



Piedmont Unified School District

Overview of 2016 General Obligation Bond Authorization

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A Division of Zions Public Finance, Inc.

Current Bond Program Overview

- The District voters have authorized (3) bond measures for a total of \$84.2 million.
- All bonds authorized under the three measures have been issued.

Measure	Series	Dated Date	Original Par Amount Issued	Final Maturity Date	Amount Outstanding (1/5/16)	Call Date / Refunded?	Original Repayment Ratio	Current Repayment Ratio
1994 Measures H & I	Series A	7/1/1994	\$4,700,000	8/1/2018	\$0	Refunded in 2001	1.94	
	Series B	7/14/1994	\$7,201,875	8/1/2018	\$0	Refunded in 2001	2.71	
	Series C	7/1/1994	\$2,000,000	8/1/2018	\$0	Refunded in 2001	1.95	
	Series D	5/18/1995	\$6,897,456	8/1/2019	\$0	Refunded in 2005	2.22	
	Series E	5/1/1995	\$2,900,000	8/1/2019	\$0	Refunded in 2005	1.91	
Total Issued under 1994 Measures H & I			\$23,699,331					
1996 Measure B	Series A	7/11/1996	\$4,498,781	8/1/2020	\$0	Refunded in 2005	3.10	
Total Issued under 1996 Measure B			\$4,498,781					
2006 Measure E	Series A	8/10/2006	\$10,000,000	8/1/2025	\$325,000	Refunded in 2015	1.66	1.05
	Series B	8/10/2006	\$4,999,934	8/1/2031	\$0	Refunded in 2015	3.01	
	Series C	10/14/2009	\$19,000,000	8/1/2034	\$16,640,000	8/1/2019	1.98	1.83
	2010 BAN	6/8/2010	\$11,997,665	5/1/2015	\$0	Called in Aug 2013	1.20	
	Series D (QSCBs)	5/4/2011	\$10,000,000	5/1/2026	\$10,000,000*	Non Callable	1.07**	1.10**
	Series E (2010 BAN Takeout)	8/21/2013	\$11,998,678	8/1/2043	\$11,998,678	8/1/2023	5.33	5.33
	Total Issued under 2006 Measure E			\$55,998,612				
2001 Refunding		6/1/2001	\$17,225,000	8/1/2018	\$0	Refunded in 2009	1.56	
2005 Refunding		1/25/2005	\$18,415,000	8/1/2020	\$0	Refunded in 2014	1.38	
2009 Refunding		10/14/2009	\$13,145,000	8/1/2018	\$5,680,000	Non Callable	1.14	1.06
2014 Refunding		11/26/2014	\$9,965,000	8/1/2020	\$8,575,000	Non Callable	1.12	1.11
2015 Refunding		3/24/2015	\$16,075,000	8/1/2031	\$16,075,000	8/1/2024	1.39	1.38
Total GO Bonds Outstanding					\$69,293,678			

* Does not consider Sinking Fund Deposits.

** Election of 2006, Series D Bonds assumes Direct Federal Subsidy of 5.26% for Original Repayment Ratio; the Current Repayment Ratio assumes a reduction of Federal subsidies by 7.3% from 10/1/2014 going forward.



