

Financing Options for 2016 General Obligation Refunding Bonds and General Obligation Bonds, Election of 2008, Series 2016



PASADENA UNIFIED SCHOOL DISTRICT

Adam Bauer
CEO/President

Fieldman, Rolapp & Associates
949.660.7303 tel
949.295.5735 cell
abauer@fieldman.com

Jason Chung
Senior Associate

Fieldman, Rolapp & Associates
949.660.7314 tel
jchung@fieldman.com

Roderick Carter
Managing Director

RBC Capital Markets
213.362.4133 tel
roderick.carter@rbccm.com

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Table of Contents

Tab 1	Historical Assessed Valuation
Tab 2	Summary of PUSD's General Obligation Debt Outstanding
Tab 3	2016 General Obligation Bonds
Tab 4	Legal Documents Under Consideration for Financings



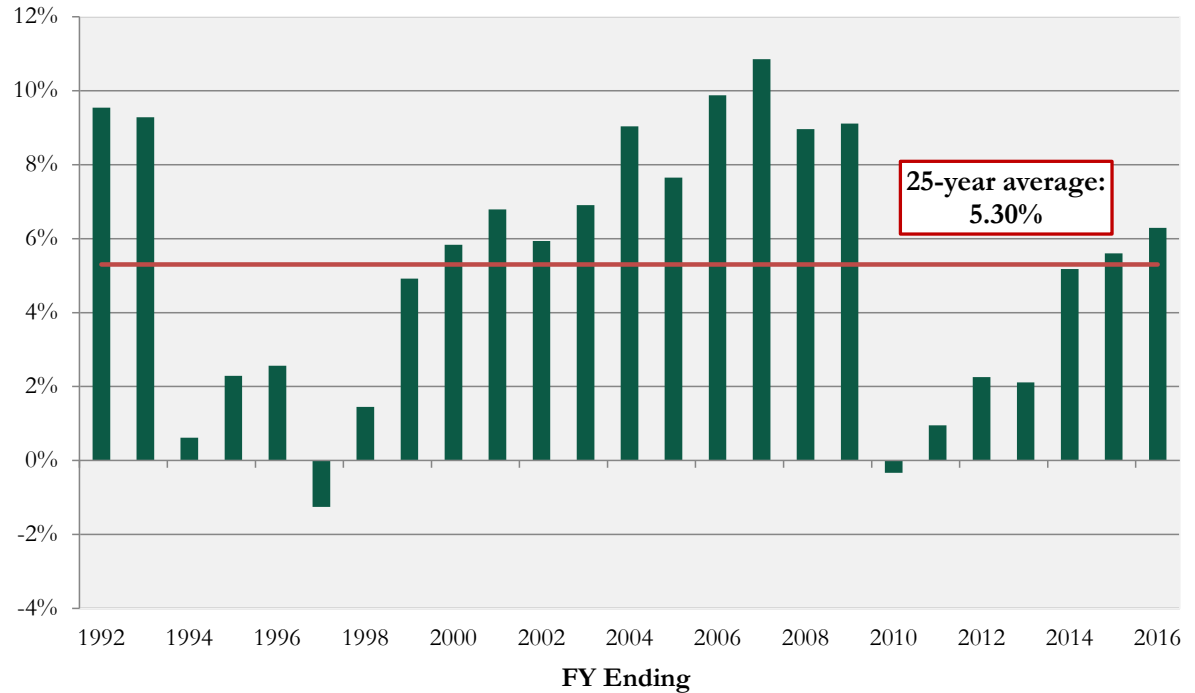
Tab 1:

Historical Assessed Valuation

Historical Assessed Valuation

FY Ending	Assessed Valuation	% Change
1991	9,867,115,133	-
1992	10,808,368,940	9.54%
1993	11,811,406,237	9.28%
1994	11,884,042,087	0.61%
1995	12,156,544,864	2.29%
1996	12,468,000,219	2.56%
1997	12,311,200,204	-1.26%
1998	12,489,360,974	1.45%
1999	13,103,456,439	4.92%
2000	13,868,388,632	5.84%
2001	14,810,079,825	6.79%
2002	15,689,508,722	5.94%
2003	16,772,757,586	6.90%
2004	18,289,027,393	9.04%
2005	19,688,872,389	7.65%
2006	21,633,103,725	9.87%
2007	23,980,450,380	10.85%
2008	26,129,683,064	8.96%
2009	28,510,438,079	9.11%
2010	28,415,018,356	-0.33%
2011	28,685,935,386	0.95%
2012	29,332,561,910	2.25%
2013	29,951,209,708	2.11%
2014	31,502,753,772	5.18%
2015	33,268,127,815	5.60%
2016	35,360,762,815	6.29%
	10-yr Average	5.10%
	25-yr Average	5.30%

