



Orange Unified School District

Financing Information

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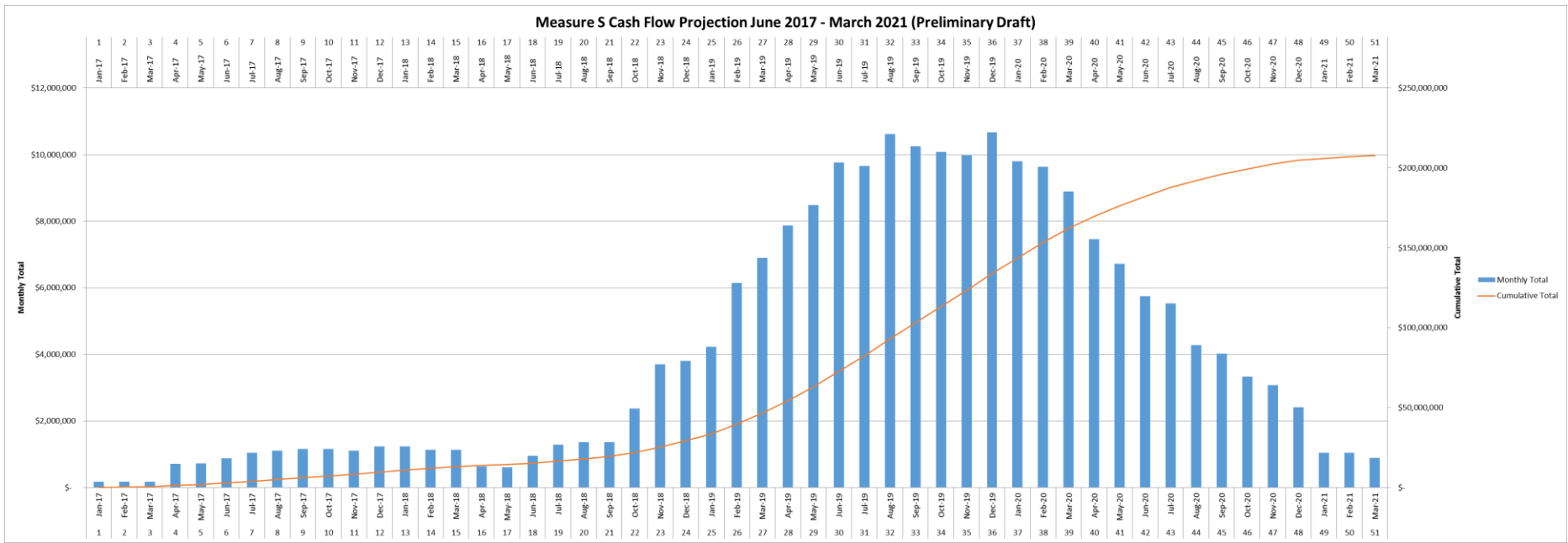
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July 27, 2017



Measure S Cash Flow Projection June 2017



Four Questions

1. What do we need?
2. When do we need it?
3. What do we have available?
4. When should we sell bonds?





Measure S Cash Flow Projection 2017-2021

<u>Date</u>	<u>Monthly</u>	<u>Cumulative</u>		<u>Monthly</u>	<u>Cumulative</u>		<u>Monthly</u>	<u>Cumulative</u>
Jan-17	180,165	180,165	Jan-19	4,230,449	33,496,009	Jan-21	1,046,533	205,841,735
Feb-17	180,165	360,330	Feb-19	6,149,449	39,645,458	Feb-21	1,046,533	206,888,268
Mar-17	180,165	540,495	Mar-19	6,897,716	46,543,174	Mar-21	894,441	207,782,709
Apr-17	717,506	1,258,001	Apr-19	7,864,786	54,407,960			
May-17	720,305	1,978,306	May-19	8,480,581	62,888,541			
Jun-17	876,989	2,855,295	Jun-19	9,756,163	72,644,704			
Jul-17	1,042,984	3,898,279	Jul-19	9,654,114	82,298,818			
Aug-17	1,108,023	5,006,302	Aug-19	10,615,570	92,914,388			
Sep-17	1,161,246	6,167,548	Sep-19	10,251,698	103,166,085			
Oct-17	1,156,063	7,323,611	Oct-19	10,076,449	113,242,534			
Nov-17	1,102,912	8,426,523	Nov-19	9,974,399	123,216,933			
Dec-17	1,238,661	9,665,184	Dec-19	10,671,383	133,888,316			
Jan-18	1,234,942	10,900,127	Jan-20	9,798,832	143,687,148			
Feb-18	1,135,159	12,035,286	Feb-20	9,634,563	153,321,711			
Mar-18	1,128,200	13,163,486	Mar-20	8,889,011	162,210,721			
Apr-18	633,523	13,797,009	Apr-20	7,456,830	169,667,551			
May-18	610,025	14,407,034	May-20	6,715,803	176,383,354			
Jun-18	949,724	15,356,758	Jun-20	5,754,347	182,137,701			
Jul-18	1,288,184	16,644,942	Jul-20	5,530,564	187,668,264			
Aug-18	1,363,835	18,008,777	Aug-20	4,279,799	191,948,063			
Sep-18	1,369,811	19,378,588	Sep-20	4,026,334	195,974,397			
Oct-18	2,379,944	21,758,533	Oct-20	3,329,032	199,303,428			
Nov-18	3,698,334	25,456,866	Nov-20	3,075,858	202,379,286			
Dec-18	3,808,693	29,265,560	Dec-20	2,415,916	204,795,202			