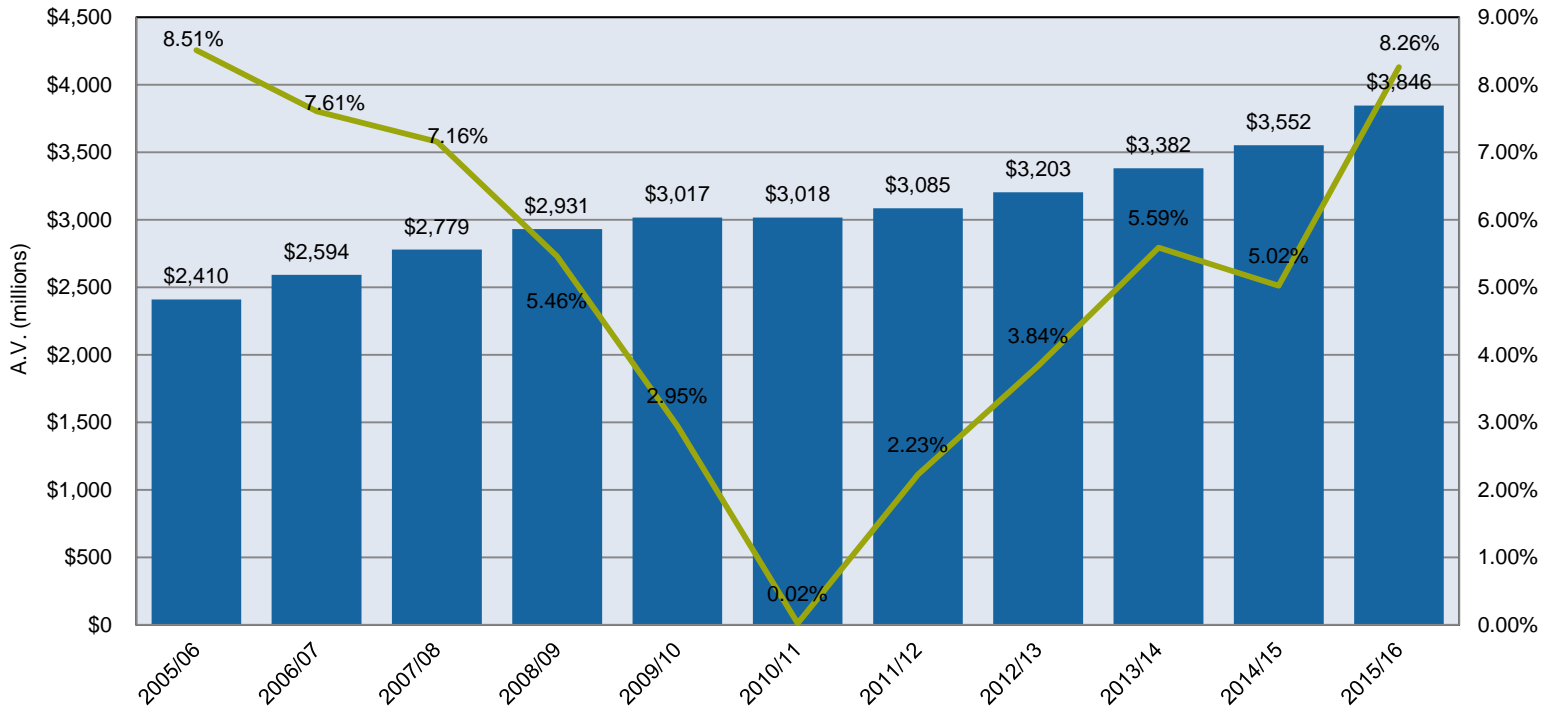
Elements of a 2016 General Obligation Bond Election



District Assessed Valuation

- Total assessed valuation in 2015-16 is \$3.85 billion which is an increase of 8.26 percent compared to the previous year.
- The District has experienced varied growth in assessed value over the past 10 years:
 - 5-Year AV Average Annual Growth Rate: 4.97%
 - 10-Year AV Average Annual Growth Rate: 4.78%

Historical Assessed Valuation



Bonding Capacity

- The California Education Code stipulates that a unified school district cannot issue bonds if doing so causes the overall amount of bonds outstanding to exceed 2.5% of its current assessed value.
- The District's remaining bonding capacity for fiscal year 2015-16 is approximately \$27 million.

Total Assessed Valuation 2015-16:	\$3,845,936,400
Bonding Capacity @ 2.5%	\$96,148,410
Outstanding Bond Indebtedness*	(\$69,293,678)
Remaining Capacity	\$26,854,732

*Sinking Fund Deposits are not considered for capacity sizing

- The District's bonding capacity will increase based on future Assessed Valuation (AV) growth and repayment of existing bond principal.
- Section 33050 of the Education Code also allows the State Board of Education to waive any provisions of the Education Code, following a public hearing on the matter (with certain exceptions).