Historical % Change in Total Assessed Value

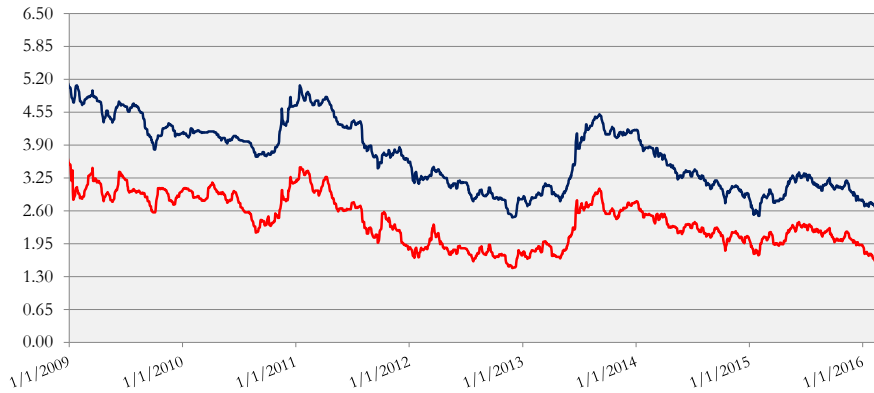


Fiscal Year	Assessed Value	Factor	Bonding Capacity	Outstanding Principal as of 3/3/16	Remaining Capacity
2015-16	\$35,360,762,815	2.50%	\$884,019,070	\$313,510,000	\$570,509,070

Market Update

Change in 'AAA' MMD Yields
(January 1, 2009 through March 1, 2016)

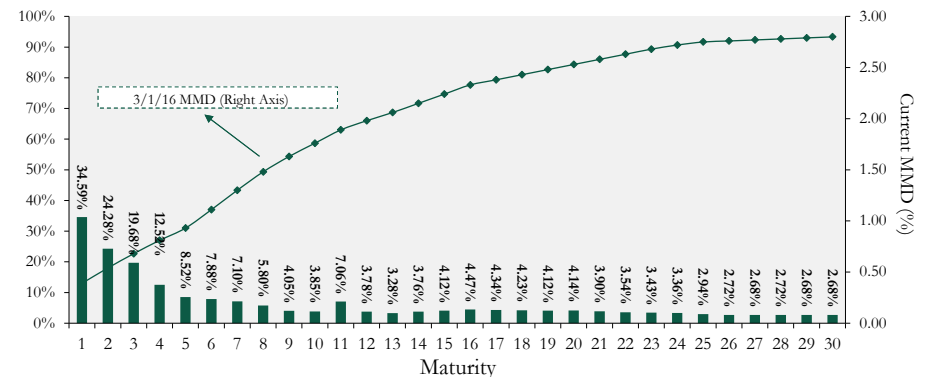
— 'AAA' MMD 10-Year Yields — 'AAA' MMD 30-Year Yields



➤ Tax-exempt rates have gradually declined to historic lows again in the early months of 2016

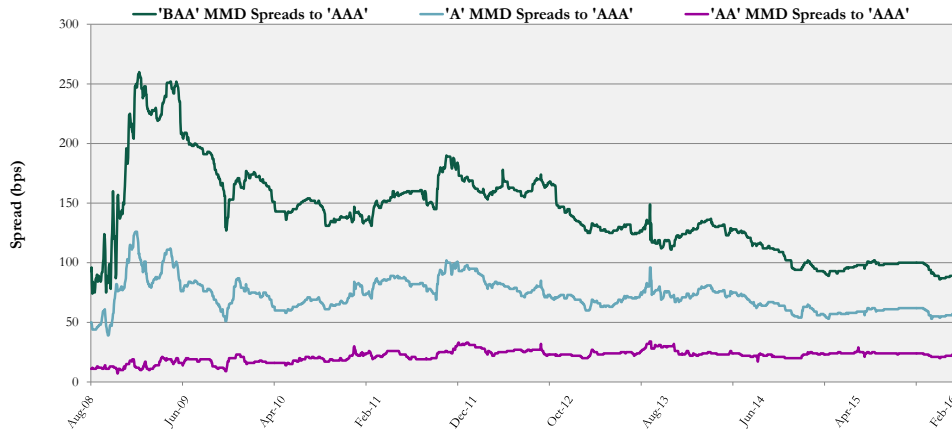
➤ Tax-exempt rates have only been lower 7% of the time along the entire yield curve