1. What do we need?
2. When do we need it?

Preliminary Draft - Estimated amounts based on June 2017 projection.





Measure S Interim Financing

Interim Financing Plan for Measure S Cash Flow Needs	
Summary of Available One-time Funds (Fund 40)	
Sale of Property - Silverado	2,407,134
Sale of Property - Riverdale	17,900,000
One-Time Mandated Cost Funds*	19,456,748
Less: El Rancho Gym Construction Costs	<u>(10,500,000)</u> ←
Amount Available October 2017	29,263,882
El Rancho Construction Cost Repayment Fall 2017	<u>10,500,000</u> ←
Amount Available December 2017	39,763,882
Less: Deferred Maintenance Transfer June 2018	<u>(4,000,000)</u>
Amount available July 2018	<u><u>35,763,882</u></u>
*To be used for Deferred Maintenance (\$4M per year)	

3. What do we have available?



Measure S Cash Flow - Bond Sale Timing

<u>Date</u>	<u>Monthly</u>	<u>Cumulative</u>		<u>Monthly</u>	<u>Cumulative</u>		<u>Monthly</u>	<u>Cumulative</u>	
Jan-17	180,165	180,165		Jan-19	4,230,449	33,496,009	Jan-21	1,046,533	205,841,735
Feb-17	180,165	360,330		Feb-19	6,149,449	39,645,458	Feb-21	1,046,533	206,888,268
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Jul-17	1,042,984	3,898,279	←	Jul-19	9,654,114	82,298,818			
Aug-17	1,108,023	5,006,302		Aug-19	10,615,570	92,914,388			
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Nov-17	1,102,912	8,426,523	←	Nov-19	9,974,399	123,216,933			
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Jan-18	1,234,942	10,900,127		Jan-20	9,798,832	143,687,148			
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Aug-18	1,363,835	18,008,777		Aug-20	4,279,799	191,948,063			
Sep-18	1,369,811	19,378,588		Sep-20	4,026,334	195,974,397			
Oct-18	2,379,944	21,758,533		Oct-20	3,329,032	199,303,428			
Nov-18	3,698,334	25,456,866	←	Nov-20	3,075,858	202,379,286			
Dec-18	3,808,693	29,265,560		Dec-20	2,415,916	204,795,202			

Amount available in Fund 40: \$35.7M

Review/Reporting Periods ←

4. When should we sell bonds?

Preliminary Draft - Estimated amounts based on initial 2017 projection.



