

Piedmont USD
Requesting Waiver to Exceed
Statutory Limit on Bonding Capacity
Presentation to Board
February 10, 2010

Statutory Debt Limit

- Ed Code 15270 (and 15102): “... any unified school district may issue bonds pursuant to this article that, in aggregation with [all other bonds outstanding], may not exceed 2.5 percent of the taxable property of the district ...”
- Only important at the time of issue; only involves outstanding principal.

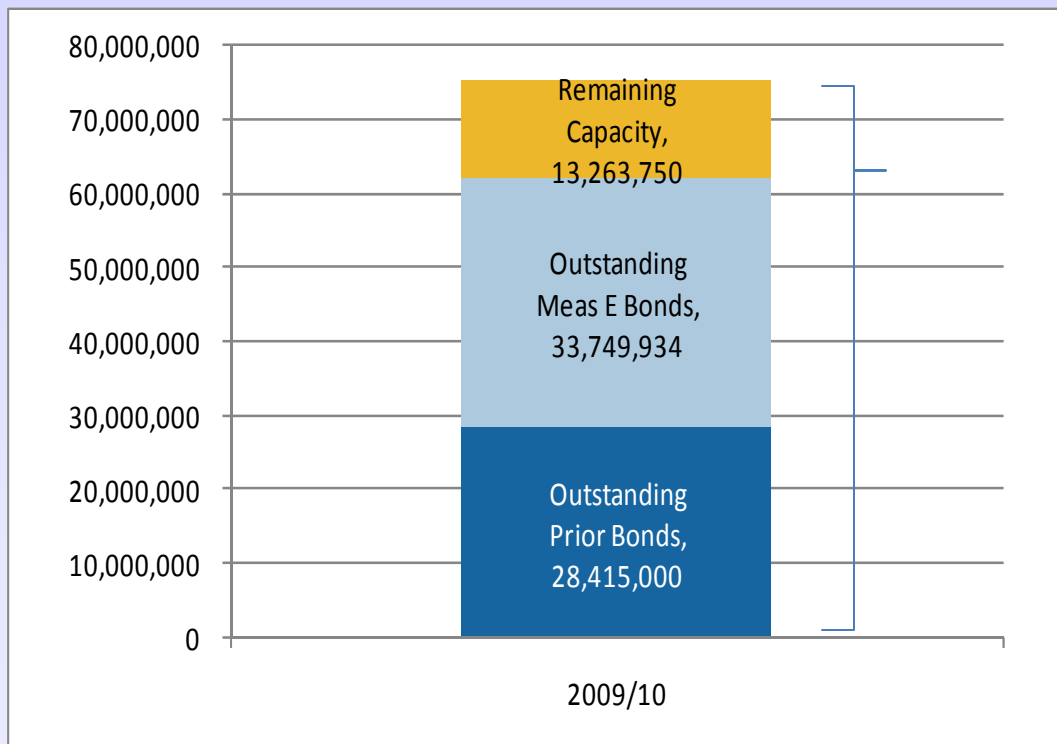
Debt Capacity – Current Status (chart)

- For FY 2009-10, total debt capacity is \$75.4 million.
- As of January 1, 2010, the District has \$62.1 million outstanding
 - \$28.4 M Prior; \$33.7 M Seismic Bonds
- **Available capacity is \$13,263,750**

Fiscal Year	Assessed Value	Debt Capacity 2.50%	Outstanding Prior Bonds	Outstanding Meas E Bonds	Remaining Capacity
2007/08	\$ 2,779,118,963	\$ 69,477,974	\$31,110,000	\$ 14,954,934	\$ 23,413,040
2008/09	2,930,786,907	73,269,673	29,865,000	14,884,934	28,519,738
2009/10	3,017,147,362	75,428,684	28,415,000	33,749,934	13,263,750

Debt Capacity – Current Status (graph)

- For FY 2009-10, total debt capacity is \$75.4 million.
- As of January 1, 2010, the District has \$62.1 million outstanding
 - \$28.4 M Prior; \$33.7 M Seismic Bond



