



Citizen Bond Oversight Committee Measure LL Bond Overview

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Prop 39 General Obligation Bond Election

- ❑ Requires voter approval
 - 55% approval required
 - Actual approval rate: 63.60%
- ❑ Bonding Capacity
 - Non-Unified Districts: 1.25% of Assessed Value (for all bonds issued by the District)
 - Current ratio: 0.29% of Assessed Value
- ❑ Tax Rate limitations
 - Non-Unified Districts : \$30 per \$100,000 per voter-authorized GO Bond Program
 - Measure LL projects a maximum of \$30.00 per \$100,000 of AV
- ❑ Before election
 - At least 88 days before elections
 - *Projects to be financed must be stated*
 - *District Board must declare resolution for election*
 - *Tax rate must be estimated and bond amount named*
- ❑ After election
 - Citizen's Oversight Committee appointed
 - Annual audits required
- ❑ Use of proceeds
 - Construction; reconstruction; rehabilitation; or replacement of college facilities, including the furnishing and equipping of college facilities, or the acquisition or lease of real property for college facilities



Measure LL Ballot Question

- ❑ “The repair and modernize aging classrooms/school facilities at local elementary/intermediate schools, repair termite damage, dry rot, deteriorating roofs, plumbing, and electrical, improve student safety/security, and upgrade classrooms, science labs, and facilities to support student achievement in math, science technology, and arts, shall **Lowell Joint School District** issue \$48,000,000 in bonds at legal rates, an estimated 3 cents per \$100 assessed valuation (\$3,000,000 annually) for approximately 33 years, with citizen oversight and all money locally controlled?”



Lowell Joint SD Competitive Sale

- ❖ The Lowell Joint School District sold its General Obligation Bonds, Election of 2018, Series 2019 (the “Bonds”) via competitive sale on June 27, 2019 in the aggregate par amount of \$14,000,000
- ❖ Credit rating of ‘Aa2’ by Moody’s Investors Service
- ❖ Total of four bids received on the Bonds
 - Winning bid submitted by Morgan Stanley & Co, LLC at a True Interest Cost (“TIC”) of 3.119002% (before re-structure)
 - Backup bid submitted by Fidelity Capital Markets
 - Difference between best and cover bid only 0.9 basis points (.009%)
- ❖ Financing summary statistics:
 - Total par amount: \$14,000,000
 - Debt repayment ratio: 1.59 to 1



Overview of the GO Bonds, Election of 2018, Series 2019

Sources and Uses

Sources	
Bond Proceeds	
Par Amount	\$14,000,000
Net Premium	<u>637,121</u>
Total	\$14,637,121
Uses	
Project Fund Deposits	
Project Fund	\$13,830,000
Other Fund Deposits	
Debt Service Fund	\$509,477
Delivery Date Expenses	
Cost of Issuance	\$170,000
Underwriter's Discount	<u>127,644</u>
	\$297,644
Total	\$14,637,121

Debt Service

	Principal	Interest	Debt Service Fund	Net Debt Service
8/1/2020	\$1,300,000	\$541,758	(509,477)	\$1,332,281
8/1/2021	960,000	455,088		1,415,088
8/1/2022	-00	407,088		407,088
8/1/2023	-00	407,088		407,088
8/1/2024	40,000	407,088		447,088
8/1/2025	60,000	405,088		465,088
8/1/2026	85,000	402,088		487,088
8/1/2027	105,000	397,838		502,838
8/1/2028	130,000	392,588		522,588
8/1/2029	160,000	386,088		546,088
8/1/2030	190,000	378,088		568,088
8/1/2031	220,000	368,588		588,588
8/1/2032	255,000	357,588		612,588
8/1/2033	295,000	344,838		639,838
8/1/2034	330,000	330,088		660,088
8/1/2035	375,000	313,588		688,588
8/1/2036	420,000	294,838		714,838
8/1/2037	465,000	282,238		747,238
8/1/2038	505,000	268,288		773,288
8/1/2039	555,000	253,138		808,138
8/1/2040	600,000	236,488		836,488
8/1/2041	655,000	218,488		873,488
8/1/2042	710,000	198,838		908,838
8/1/2043	765,000	177,538		942,538
8/1/2044	825,000	154,588		979,588
8/1/2045	890,000	129,838		1,019,838
8/1/2046	960,000	100,913		1,060,913
8/1/2047	1,035,000	69,713		1,104,713
8/1/2048	1,110,000	36,075		1,146,075
Total	\$14,000,000	\$8,715,545	(509,477)	\$22,206,069