Section 1



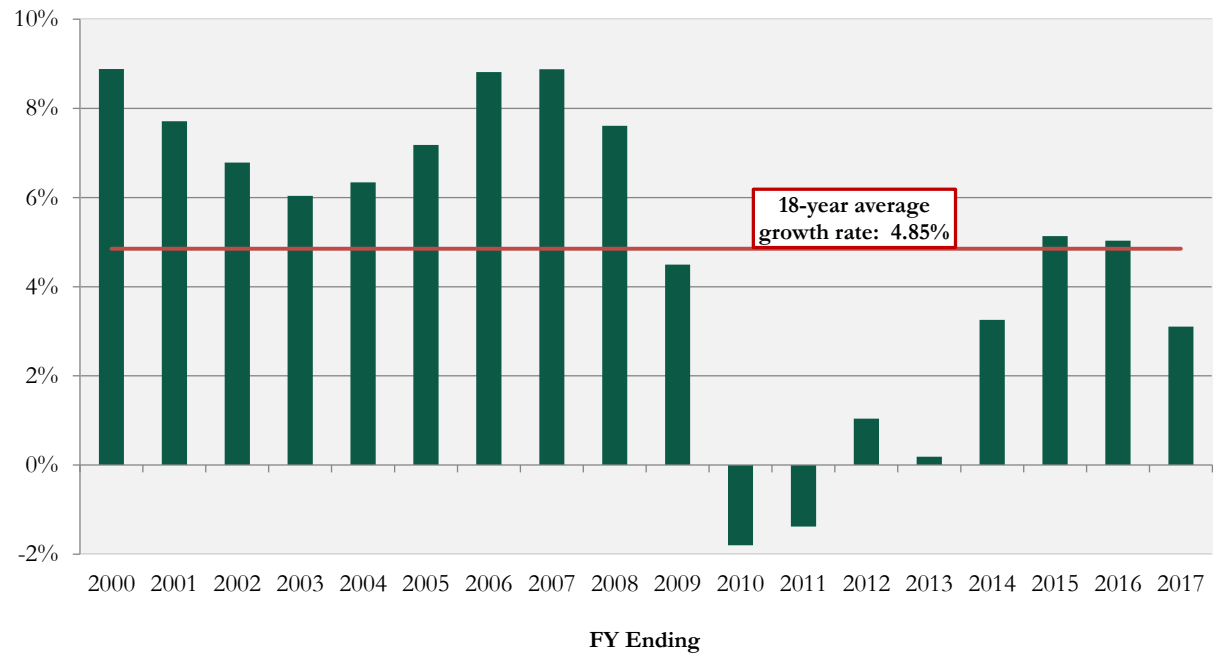
Historical Trends:
Assessed Value and Interest Rates



Historical Assessed Valuation

FY Ending	Assessed Valuation	% Change
1999	\$14,152,629,727	-
2000	15,409,525,117	8.88%
2001	16,597,662,928	7.71%
2002	17,723,489,960	6.78%
2003	18,793,818,430	6.04%
2004	19,985,449,794	6.34%
2005	21,420,374,760	7.18%
2006	23,308,734,152	8.82%
2007	25,378,248,083	8.88%
2008	27,309,125,732	7.61%
2009	28,536,462,843	4.49%
2010	28,023,466,959	-1.80%
2011	27,636,013,478	-1.38%
2012	27,923,280,855	1.04%
2013	27,975,902,675	0.19%
2014	28,886,875,779	3.26%
2015	30,369,591,805	5.13%
2016	31,897,492,312	5.03%
2017	32,888,003,819	3.11%
15-year average		4.26%
18-year average		4.85%

Historical % Change in Total Assessed Value



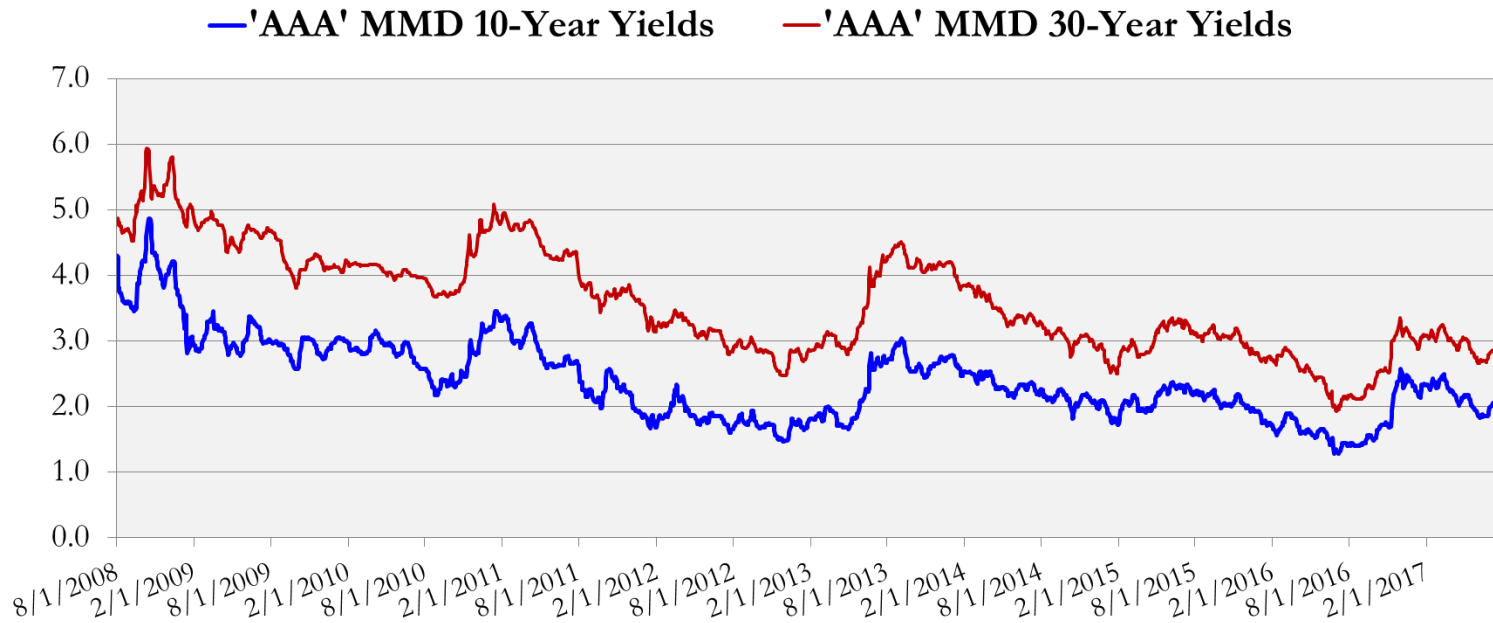
Fiscal Year	Assessed Value	Factor	Statutory Bonding Capacity	Outstanding Principal as of 7/27/17	Net Statutory Bonding Capacity
2016-17	\$32,888,003,819	2.50%	\$822,200,095	-	\$822,200,095





