Bonds (Election of 2000), Series 2000A ⁽¹⁾			2001 General Obligation Refunding Bonds ⁽²⁾			Total
	Principal	Interest	Debt Service	Principal	Interest	Debt Service	Principal	Interest	Debt Service	
2020	\$ 1,995,000	\$ 485,238	\$ 2,480,238	\$ 729,772	\$ 1,465,228	\$ 2,195,000	\$ 455,000	\$ 47,000	\$ 502,000	\$ 5,177,238
2021	2,155,000	380,500	2,535,500	728,381	1,601,619	2,330,000	485,000	24,250	509,250	5,374,750
2022	2,635,000	272,750	2,907,750	784,523	1,880,477	2,665,000				5,572,750
2023	2,820,000 ⁽³⁾	129,250	2,949,250	785,976	2,044,024	2,830,000				5,779,250
2024				1,524,665	4,295,335	5,820,000				5,820,000
2025				1,502,125	4,577,875	6,080,000				6,080,000
Total	\$ 9,605,000	\$ 1,267,738	\$ 10,872,738	\$ 6,055,442	\$ 15,864,558	\$ 21,920,000	\$ 940,000	\$ 71,250	\$ 1,011,250	\$ 33,803,988

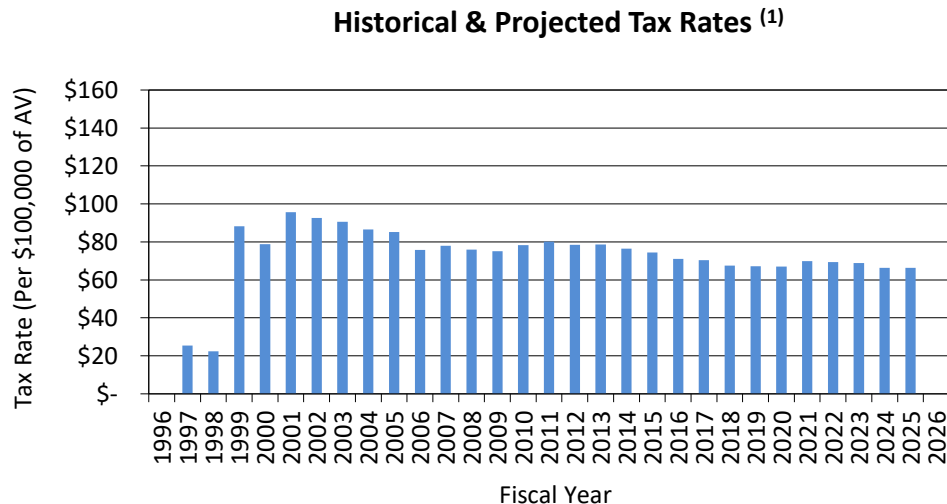
(1) July 1 principal maturities, (2) August 1 principal maturities, (3) June 1 principal maturity.



SMUSD Tax Rate History & Projections

SMUSD's historical tax rates have been below the voter estimate of \$99.97 per \$100,000 of AV

- ◆ Future tax rates are also projected to be below the voter estimate



FY	Tax Rate per \$100K AV ⁽¹⁾	
1996	\$ -	
1997	25.48	
1998	22.39	
1999	88.20	
2000	78.86	
2001	95.70	
2002	92.61	
2003	90.59	
2004	86.53	
2005	85.15	
2006	75.74	
2007	78.01	
2008	75.86	
2009	75.05	
2010	78.25	
2011	80.17	
2012	78.54	
2013	78.66	
2014	76.48	
2015	74.36	
2016	71.14	
2017	70.40	
2018	67.57	
2019	67.10	
2020	66.93	
2021	69.95	
2022	69.40	
2023	68.87	
2024	66.36	
2025	66.35	
2026	-	