Key Considerations for General Obligation Measure

- For a new general obligation bond measure, there are several considerations to determine the optimal bond authorization.
 - Assessed Valuation (AV) growth assumptions.
 - Tax rate options – statutory maximum (\$60 per \$100k of AV) versus voter approval threshold.
 - Number of issues – plan of finance for project spending over life of authorization.
 - Bond repayment term – 25 to 40 years.
 - Repayment ratios/interest costs – current interest bonds versus capital appreciation bonds.
 - Statutory bonding capacity – 2.5% of total AV

- Information and guidance from the District’s financing team is important when planning a future bond election.
 - Polling firm.
 - Election Consultant.
 - Financial Advisor.
 - Bond Counsel.

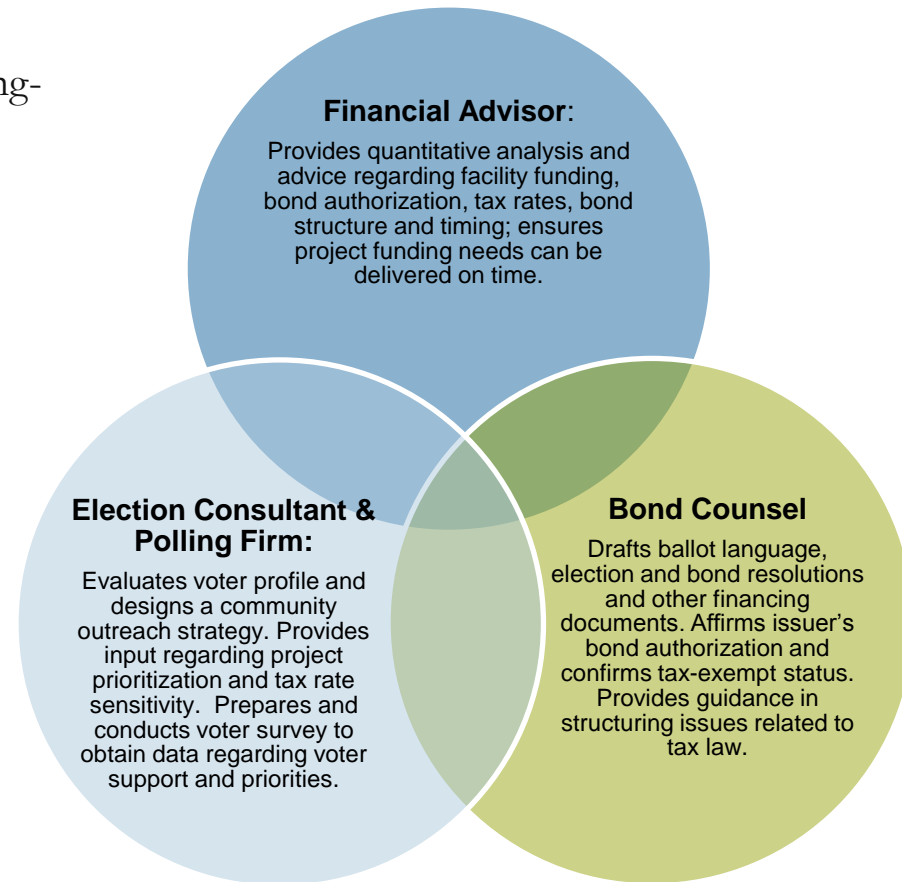


New Bond Authorization – A Team Approach

- Collaboration amongst District, Election Consultant, Polling Firm, Bond Counsel and Financial Advisor.
- Financial analysis is an instrumental piece to long-range capital planning and consideration of a future bond measure.