Historical Interest Rates

Change in 'AAA' MMD Yields
(August 1, 2008 through July 12, 2017)



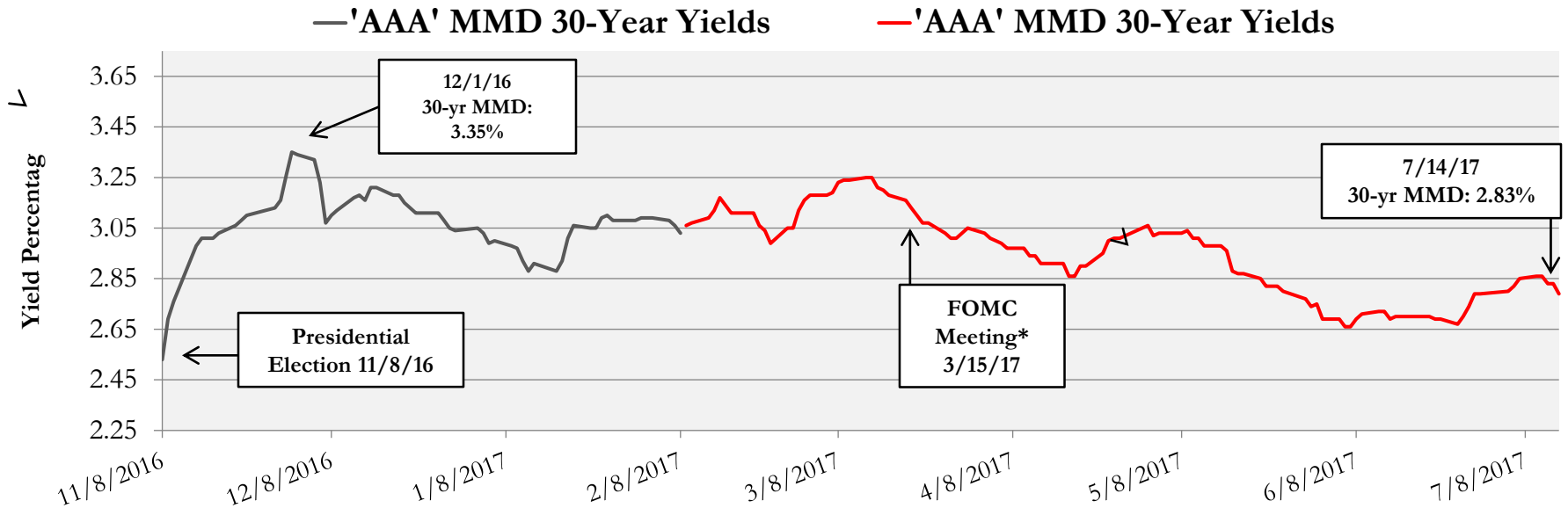
- Tax-exempt rates have gradually declined to historic lows again after the rapid spike towards the end of 2016
- Tax-exempt rates have been higher 84% of the time along the entire yield curve





Historical Interest Rates

Change in 'AAA' 30-Year MMD Yields
(November 8, 2016 through July 14, 2017)



*The Federal Reserve raised the federal funds rate by 25 basis points, yet announced it anticipated only two additional rate hikes in 2017 instead of three.