Average: \$74.16

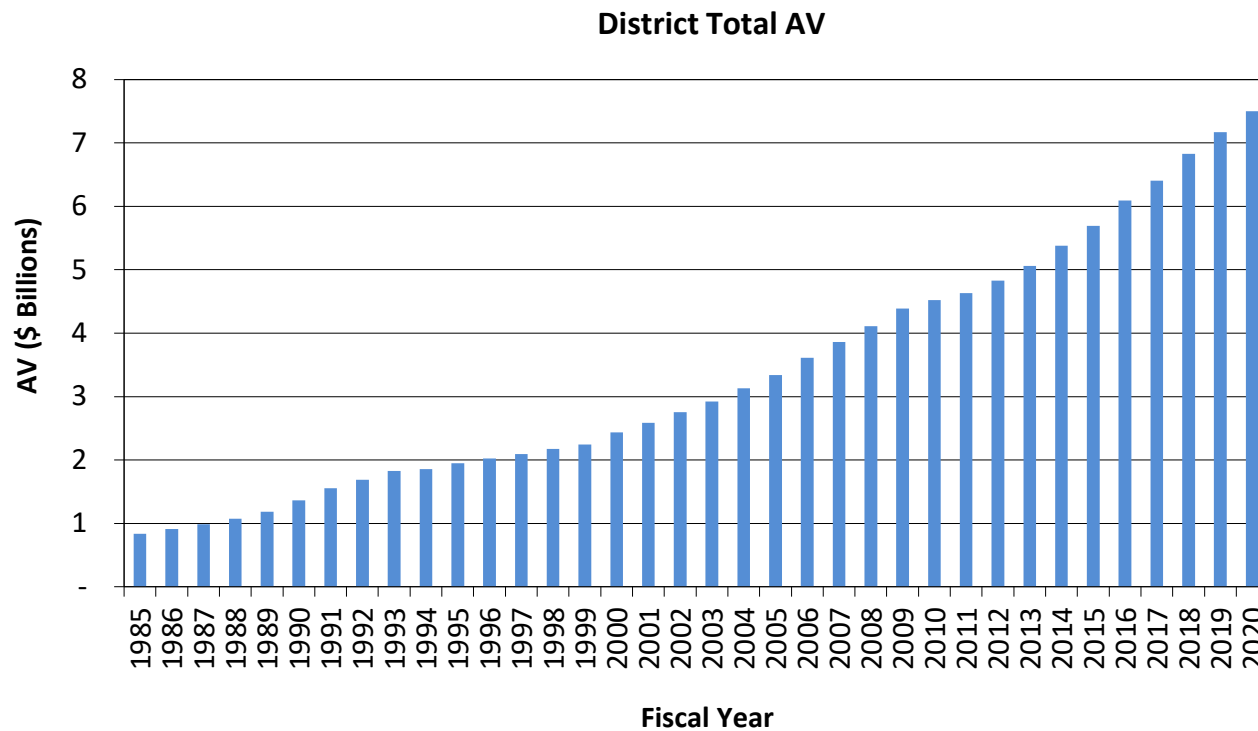
Average: \$73.13

(1) Actuals through 2019-20. Projections thereafter assume future AV growth of 4.5% annually.



SMUSD AV History ⁽¹⁾

SMUSD has experienced very strong historical AV growth



Growth Statistics			
<u>Annualized Growth Rates:</u>		<u>Lowest Rolling Averages:</u>	
1-year:	4.64%	3-year:	3.21%
5-year:	5.67	5-year:	3.59
10-year:	5.19	10-year:	4.83
15-year:	5.55	15-year:	5.55
20-year:	5.79	20-year:	5.24
25-year:	5.54	25-year:	5.42
30-year:	5.85	30-year:	5.85
35-year:	6.48		

FY	Total AV ⁽¹⁾	Annual % Change
1985	\$ 832,519,103	
1986	912,082,977	9.56 %
1987	983,769,327	7.86
1988	1,072,698,200	9.04
1989	1,182,666,727	10.25
1990	1,361,463,277	15.12
1991	1,552,227,006	14.01
1992	1,689,982,922	8.87
1993	1,823,735,131	7.91
1994	1,856,965,304	1.82
1995	1,948,500,618	4.93
1996	2,023,529,605	3.85
1997	2,091,386,611	3.35
1998	2,175,356,928	4.02
1999	2,243,121,082	3.12
2000	2,434,488,730	8.53
2001	2,584,729,004	6.17
2002	2,756,592,066	6.65
2003	2,922,503,610	6.02
2004	3,131,792,009	7.16
2005	3,338,959,867	6.61
2006	3,609,107,985	8.09
2007	3,863,230,057	7.04
2008	4,112,800,913	6.46
2009	4,389,162,068	6.72
2010	4,523,835,967	3.07
2011	4,633,179,408	2.42
2012	4,826,061,694	4.16
2013	5,063,144,206	4.91
2014	5,377,108,286	6.20
2015	5,694,054,731	5.89
2016	6,090,954,958	6.97
2017	6,407,411,062	5.20
2018	6,830,264,858	6.60
2019	7,170,448,186	4.98
2020	7,503,260,374	4.64

(1) Source: California Municipal Statistics, Inc. and Los Angeles County.