Current "AAA" MMD and Percentage of Time Historical "AAA" MMD has been Lower than Current "AAA" MMD
from January 2, 1998 through March 1, 2016



Market Update

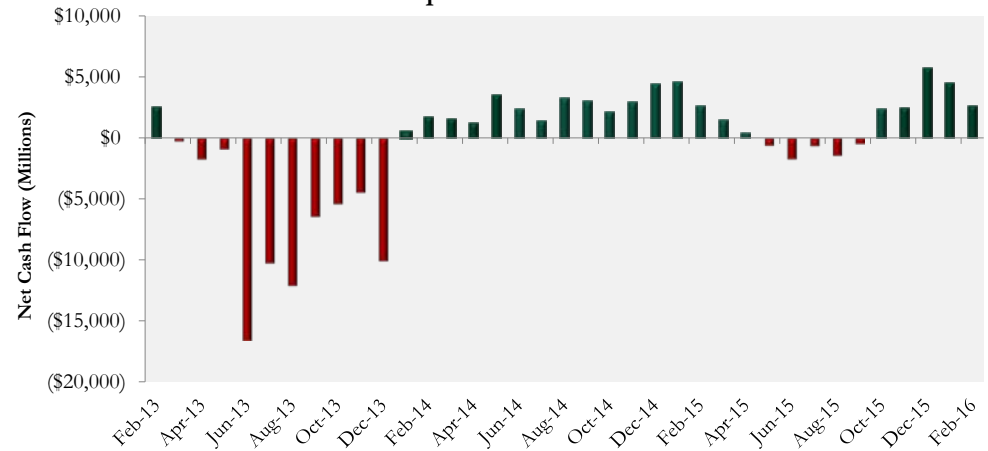
30-Year MMD Credit Spreads
August 1, 2008 through March 1, 2016



➤ Credit spreads have gradually tightened since the beginning of 2014

➤ Muni bond funds now seeing continuous inflows again since the beginning of Q4 2015

Monthly Flow of Funds
Municipal Bond Mutual Funds





Tab 2:

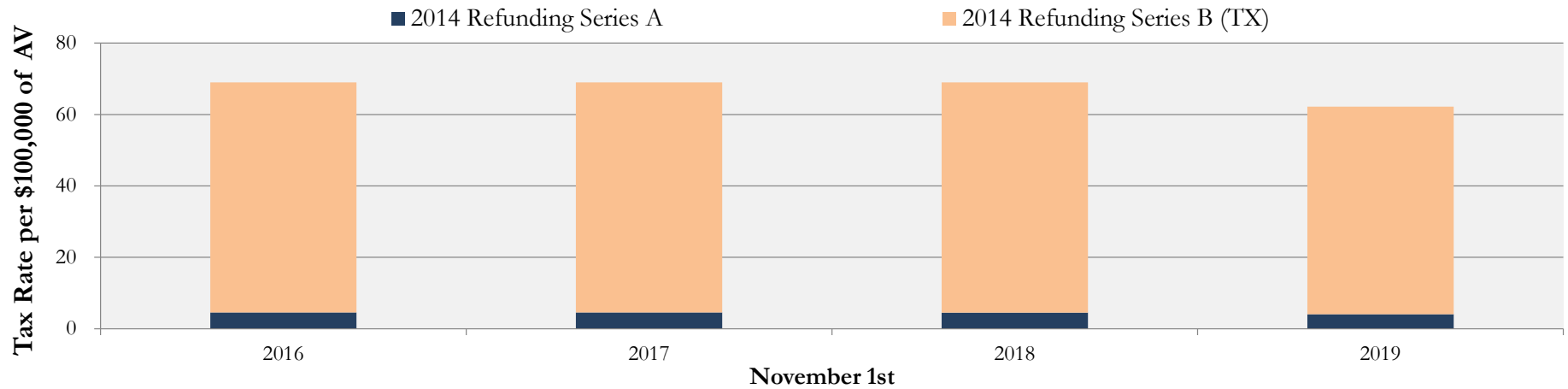
Summary of PUSD's General Obligation Debt Outstanding