Historical Fed Rates

2017			
Date	Increase (bps)	Decrease (bps)	Rate (%)
September 20*	25		1.25 - 1.50
June 14	25		1.00 - 1.25
March 16	25		0.75 - 1.00

2016			
Date	Increase (bps)	Decrease (bps)	Rate (%)
December 15	25		0.50 - 0.75

2015			
Date	Increase (bps)	Decrease (bps)	Rate (%)
December 17	25		0.25 - 0.50

2008			
Date	Increase (bps)	Decrease (bps)	Rate (%)
December 16		75 - 100	0 - 0.25
October 29		50	1.00
October 8		50	1.50
April 30		25	2.00
March 18		75	2.25
January 30		50	3.00
January 22		75	3.50

2007			
Date	Increase (bps)	Decrease (bps)	Rate (%)
December 11		25	4.25
October 31		25	4.50
September 18		50	4.75

2006			
Date	Increase (bps)	Decrease (bps)	Rate (%)
June 29	25		5.25
May 10	25		5.00
March 28	25		4.75
January 31	25		4.50

2005			
Date	Increase (bps)	Decrease (bps)	Rate (%)
December 13	25		4.25
November 1	25		4.00
September 20	25		3.75
August 9	25		3.50
June 30	25		3.25
May 3	25		3.00
March 22	25		2.75
February 2	25		2.50

*Expected future rate increases for calendar year 2017. The Fed has signaled it will raise rates to 2% in 2018 and 3% in 2019.

Source: Federal Reserve System



Section 2



Updated Measure S Finance Plan



Considerations for Timing of Debt Issuance

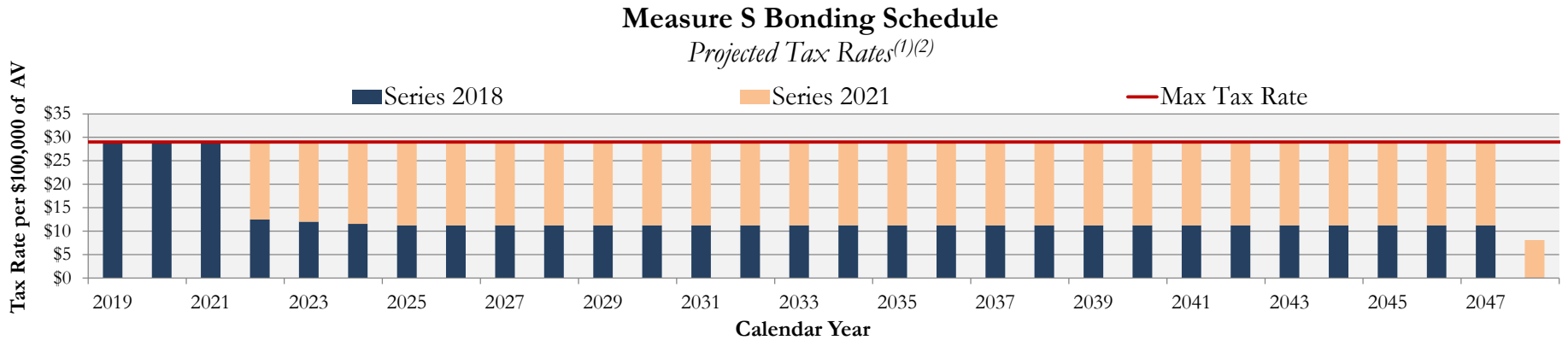
- Need for funds: Once GO Bonds are issued, the taxpayers begin paying interest
- District has been prudent with its own funds and has the money to start the planning process thus saving the taxpayers interest
- For a \$100,000,000 general obligation bond issue, the District would pay approximately \$4,637,875 in annual interest payments
- Interest Rate Environment
- Assessed Value
- Internal Revenue Service (IRS) Spend-down





Measure S Bonding Schedule (Base Case)

- ❑ The School District could fund \$120 million in mid-2018 and issue the remaining \$168 million in Measure S authorization in late 2021 assuming Current Interest Bonds only



	Series 2018	Series 2021	Total
Issue Date	7/1/2018	8/1/2021	-
Par Amount	\$120,000,000	\$168,000,000	\$288,000,000
Project Amount	120,000,000	160,001,395	280,001,395
Final Maturity Date	8/1/2047	8/1/2048	8/1/2048
Percentage of CIBs	100%	100%	100%
Percentage of CABs	0%	0%	0%
Repayment Ratio	1.93	1.91	1.92
Maximum Repayment Ratio Allowed	4.00	4.00	4.00

⁽¹⁾Assumes 4.00% growth for FY 17-18 and 4.00% every year thereafter.

⁽²⁾Series 2018 assumes 5% coupons and MMD 10-year average 'AA' yields per maturity. Series 2021 assumes 5.50% coupons and MMD 10-year average 'AA' yields.