SMUSD's Statutory Bonding Capacity

Bonding capacity is a statutory limit on the amount of bonds that can be issued

- ◆ Based on:
 - Fiscal year AV multiplied by 2.5% statutory debt limit factor
 - Less: outstanding bonds
- ◆ Increases as AV grows and outstanding bonds are paid, and decreases as AV declines and bonds are issued
- ◆ Bonding capacity does not limit amount voters can approve
- ◆ Debt limit waivers can be requested from the State Board of Education if needed

Estimated Statutory Bonding Capacity ⁽¹⁾

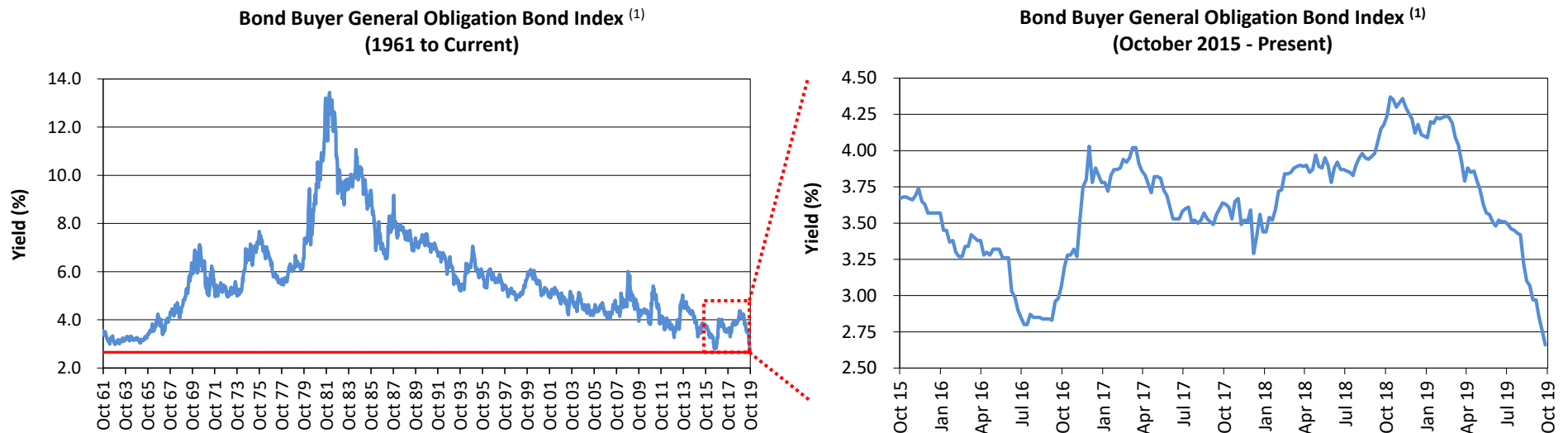
2019-20 Total AV	\$ 7,503,260,374
Statutory Debt Limit Factor	x 2.50%
Bonding Capacity	<hr/> 187,581,509
Outstanding General Obligation Bonds	(16,600,442)
Available Bonding Capacity	\$ 170,981,068

(1) Subject to confirmation by the Los Angeles County Auditor-Controller.



Interest Rates

Municipal bond interest rates have been volatile but remain near historic lows



(1) Index reflects average yield to maturity of 20 general obligation bonds with 20-year maturities rated 'Aa2' by Moody's Investors Service and 'AA' by Standard and Poor's. Source: The Bond Buyer & Bloomberg.