Component	Description
Funding Analysis	<ul style="list-style-type: none"> • Analyze potential GO bond funding based upon bonding capacity limits, tax rate constraints, and financing assumptions. • Align timing and availability of funding with prioritized construction projects and schedule.
Political Strategy	<ul style="list-style-type: none"> • Design a voter survey that identifies key messages, voter sensitivities and project specific information. • Provide strategic recommendations based on voter profile, community characteristics and polling data.
Voter Survey	<ul style="list-style-type: none"> • Voter survey identifies voter preferences, sensitivities, and levels of support for various funding scenarios.
Legal Analysis	<ul style="list-style-type: none"> • Ballot resolution outlines statutory bond parameters, planned expenditures/use of bond proceeds and other legal terms required of a new bond measure.

District's Consulting Team



Range of Options

- Given consistent structural assumptions (i.e. repayment term, CIBs only), the District has several possible bond authorization amounts based on projected AV growth and targeted tax rate.

Tax Rate Estimate	AV Growth Rate	Bond Type	Number of Series	Repayment Term	Total Authorization *	Scenario
\$35	4.00%**	CIBs	2	29 years	\$38,350,000	A
\$40	4.00%**	CIBs	3	29 years	\$43,835,000	B
\$45	4.00%**	CIBs	3	29 years	\$49,315,000	C
\$50	4.00%**	CIBs	3	29 years	\$54,805,000	D
\$55	4.00%**	CIBs	3	29 years	\$60,270,000	E
\$60	4.00%**	CIBs	3	29 years	\$65,765,000	F

* Subject to change based on market conditions

** Conservative growth assumption relative to District's 5-year average annual A.V. growth



Tax Rate Scenario: \$38 Million

Summary: Based on a tax rate of \$35 per \$100,000 of assessed value and projected AV growth of 4.0%, the District can seek bond authorization of approximately \$38.35 million.

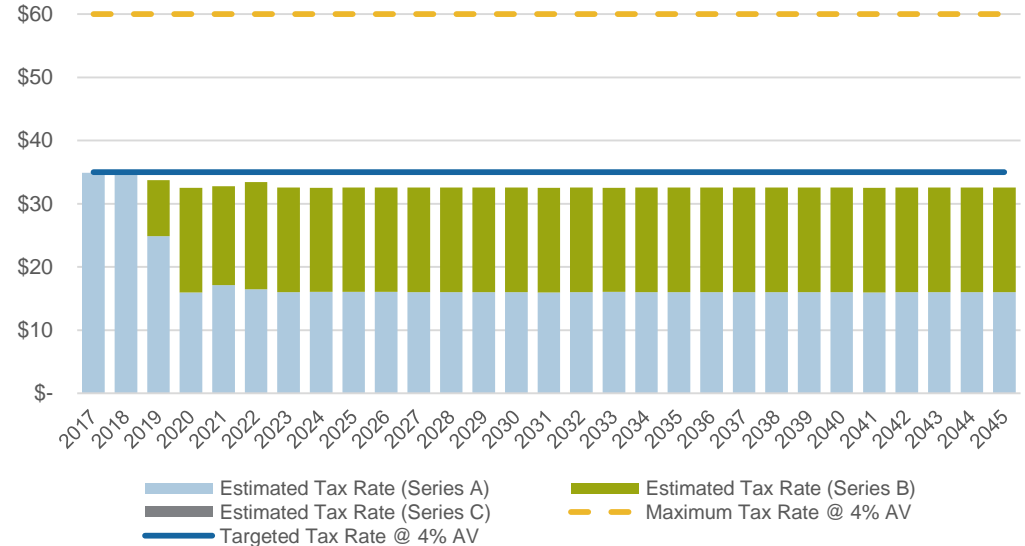
Assumptions:

- Current interest bonds only
- Interest rates:
 - Series A: 3.981%
 - Series B: 4.050%
- Financing term:
 - Series A: 29 years
 - Series B: 27 years
- 4.00% annual AV growth rates

Proposed Issuance Schedule

Issue	Issue Date	Proceeds
Series A	2/1/2017	\$20,000,000
Series B	2/1/2019	18,350,000
Total		\$38,350,000

Estimated Tax Rates



Tax Rate Scenario: \$49 Million

Summary: Based on a tax rate of \$45 per \$100,000 of assessed value and projected AV growth of 4.0%, the District can seek bond authorization of approximately \$49.32 million.