⁽³⁾ Principal and interest are paid semiannually and fully repaid by 2048.





Overview of Series 2018 Bonds*

Sources & Uses

SOURCES		Series A
Bond Proceeds		
Par Amount		\$ 120,000,000.00
Premium		5,405,952.90
Total		\$125,405,952.90
USES		
Project Fund Deposits		
Project Fund		\$ 120,000,000.00
Other Fund Deposits		
Debt Service Fund	\$	5,405,952.90
Total		\$125,405,952.90

Debt Service

Date	Principle	Interest	Debt Service Fund	Net Debt Service
8/1/2019	\$9,205,000	\$6,500,000	\$5,405,953	\$10,299,047
8/1/2020	5,175,000	5,539,750	-	10,714,750
8/1/2021	5,860,000	5,281,000	-	11,141,000
8/1/2022	-	4,988,000	-	4,988,000
8/1/2023	-	4,988,000	-	4,988,000
8/1/2024	-	4,988,000	-	4,988,000
8/1/2025	60,000	4,988,000	-	5,048,000
8/1/2026	265,000	4,985,000	-	5,250,000
8/1/2027	490,000	4,971,750	-	5,461,750
8/1/2028	735,000	4,947,250	-	5,682,250
8/1/2029	995,000	4,910,500	-	5,905,500
8/1/2030	1,285,000	4,860,750	-	6,145,750
8/1/2031	1,595,000	4,796,500	-	6,391,500
8/1/2032	1,930,000	4,716,750	-	6,646,750
8/1/2033	2,290,000	4,620,250	-	6,910,250
8/1/2034	2,680,000	4,505,750	-	7,185,750
8/1/2035	3,105,000	4,371,750	-	7,476,750
8/1/2036	3,555,000	4,216,500	-	7,771,500
8/1/2037	4,045,000	4,038,750	-	8,083,750
8/1/2038	4,570,000	3,836,500	-	8,406,500
8/1/2039	5,135,000	3,608,000	-	8,743,000
8/1/2040	5,745,000	3,351,250	-	9,096,250
8/1/2041	6,395,000	3,064,000	-	9,459,000
8/1/2042	7,090,000	2,744,250	-	9,834,250
8/1/2043	7,840,000	2,389,750	-	10,229,750
8/1/2044	8,640,000	1,997,750	-	10,637,750
8/1/2045	9,500,000	1,565,750	-	11,065,750
8/1/2046	10,415,000	1,090,750	-	11,505,750
8/1/2047	11,400,000	570,000	-	11,970,000
	\$120,000,000	\$117,432,250	\$5,405,953	\$232,026,297

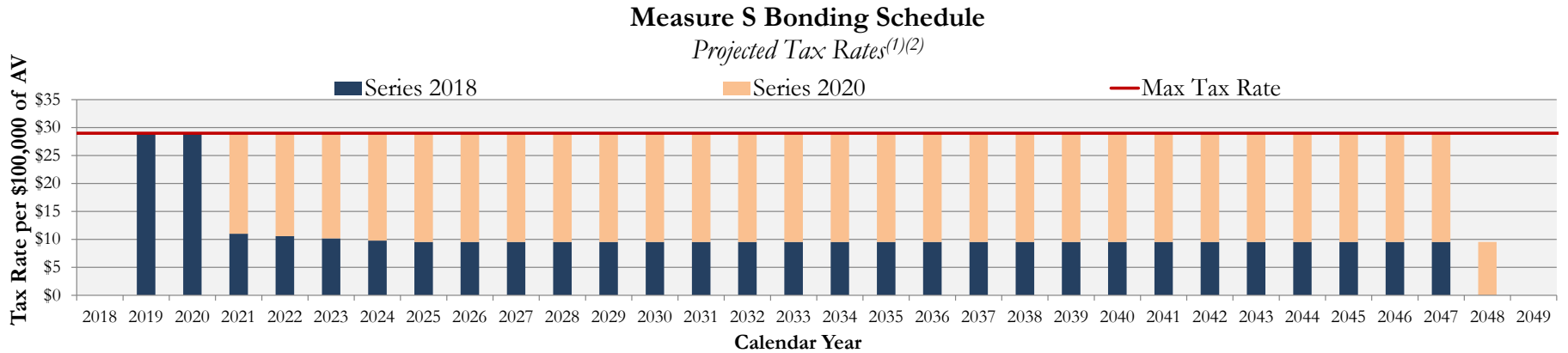
(1)Preliminary, subject to change in market conditions.