Section II

Single Election Bond Illustrations

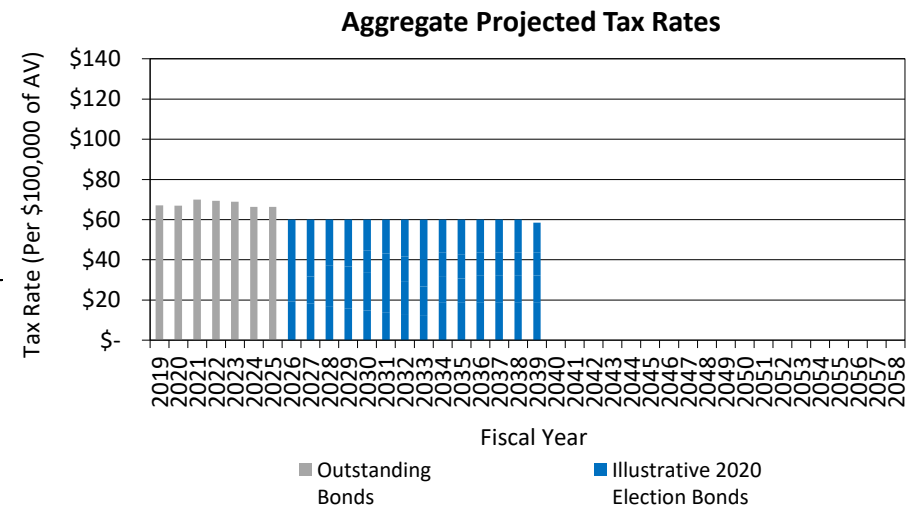
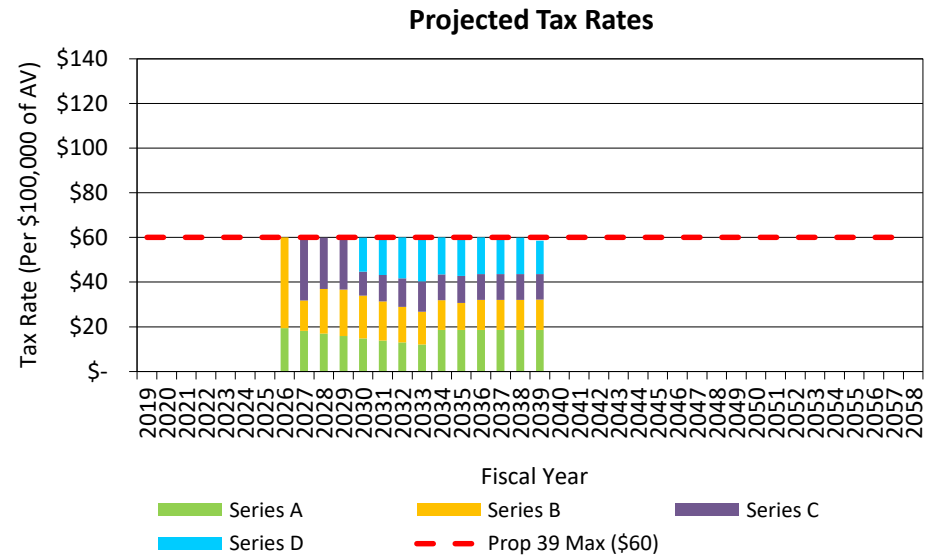
Illustration 1: \$68 Million

Assumptions:

- ◆ 2020 Prop 39 Election
- ◆ Maximum new tax rate of \$60 per \$100,000 of AV starting in 2026
- ◆ Annual AV growth rate: 4.5%
- ◆ GO bond interest rates: **6.0%** ⁽¹⁾
- ◆ Estimated final tax: **2039**
- ◆ Utilization of capital appreciation bonds only for the bond anticipation note
 - Allows proceeds to be accessed without any tax rate impact through 2025
 - Repaid from issuance of GO bonds
- ◆ Utilization of current interest bonds only for GO bonds

Illustrative Issuance Schedule ⁽²⁾

Issue	Issue Date	Proceeds	→	Issuance	Issue Date	Repayment
BAN	Aug-20	\$ 17,000,000		Series B	Aug-25	17,000,000
Series A	Aug-23	17,000,000				
Series C	Aug-26	17,000,000				
Series D	Aug-29	17,000,000				
Total		\$ 68,000,000				



(1) Higher than current market interest rates to be conservative.

(2) Issuance schedule for illustrative purposes only. Actual amounts and dates will be tailored to the District's project needs.



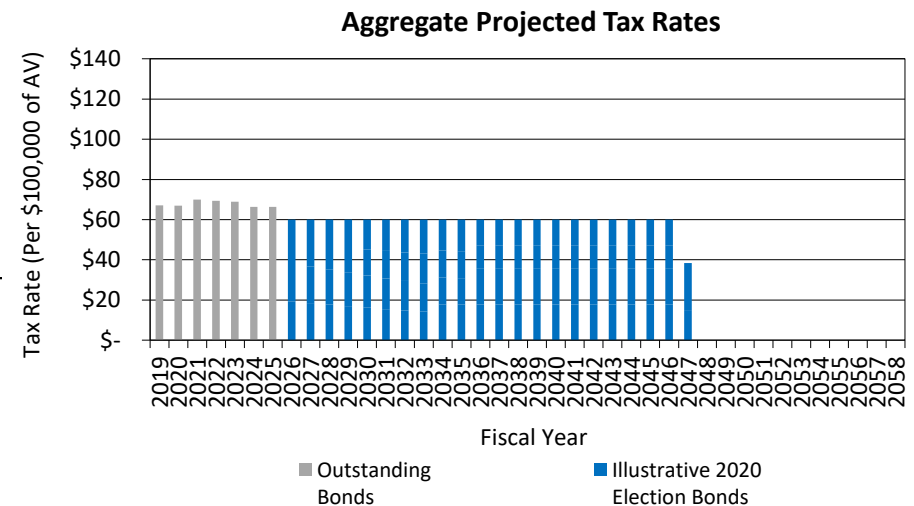
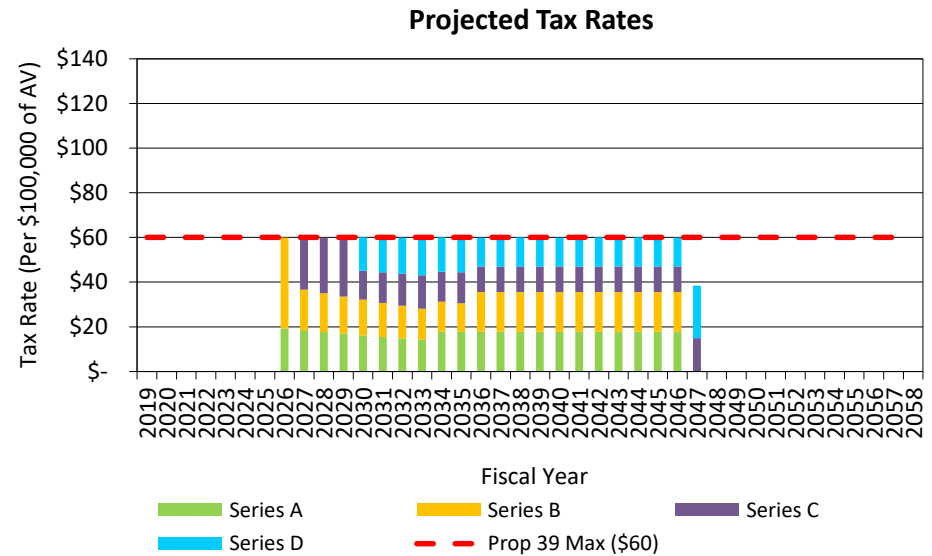
Illustration 2: \$100 Million