Comparison of Projected vs. Final Bonds

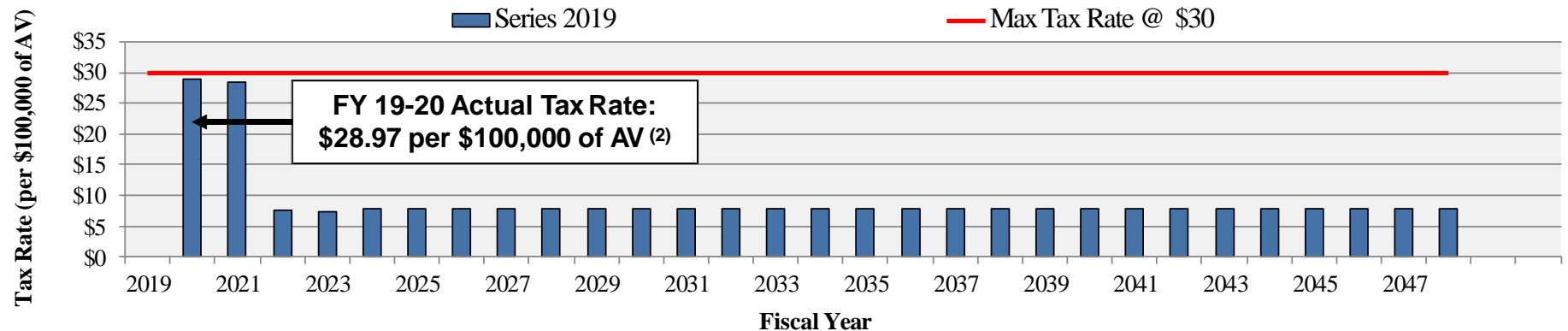
Category	Board Presentation 5-13-19	Actual Sale Results 6-27-19	Difference
True Interest Cost (TIC)	3.893446%	3.105462%	0.787984%
Total Project Fund	\$13,820,000	\$13,830,000	\$10,000
Net Interest Payment Cost	\$10,040,143	\$8,206,069	\$1,834,074
Total Net Debt Service	\$24,040,143	\$ 22,206,069	\$1,834,074
Repayment Ratio	\$1.72 to 1	\$1.59 to 1	\$0.13 per \$1 borrowed



Projected Tax Rates for Election of 2018

- ❖ The Bonds are the first series of bonds to be issued under Measure LL
 - Not-to-exceed authorization of \$48,000,000 approved by over 55% of voters in the School District at the November 2018 Prop 39 election
- ❖ After the issuance of the Bonds, there remains \$34,000,000 in general obligation bond authorization under Measure LL
 - The Series 2019 tax rate drops allowing for additional bonds to be issued under the Measure

Projected Tax Rates - 2018 Election ⁽¹⁾



(1) Assumes 4.00% growth for FY 20-21 and every year after.

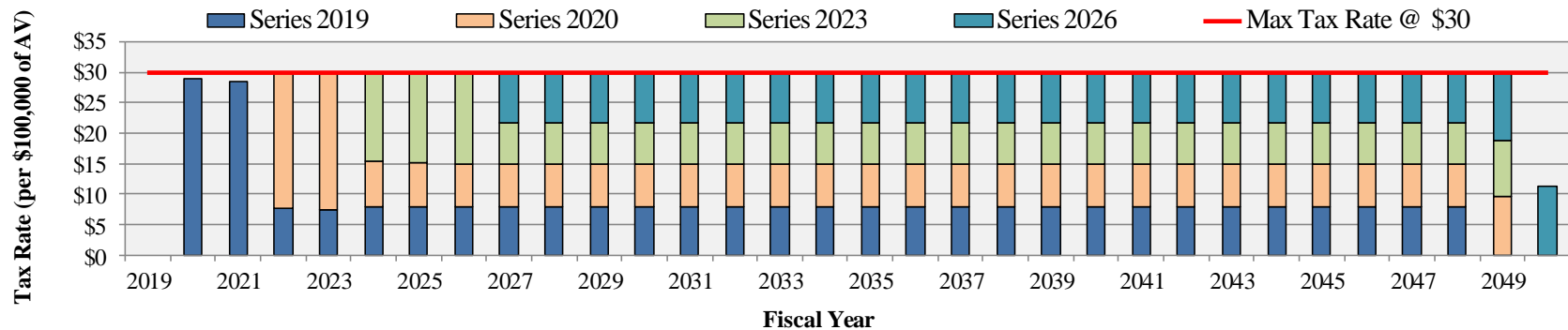
(2) Per County Auditor-Controller.



Measure LL Projected Finance Plan

- ❖ The District could issue its second series of Measure LL bonds as soon as 2020 and issue the entire Measure LL authorization by 2026

Projected Tax Rates - 2018 Election (1)(2)



	Series 2019	Series 2020	Series 2023	Series 2026	Total
Dated Date	7/16/2019	6/1/2020	8/1/2023	8/1/2026	-
Par Amount	\$14,000,000	\$12,000,000	\$11,000,000	\$11,000,000	\$48,000,000
Project Amount	13,830,000	11,830,000	10,830,000	10,830,000	47,320,000
Final Maturity	8/1/2048	8/1/2049	8/1/2049	8/1/2050	8/1/2050
Repayment Ratio	1.59	1.74	1.72	1.98	1.74

(1) Assumes 4.00% growth for FY 20-21 and every year after.

(2) Series 2020 assumes current market conditions plus 50 basis points. Series 2023 assumes an additional 75 basis points per maturity. Series 2026 assumes an additional 100 basis points on top of the Series 2023 assumptions.