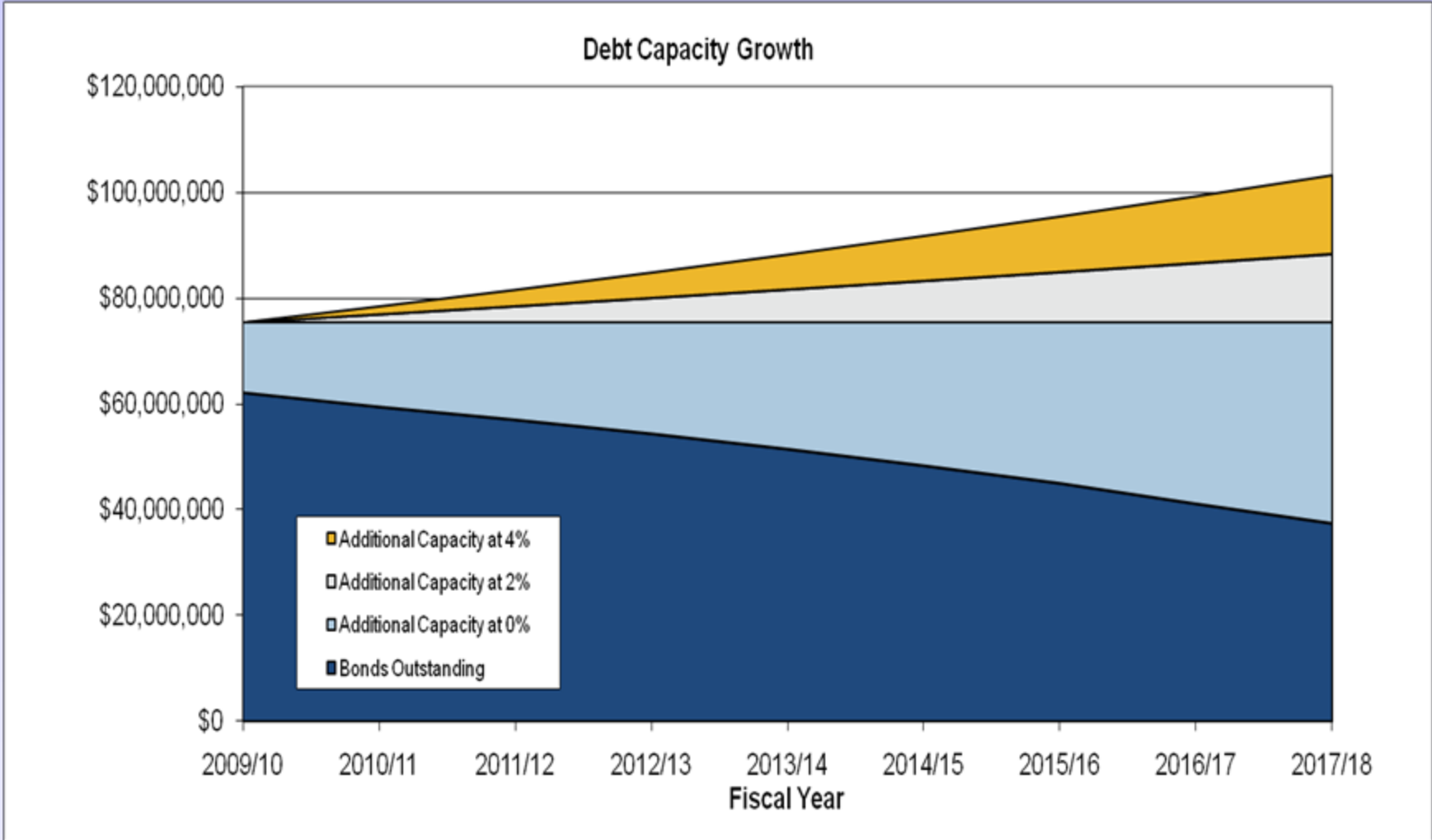
Available Capacity:
\$13,263,750

Debt Capacity – Growing even at 0%

- Bonding capacity will grow even if AV doesn't because outstanding bonds are being paid down