Assumptions:

- ◆ 2020 Prop 39 Election
- ◆ Maximum new tax rate of \$60 per \$100,000 of AV starting in 2026
- ◆ Annual AV growth rate: 4.5%
- ◆ GO bond interest rates: **6.0%** ⁽¹⁾
- ◆ Estimated final tax: **2047**
- ◆ Utilization of capital appreciation bonds only for the bond anticipation note
 - Allows proceeds to be accessed without any tax rate impact through 2025
 - Repaid from issuance of GO bonds
- ◆ Utilization of current interest bonds only for GO bonds

Illustrative Issuance Schedule ⁽²⁾

Issue	Issue Date	Proceeds	→	Issuance	Issue Date	Repayment
BAN	Aug-20	\$ 25,000,000		Series B	Aug-25	25,000,000
Series A	Aug-23	25,000,000				
Series C	Aug-26	25,000,000				
Series D	Aug-29	25,000,000				
Total		\$ 100,000,000				



(1) Higher than current market interest rates to be conservative.

(2) Issuance schedule for illustrative purposes only. Actual amounts and dates will be tailored to the District's project needs.



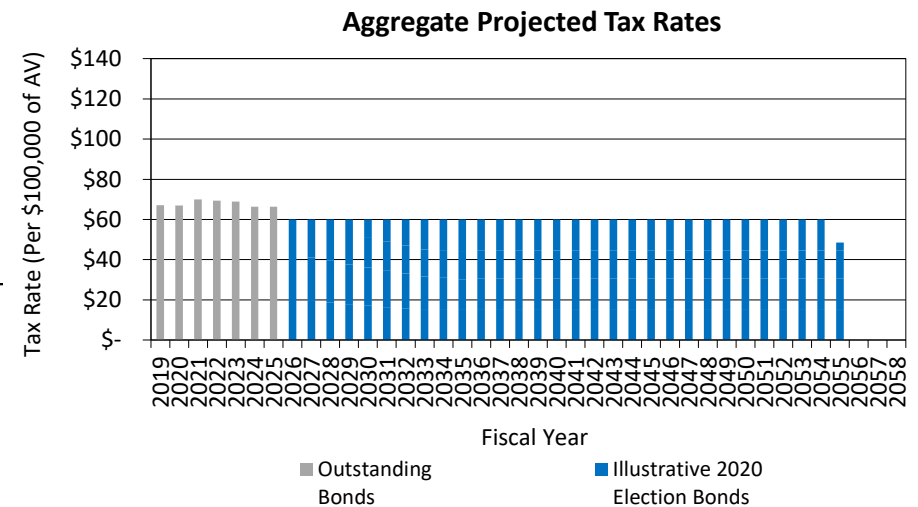
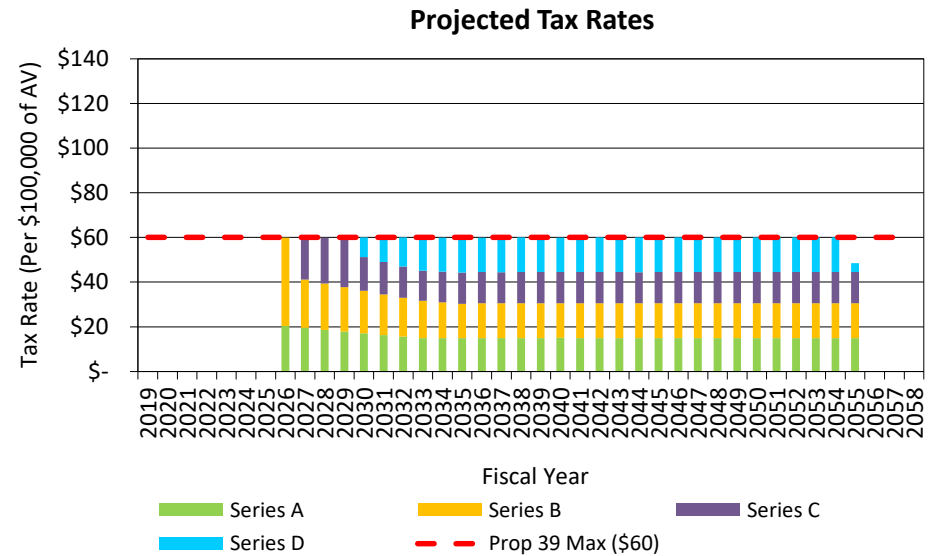
Illustration 3: \$170 Million