1997 Election Bonds Outstanding

- The District has 2 series of GO Bonds outstanding under the 1997 Election
 - Not-to-exceed authorization of \$240,000,000
 - 4 series have been issued and no unissued bond authorization remains
 - 2014 Refunding Bonds, Series A have a final maturity of November 1, 2019
 - 2014 Refunding Bonds, Series B have a final maturity of November 1, 2019

1997 Election Projected Tax Rates⁽¹⁾

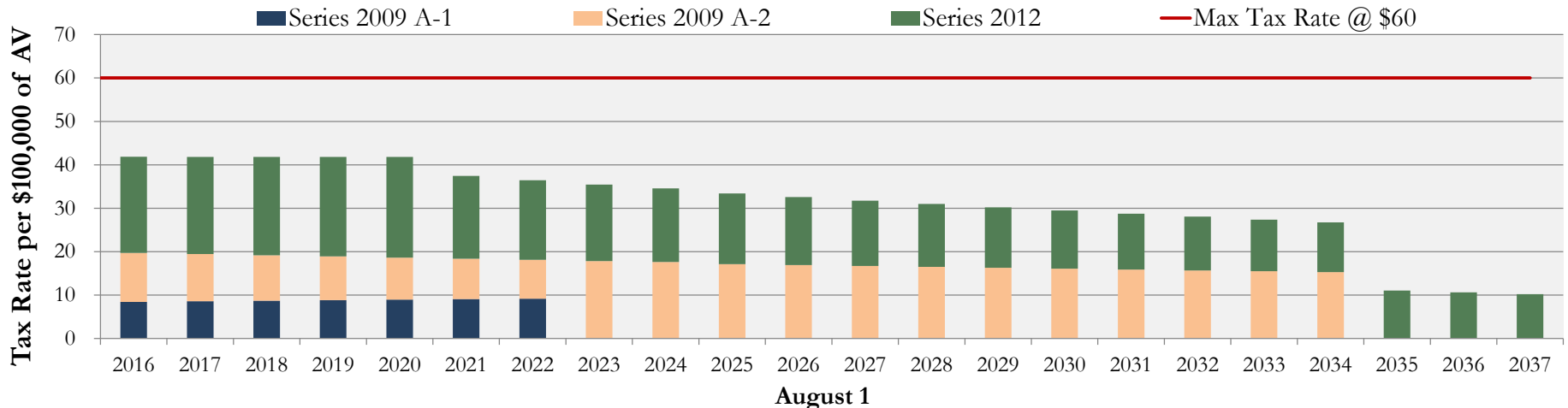


⁽¹⁾ Assumes 4% growth in A.V. for FY 16-17 and every year thereafter.

2008 Election Bonds Outstanding

- ❑ The School District has 3 series of GO Bonds outstanding under the 2008 Prop 39 Election
 - Not-to-exceed authorization of \$350,000,000
 - 3 series have been issued and \$100 million in authorization remains
 - *Series 2009 A-1 issued for \$40,320,000*
 - *Series 2009 A-2 issued for \$84,680,000 as federally taxable Build America Bonds*
 - *Series 2012 issued for \$125,000,000*

2008 Election Projected Tax Rates⁽¹⁾



⁽¹⁾ Assumes 4% growth in A.V. for FY 16-17 and every year thereafter.



Outstanding General Obligation Debt

General Obligation Bond Debt

Issue	Dated Date	Final Maturity	Original Principal	Principal Outstanding as of 3/3/16	Next Call Date (Any Date)
GO Bonds, 2008 Election, Series 2009 A-1	9/17/09	8/1/22	\$40,320,000	\$20,165,000	8/1/19 @ 100%
GO Bonds, 2008 Election, Series 2009 A-2 (BABs)	9/17/09	8/1/34	\$84,680,000	\$84,680,000	8/1/19 @ 100%
GO Bonds, 2008 Election, Series 2012	7/3/12	5/1/37	\$125,000,000	\$112,770,000	5/1/22 @ 100%
2014 GO Refunding, Series A	3/20/14	11/1/19	\$5,985,000	\$5,870,000	Not callable
2014 GO Refunding, Series B	3/20/14	11/1/19	\$96,045,000	\$90,025,000	Not callable
			\$352,030,000	\$313,510,000	