Fiscal Year	Outstanding Bonds	0% Growth			2% Growth			4% Growth		
		Assessed Value	Debt Capacity 2.50%	Remaining Capacity	Assessed Value	Debt Capacity 2.50%	Remaining Capacity	Assessed Value	Debt Capacity 2.50%	Remaining Capacity
2007/08	46,064,934	2,779,118,963	69,477,974	23,413,040	2,779,118,963	69,477,974	23,413,040	2,779,118,963	69,477,974	23,413,040
2008/09	\$ 44,749,934	2,930,786,907	73,269,673	28,519,738	2,930,786,907	73,269,673	28,519,738	2,930,786,907	73,269,673	28,519,738
2009/10	62,164,934	3,017,147,362	75,428,684	13,263,750	3,017,147,362	75,428,684	13,263,750	3,017,147,362	75,428,684	13,263,750
2010/11	59,464,934	3,017,147,362	75,428,684	15,963,750	3,077,490,309	76,937,258	17,472,323	3,137,833,256	78,445,831	18,980,897
2011/12	57,021,127	3,017,147,362	75,428,684	18,407,557	3,139,040,115	78,476,003	21,454,876	3,263,346,587	81,583,665	24,562,538
2012/13	54,385,846	3,017,147,362	75,428,684	21,042,838	3,201,820,918	80,045,523	25,659,677	3,393,880,450	84,847,011	30,461,166
2013/14	51,476,623	3,017,147,362	75,428,684	23,952,061	3,265,857,336	81,646,433	30,169,810	3,529,635,668	88,240,892	36,764,269
2014/15	48,339,359	3,017,147,362	75,428,684	27,089,326	3,331,174,483	83,279,362	34,940,004	3,670,821,095	91,770,527	43,431,169
2015/16	44,997,062	3,017,147,362	75,428,684	30,431,622	3,397,797,972	84,944,949	39,947,887	3,817,653,939	95,441,348	50,444,286

Debt Capacity – Future (Graph)