Measure S Bonding Schedule (Scenario 2)

- ☐ The School District could fund \$100 million in mid-2018 and issue the remaining \$188 million in Measure S authorization in late 2020 assuming Current Interest Bonds only



	Series 2018	Series 2020	Total
Issue Date	7/1/2018	8/1/2020	-
Par Amount	\$100,000,000	\$188,000,000	\$288,000,000
Project Amount	\$100,000,000	174,827,059	274,827,059
Final Maturity Date	8/1/2047	8/1/2048	8/1/2048
Percentage of CIBs	100%	100%	100%
Percentage of CABs	0%	0%	0%
Repayment Ratio	1.95	1.92	1.93
Maximum Repayment Ratio Allowed	4.00	4.00	4.00

⁽¹⁾Assumes 4.00% growth for FY 17-18 and 4.00% every year thereafter.

⁽²⁾Series 2018 assumes 5% coupons and MMD 10-year average 'AA' yields per maturity. Series 2020 assumes 5.50% coupons and MMD 10-year average 'AA' yields.

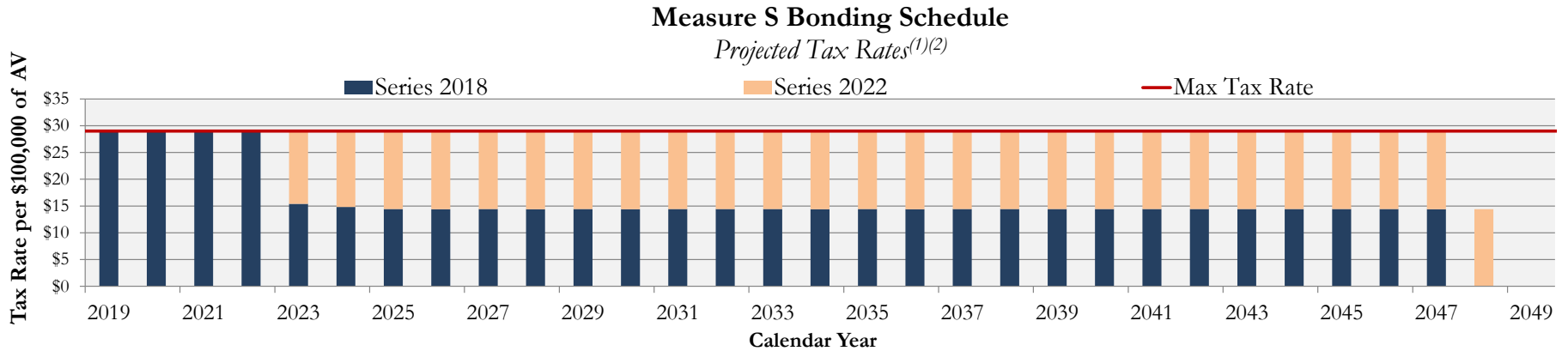
⁽³⁾ Principal and interest are paid semiannually and fully repaid by 2048.





Measure S Bonding Schedule (Scenario 3)

- ❑ The School District could fund \$150 million in mid-2017 and issue the remaining \$138 million in Measure S authorization in late 2021 assuming Current Interest Bonds only



	Series 2018	Series 2021	Total
Issue Date	7/1/2018	8/1/2021	-
Par Amount	\$150,000,000	\$138,000,000	\$288,000,000
Project Amount	\$150,000,000	\$134,197,428	284,197,428
Final Maturity Date	8/1/2047	8/1/2048	8/1/2048
Percentage of CIBs	100%	100%	100%
Percentage of CABs	0%	0%	0%
Repayment Ratio	1.96	1.92	1.94
Maximum Repayment Ratio Allowed	4.00	4.00	4.00

⁽¹⁾Assumes 4.00% growth for FY 17-18 and 4.00% every year thereafter.

⁽²⁾Series 2018 assumes 5% coupons and MMD 10-year average 'AA' yields per maturity. Series 2022 assumes 5.50% coupons and MMD 10-year average 'AA' yields.

⁽³⁾ Principal and interest are paid semiannually and fully repaid by 2048.