Assumptions:

- ◆ 2020 Prop 39 Election
- ◆ Maximum new tax rate of \$60 per \$100,000 of AV starting in 2026
- ◆ Annual AV growth rate: 4.5%
- ◆ GO bond interest rates: **4.00% - 4.25%** ⁽¹⁾
- ◆ Estimated final tax: **2055**
- ◆ Utilization of capital appreciation bonds only for the bond anticipation note
 - Allows proceeds to be accessed without any tax rate impact through 2025
 - Repaid from issuance of GO bonds
- ◆ Utilization of current interest bonds only for GO bonds

Illustrative Issuance Schedule ⁽²⁾

Issue	Issue Date	Proceeds	→	Issuance	Issue Date	Repayment
BAN	Aug-20	\$ 42,500,000		Series B	Aug-25	42,500,000
Series A	Aug-23	42,500,000				
Series C	Aug-26	42,500,000				
Series D	Aug-29	42,500,000				
Total		\$ 170,000,000				



(1) Higher than current market interest rates to be conservative.

(2) Issuance schedule for illustrative purposes only. Actual amounts and dates will be tailored to the District's project needs.



Illustration 4: \$200 Million

Assumptions:

- ◆ 2020 Prop 39 Election
- ◆ Maximum new tax rate of \$60 per \$100,000 of AV starting in 2026
- ◆ Annual AV growth rate: 4.5%
- ◆ GO bond interest rates: **4.00% - 4.25%** ⁽¹⁾
- ◆ Estimated final tax: **2058**
- ◆ Utilization of capital appreciation bonds only for the bond anticipation note
 - Allows proceeds to be accessed without any tax rate impact through 2025
 - Repaid from issuance of GO bonds
- ◆ Utilization of current interest bonds only for GO bonds

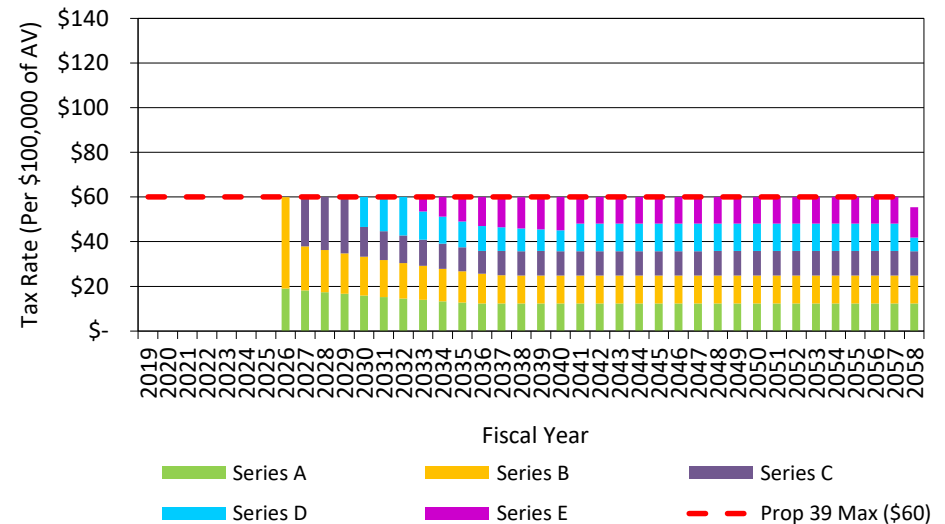
Illustrative Issuance Schedule ⁽²⁾

Issue	Issue Date	Proceeds	→	Issuance	Issue Date	Repayment
BAN	Aug-20	\$ 40,000,000		Series B	Aug-25	40,000,000
Series A	Aug-23	40,000,000				
Series C	Aug-26	40,000,000				
Series D	Aug-29	40,000,000				
Series E	Aug-32	40,000,000				
Total		\$ 200,000,000				