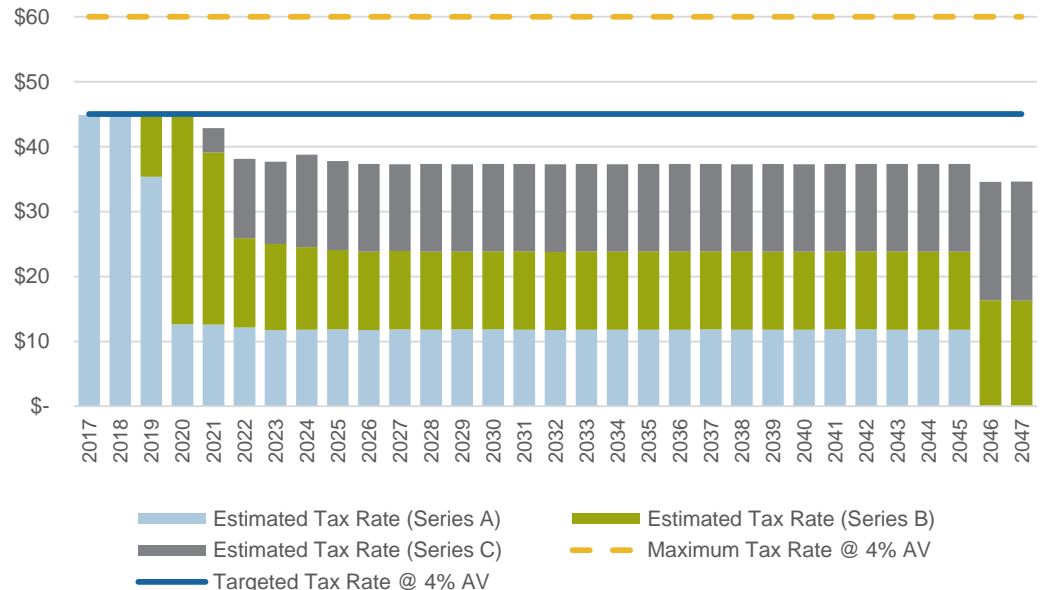
Assumptions:

- Current interest bonds only
- Interest rates:
 - Series A: 3.960%
 - Series B: 4.135%
 - Series C: 4.246%
- Financing term:
 - Series A: 29 years
 - Series B: 29 years
 - Series C: 27 years
- 4.00% annual AV growth rates

Proposed Issuance Schedule

Issue	Issue Date	Proceeds
Series A	2/1/2017	\$17,000,000
Series B	2/1/2019	16,315,000
Series C	2/1/2021	16,000,000
Total		\$49,315,000

Estimated Tax Rates



Maximum Tax Rate Scenario: \$66 Million

Summary: Based on a tax rate of \$60 per \$100,000 of assessed value and projected AV growth of 4.0%, the District can seek bond authorization of approximately \$66 million.