Benefit of 2018 Issuance vs. 2017 Issuance

- By delaying the bond sale by one year, the School District is able to issue the same amount of bonds, but with a higher Assessed Valuation (“AV”)
- A higher AV allows for more principal to be paid off sooner, saving up to \$1.8 million in total interest costs for the District’s taxpayers

Principal and Interest Cost Comparison

Series 2017 Scenario			Series 2018 Scenario			Difference		
Starting FY 2016-17 AV:		\$32,888,003,819	Projected FY 2017-18 AV:		\$34,203,523,972			
Date	Principal	Interest	Date	Principal	Interest	Date	Principal	Interest
8/1/2018	\$8,475,000	\$1,116,831	8/1/2019	\$9,205,000	\$1,094,047	8/1/2019	730,000.00	(22,783.55)
8/1/2019	4,725,000	5,576,250	8/1/2020	5,175,000	5,539,750	8/1/2020	450,000.00	(36,500.00)
8/1/2020	5,350,000	5,340,000	8/1/2021	5,860,000	5,281,000	8/1/2021	510,000.00	(59,000.00)
8/1/2021	-	5,072,500	8/1/2022	-	4,988,000	8/1/2022	-	(84,500.00)
8/1/2022	-	5,072,500	8/1/2023	-	4,988,000	8/1/2023	-	(84,500.00)
8/1/2023	-	5,072,500	8/1/2024	-	4,988,000	8/1/2024	-	(84,500.00)
8/1/2024	65,000	5,072,500	8/1/2025	60,000	4,988,000	8/1/2025	(5,000.00)	(84,500.00)
8/1/2025	270,000	5,069,250	8/1/2026	265,000	4,985,000	8/1/2026	(5,000.00)	(84,250.00)
8/1/2026	500,000	5,055,750	8/1/2027	490,000	4,971,750	8/1/2027	(10,000.00)	(84,000.00)
8/1/2027	745,000	5,030,750	8/1/2028	735,000	4,947,250	8/1/2028	(10,000.00)	(83,500.00)
8/1/2028	1,015,000	4,993,500	8/1/2029	995,000	4,910,500	8/1/2029	(20,000.00)	(83,000.00)
8/1/2029	1,305,000	4,942,750	8/1/2030	1,285,000	4,860,750	8/1/2030	(20,000.00)	(82,000.00)
8/1/2030	1,620,000	4,877,500	8/1/2031	1,595,000	4,796,500	8/1/2031	(25,000.00)	(81,000.00)
8/1/2031	1,960,000	4,796,500	8/1/2032	1,930,000	4,716,750	8/1/2032	(30,000.00)	(79,750.00)
8/1/2032	2,330,000	4,698,500	8/1/2033	2,290,000	4,620,250	8/1/2033	(40,000.00)	(78,250.00)
8/1/2033	2,725,000	4,582,000	8/1/2034	2,680,000	4,505,750	8/1/2034	(45,000.00)	(76,250.00)
8/1/2034	3,155,000	4,445,750	8/1/2035	3,105,000	4,371,750	8/1/2035	(50,000.00)	(74,000.00)
8/1/2035	3,615,000	4,288,000	8/1/2036	3,555,000	4,216,500	8/1/2036	(60,000.00)	(71,500.00)
8/1/2036	4,115,000	4,107,250	8/1/2037	4,045,000	4,038,750	8/1/2037	(70,000.00)	(68,500.00)
8/1/2037	4,650,000	3,901,500	8/1/2038	4,570,000	3,836,500	8/1/2038	(80,000.00)	(65,000.00)
8/1/2038	5,225,000	3,669,000	8/1/2039	5,135,000	3,608,000	8/1/2039	(90,000.00)	(61,000.00)
8/1/2039	5,840,000	3,407,750	8/1/2040	5,745,000	3,351,250	8/1/2040	(95,000.00)	(56,500.00)
8/1/2040	6,500,000	3,115,750	8/1/2041	6,395,000	3,064,000	8/1/2041	(105,000.00)	(51,750.00)
8/1/2041	7,210,000	2,790,750	8/1/2042	7,090,000	2,744,250	8/1/2042	(120,000.00)	(46,500.00)
8/1/2042	7,975,000	2,430,250	8/1/2043	7,840,000	2,389,750	8/1/2043	(135,000.00)	(40,500.00)
8/1/2043	8,785,000	2,031,500	8/1/2044	8,640,000	1,997,750	8/1/2044	(145,000.00)	(33,750.00)
8/1/2044	9,660,000	1,592,250	8/1/2045	9,500,000	1,565,750	8/1/2045	(160,000.00)	(26,500.00)
8/1/2045	10,595,000	1,109,250	8/1/2046	10,415,000	1,090,750	8/1/2046	(180,000.00)	(18,500.00)
8/1/2046	11,590,000	579,500	8/1/2047	11,400,000	570,000	8/1/2047	(190,000.00)	(9,500.00)
\$120,000,000		\$113,838,081	\$120,000,000		\$112,026,297	\$0		-\$1,811,784

Note: Both Series 2017 and Series 2018 scenarios assume 5.00% coupons and the MMD 10-year ‘AA’ average scale per maturity.