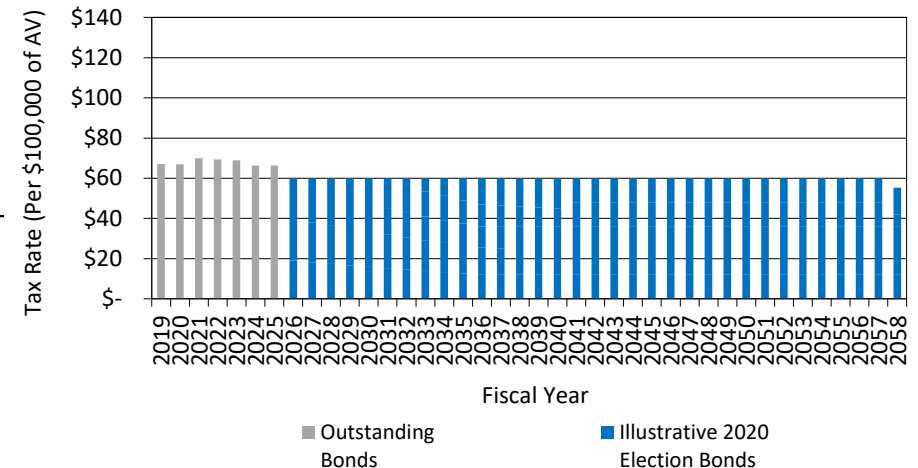
(1) Higher than current market interest rates to be conservative.

(2) Issuance schedule for illustrative purposes only. Actual amounts and dates will be tailored to the District's project needs.

Projected Tax Rates



Aggregate Projected Tax Rates



Section III

Dual Election Bond Illustrations

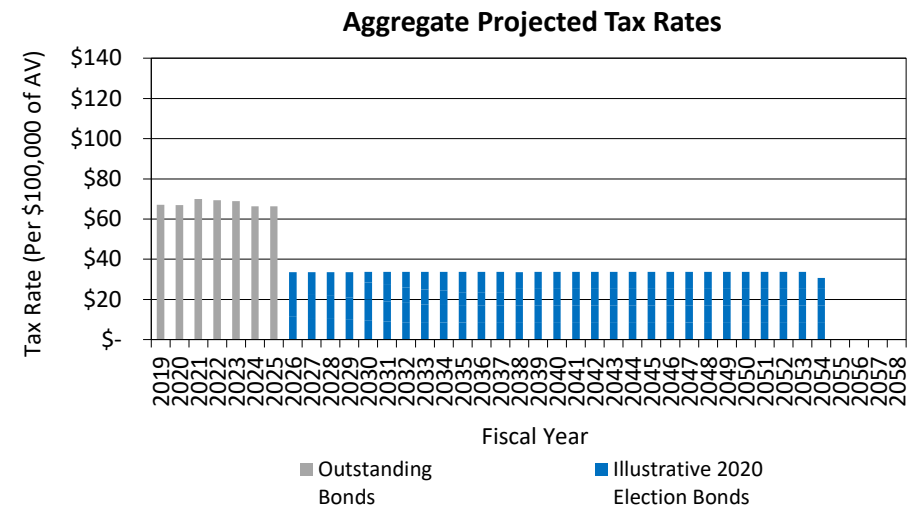
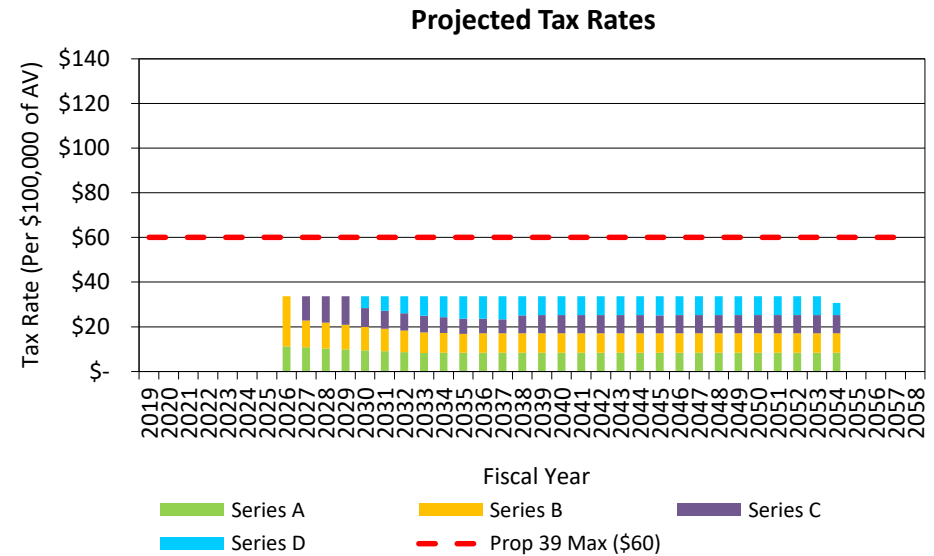
Illustration 5, 1st Election: \$88 Million

