

TO: BOARD OF EDUCATION
FROM: SUPERINTENDENT
DATE: JUNE 23, 2015 (INFORMATION ONLY)

SUBJECT: REPORT OF FINAL SALE – MEASURE I BONDS – SERIES A

ISSUE:

Staff is presenting the Board of Education with a written report detailing the results of the sale of Measure I Bonds – Series A, as required by Proposition 39.

BACKGROUND:

In November 2014, the voters of the Conejo Unified School District approved Measure I, a \$197 million general obligation bond to support facilities improvements and the integration of technology into instruction. The Measure I initiative was placed on the ballot under the requirements of Proposition 39, which lowered the threshold for general obligation bonds from 66.7% to 55.5%, but included several requirements to strengthen the transparency and accountability in the subsequent sale and use of bond proceeds. Included in these requirements is the production of a Report of Final Sale each time a bond series is sold. The Report of Final Sale must be provided to the Board of Education, and must include information on the structure of the sale, the maturities and final interest rates of the bond, and the costs of issuance.

ALTERNATIVES:

Does not apply. For information only.

RECOMMENDATION:

Does not apply. For information only.

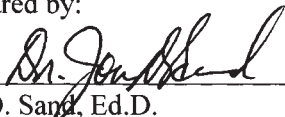
RATIONALE:

With the assistance of Piper Jaffray, the District's Financial Advisor, Stradling, Yocca, Carlson and Rauth, the District's Bond Counsel, and Wells Fargo, the District's Bond Underwriter, the District successfully sold \$37.2 million in Measure I – Series A bonds on June 11, 2015. Piper Jaffray has presented the required Report of Final Sale and it is being presented to the Board of Education pursuant to Proposition 39 regulations. Series A bonds included tax-exempt capital appreciation bonds with maturities between five and fifteen years. The all-in true interest cost of Series A bonds was 4.01%. This is nearly 2.0% below the 6.0% projected average interest rate that was provided to voters in the Measure I voter information literature. The repayment ratio of the Series A bonds was 1.49 to one. This was below the 1.55 ratio provided to voters. A copy of the report follows.

Respectfully submitted,

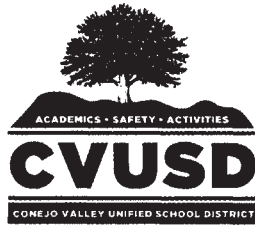
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Superintendent

Prepared by:



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JLB:JDS:dbg



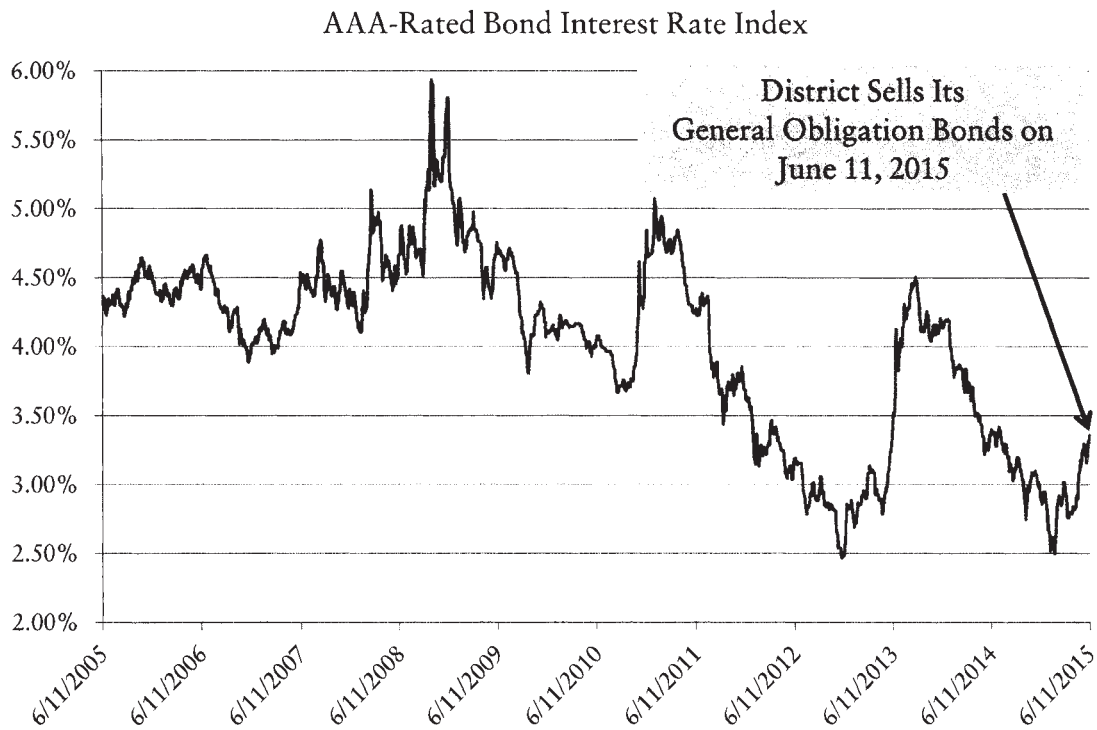
Report of Final Sale

\$37,199,279.10
Election of 2014 General Obligation Bonds, Series A
(Measure I)

June 23, 2015

PiperJaffray

The District Sold Its Bonds During a Historically Low Interest Rate Environment



The District Received “A1/A+” Credit Ratings From Moody’s and Standard & Poor’s

The Rating Process

1. District’s Team Decides to Obtain Credit Ratings from Moody’s and Standard & Poor’s
2. District’s Team Submits Sets of Legal and Financial Documents to Both Rating Agencies
3. District’s Team Hosts Meetings with Analysts from Both Rating Agencies
4. District is Assigned “A1/A+” Ratings from Moody’s and Standard & Poor’s

Highlights from the Moody’s Report

- ✓ Large, Affluent Tax Base Near the Los Angeles Metropolitan Area
- ✓ Strong Socioeconomic Profile with High Resident Wealth Levels
- ✓ Low Direct Debt Burden
- ✓ District Reserves Weakened During the Economic Downturn to Maintain Vibrant Academic Programs

Highlights from the Standard & Poor’s Report

- ✓ Tax Base Supported by an Affluent Community With Access to Employment Opportunities in the Greater Los Angeles area
- ✓ Management Expects to Restore the Budget to Structural Balance by Fiscal Year End 2016
- ✓ Low Debt Burden as a Percentage of Market Value

Election of 2014 General Obligation Bonds, Series A Bond Structure

Overview of the Bonds

1. To Raise Sufficient Project Funds While Maintaining a Projected Tax Rate of \$32.70 Over the Course of the District’s Measure R and Measure I Bond Programs
 - a) \$37,199,279 Series A Bonds to Finance New Projects are Issued with Maturities Ranging from 5 to 15 Years (Short-Term Maturities Bonds to Finance Short-Lived Projects and Long-Term Maturities Bonds to Finance Long-Lived Projects)
 - b) Series A Bonds are Issued as All Capital Appreciation Bonds so that the Tax Rate Required for the Series A Bonds Does Not Begin Until All of the Measure R Bonds have been Paid In Full
2. The Repayment Ratio is 1.49 to 1
3. The All-In True Interest Costs is 4.01%
4. No Tax to the District’s Taxpayers as a Result of this Bond Issuance Until FY 2019-20

Bond Repayment Schedule

Period Ending	Debt Service
8/1/2020	\$4,550,000
8/1/2021	\$4,735,000
8/1/2022	\$4,590,000
8/1/2023	\$4,775,000
8/1/2024	\$4,965,000
8/1/2025	\$4,830,000
8/1/2026	\$5,025,000
8/1/2027	\$5,230,000
8/1/2028	\$5,440,000
8/1/2029	\$5,650,000
8/1/2030	\$5,880,000
Total	\$55,670,000

**Election of 2014 General Obligation, Series A Bonds
Sources and Uses of Funds**

Election of 2014 General Obligation Bonds, Series A
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Sources

Par Amount	\$37,199,279.10
Original Issue Premium	\$580,762.00
Total	\$37,780,041.10

Uses

Project Fund	\$37,199,279.10
Costs of the Bond Sale*	\$580,762.00
Total	\$37,780,041.10

*Itemized Summary of the Costs of Issuance Are on the Following Pages

**Election of 2014 General Obligation Bonds, Series A
Issuance Costs and Fees**

	Issuance Costs and Fees
1) Bond Underwriter's Discount	\$184,664.80
2) Bond Insurance	\$138,061.60
3) Bond/Disclosure Counsel	\$95,000.00
4) Financial Advisor	\$97,500.00
5) Paying Agent	\$3,000.00
6) OS Printer	\$2,500.00
7) Rating Fee (S&P)	\$24,000.00
8) Rating Fee (Moody's)	\$25,000.00
9) Demographics Data	\$1,725.00
10) Contingency	\$9,310.60
Total	\$580,762.00