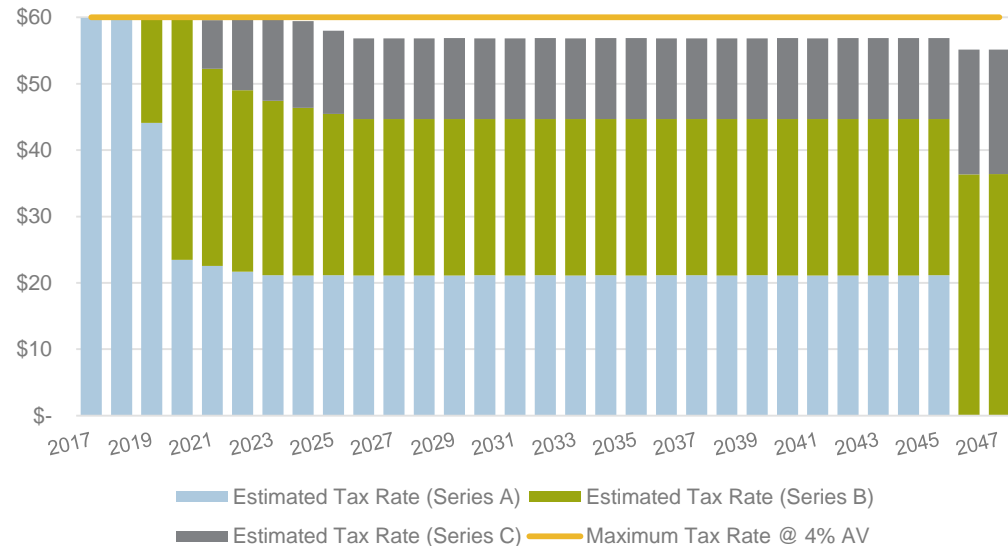
Assumptions:

- Current interest bonds only
- Interest rates:
 - Series A: 3.987%
 - Series B: 4.195%
 - Series C: 4.274%
- Financing term:
 - Series A: 29 years
 - Series B: 29 years
 - Series C: 27 years
- 4.00% annual AV growth rates

Proposed Issuance Schedule

Issue	Issue Date	Proceeds
Series A	2/1/2017	\$25,085,000
Series B	2/1/2019	26,940,000
Series C	2/1/2021	13,740,000
Total		\$65,765,000

Estimated Tax Rates



Bond Capacity – Scenario F

Fiscal Year	2015-16	2016-17	2017-18	2018-19	2019-20
Total A.V.*	\$3,845,936,400	\$3,999,773,856	\$4,159,764,810	\$4,326,155,403	\$4,499,201,619
Statutory Bonding Capacity @ 2.5%	\$96,148,410	\$99,994,346	\$103,994,120	\$108,153,885	\$112,480,040
Less Current Outstanding Bonds as of Aug. 1**	\$69,293,678	\$65,498,678	\$62,158,678	\$58,663,678	\$55,988,678
Less 2016 Election Series, Series A***		\$25,085,000	\$22,645,000	\$22,550,000	\$25,085,000
Less 2016 Election Series, Series B***				\$26,940,000	\$24,300,000
Less 2016 Election Series, Series C***					
Remaining Capacity	\$26,854,732	\$9,410,668	\$19,190,442	\$207	\$7,106,362

*A.V. assumes a 4% annual growth rate

**Sinking Fund Deposits are not considered for capacity sizing

***Subject to change. Based on AA GO market rates as 8/11/2015

Fiscal Year	2020-21	2021-22	2022-23	2023-24	2024-25
Total A.V.*	\$4,679,169,684	\$4,866,336,471	\$5,060,989,930	\$5,263,429,527	\$5,473,966,708
Statutory Bonding Capacity @ 2.5%	\$116,979,242	\$121,658,412	\$126,524,748	\$131,585,738	\$136,849,168
Less Current Outstanding Bonds as of Aug. 1**	\$53,023,678	\$52,338,678	\$51,553,678	\$50,643,678	\$49,613,678
Less 2016 Election Series, Series A***	\$25,085,000	\$25,085,000	\$25,085,000	\$25,070,000	\$25,025,000
Less 2016 Election Series, Series B***	\$25,130,000	\$26,940,000	\$26,940,000	\$26,940,000	\$26,940,000
Less 2016 Election Series, Series C***	\$13,740,000	\$12,070,000	\$12,900,000	\$13,075,000	\$13,740,000
Remaining Capacity	\$564	\$5,224,733	\$10,046,070	\$15,857,060	\$21,530,489

*A.V. assumes a 4% annual growth rate

**Sinking Fund Deposits are not considered for capacity sizing

***Subject to change. Based on AA GO market rates as 8/11/2015



Process Timeline – GO Bond Election