Assumptions:

- ◆ 2020 Prop 39 Election
- ◆ Maximum new tax rate of \$33.65 per \$100,000 of AV starting in 2026
- ◆ Annual AV growth rate: 4.5%
- ◆ GO bond interest rates: **4.25% - 4.75%** ⁽¹⁾
- ◆ Estimated final tax: **2054**
- ◆ Utilization of capital appreciation bonds only for the bond anticipation note
 - Allows proceeds to be accessed without any tax rate impact through 2025
 - Repaid from issuance of GO bonds
- ◆ Utilization of current interest bonds only for GO bonds

Illustrative Issuance Schedule ⁽²⁾

Issue	Issue Date	Proceeds	→	Issuance	Issue Date	Repayment
BAN	Aug-20	\$ 22,000,000		Series B	Aug-25	22,000,000
Series A	Aug-23	22,000,000				
Series C	Aug-26	22,000,000				
Series D	Aug-29	22,000,000				
Total		\$ 88,000,000				



(1) Higher than current market interest rates to be conservative.

(2) Issuance schedule for illustrative purposes only. Actual amounts and dates will be tailored to the District's project needs.



Illustration 5, 2nd Election: \$112 Million

Assumptions:

- ◆ 2022 or 2024 Prop 39 Election
- ◆ Maximum new tax rate of \$33.28 per \$100,000 of AV starting in 2026 to extend 2019-20 tax rate of \$66.93
- ◆ Annual AV growth rate: 4.5%
- ◆ GO bond interest rates: **4.25% - 4.75%** ⁽¹⁾
- ◆ Estimated final tax: **2058**
- ◆ Utilization of current interest bonds only for GO bonds

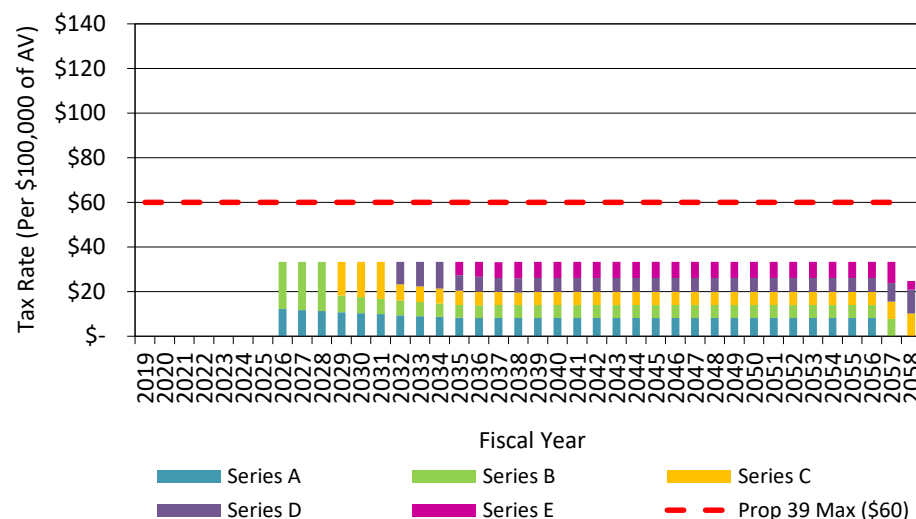
Illustrative Issuance Schedule ⁽²⁾

Issue	Issue Date	Proceeds
Series A	Aug-22	\$ 22,400,000
Series B	Aug-25	22,400,000
Series C	Aug-28	22,400,000
Series D	Aug-31	22,400,000
Series E	Aug-34	22,400,000
Total		\$ 112,000,000

(1) Higher than current market interest rates to be conservative.

(2) Issuance schedule for illustrative purposes only. Actual amounts and dates will be tailored to the District's project needs.

Projected Tax Rates



Aggregate Projected Tax Rates