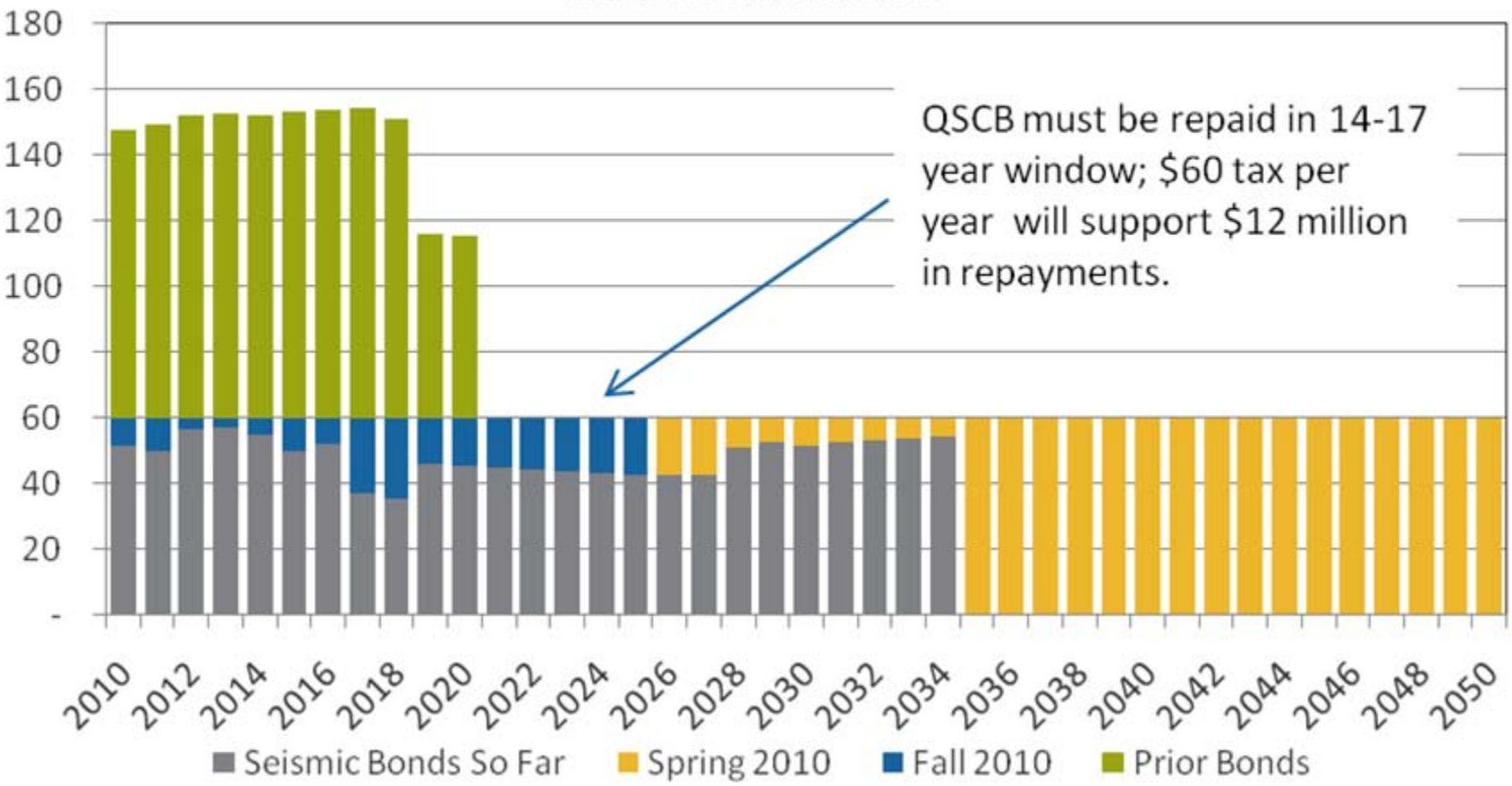


Tax Rate Limit

- Same Ed Code limits the maximum tax rate to \$60 per \$100,000 of AV:
 - “...would not exceed sixty dollars (\$60) per year per one hundred thousand dollars (\$100,000) of taxable property when assessed valuation is projected by the district to increase in accordance with [Prop. 13].”
- Again, applies at the time of issue only.
- Applies to all bonds issued from one bond measure.

Tax Limits

Piedmont USD
 General Obligation Bonds
 Estimated Tax Rates



Need for Waiver

- If the District wants or needs to issue all \$22 million in remaining bond authorization in 2009-10 or 2010-11, a debt limit waiver will be needed.
- Without a waiver, the District can still
 - Issue up to \$22 million in BANs
 - Issue up to \$13 million in bonds

Cash Needs and Timing

- Spring 2010 - \$10 million
 - District needs approximately \$10 million this Spring to complete projects currently in progress.
- Fall 2010 - \$12 million
 - District will need up to \$12 million in the Fall to complete Wildwood construction and Beach construction documents.

QSCBs: Qualified School Construction Bonds

- A type of bond that reduces the District's interest payments to near zero; taxpayers only repay principal.
- Must receive an "allocation" to issue QSCBs.
- Must also have a repayment source (taxpayers, through bond measure).
- State's process for distributing QSCB allocations to Districts in 2009 has been challenged. Awaiting legislative resolution.
- Federal allocations for 2010 have not been made yet.
- State process for 2010 not determined yet.
- Expect to know process by end of February; allocations will be made after that.

QSCB Timing

- QSCB allocations are not likely to be known until late Spring (May??)
- Will not be known in time to issue Spring \$10 Million as a QSCB.
- *A \$12 million QSCB versus a \$12 million Bond could save taxpayers as much as \$35+ million in future interest payments.*
- A waiver may be needed to issue a QSCB or regular bonds in the Fall.

Waiver Process

- Application Form
- Public Hearing is required
- Collective bargaining unit(s) must be consulted.
- Advisory committee or school site councils must review the waiver request.
- Board must pass approve the waiver request.
- California Office of Education Staff review the request and prepare a staff recommendation.
- California Board of Education must take action at their meeting (or not take action for two meetings).

Waiver Schedule

- All requirements must be met before the BOE meeting, though not necessarily by submittal deadline.

Deadline for Submitting Waiver Request	California Board of Education Meeting
February 26, 2010	May 12-13, 2010
April 30, 2010	July 14-15, 2010

Next Steps

- Shall the District pursue a waiver for the debt limit?