- ❑ The District is considering issuing the remaining \$100 million of new money general obligation bonds in mid 2016
- ❑ Considering refinancing existing general obligation bonds on a crossover basis for taxpayer savings



Tab 3:

2016 General Obligation Bonds



2016 General Obligation Bonds (Refunding and New Money)*

2016 General Obligation Refunding Bonds

SOURCES	2016 GO		Total
	Refunding, Series A	Refunding, Series B	
Bond Proceeds			
Par Amount	\$ 10,150,000.00	\$ 75,890,000.00	\$ 86,040,000.00
Premium	1,952,209.85	18,434,372.80	20,386,582.65
	<u>\$ 12,102,209.85</u>	<u>\$ 94,324,372.80</u>	<u>\$ 106,426,582.65</u>
Total Sources:	\$ 12,102,209.85	\$ 94,324,372.80	\$ 106,426,582.65
USES			
Refunding Escrow Deposits			
Cash Deposit	\$ -	\$ 0.06	\$ 0.06
SLGS Purchases	12,029,669.00	93,819,005.00	105,848,674.00
	<u>\$ 12,029,669.00</u>	<u>\$ 93,819,005.06</u>	<u>\$ 105,848,674.06</u>
Delivery Date Expenses			
Costs of Issuance	34,591.87	258,638.13	293,230.00
Underwriter's Discount	32,987.50	246,642.50	279,630.00
	<u>\$ 67,579.37</u>	<u>\$ 505,280.63</u>	<u>\$ 572,860.00</u>
Other Uses of Funds			
Additional Proceeds	\$ 4,961.48	\$ 87.11	\$ 5,048.59
Total Uses:	\$ 12,102,209.85	\$ 94,324,372.80	\$ 106,426,582.65

2016 New Money GO Bonds

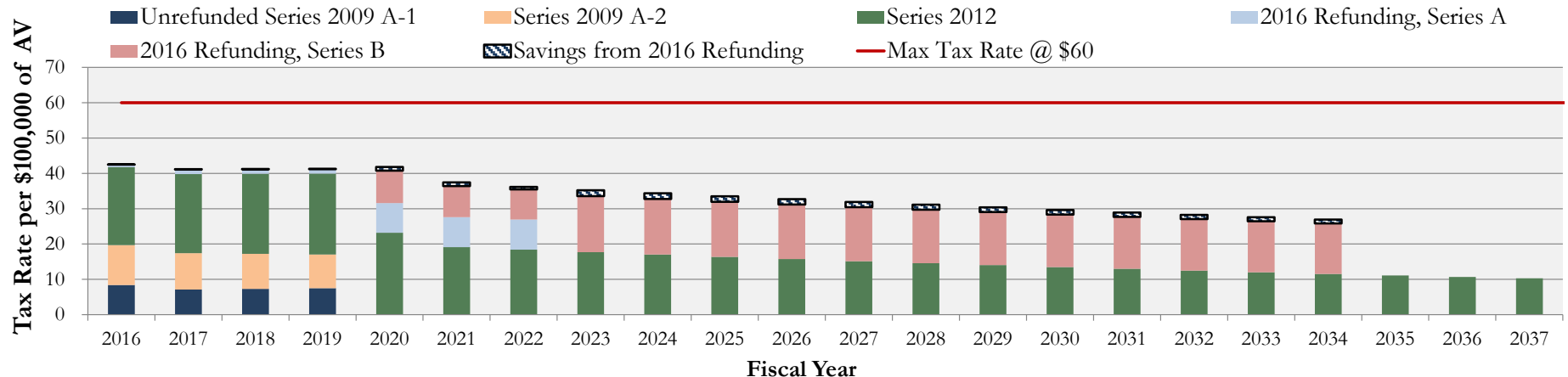
SOURCES	2008 Election, Series 2016
Bond Proceeds	
Par Amount	\$ 100,000,000.00
Premium	11,418,268.50
	<u>\$ 111,418,268.50</u>
Total Sources:	\$ 111,418,268.50
USES	
Project Fund Deposits	
Project Fund	99,716,270.00
	<u>\$ 99,716,270.00</u>
Other Fund Deposits	
Capitalized Interest Fund	\$ 11,093,268.50
Delivery Date Expenses	
Costs of Issuance	283,730.00
Underwriter's Discount	325,000.00
	<u>\$ 608,730.00</u>
Total Uses:	\$ 111,418,268.50

* Preliminary, subject to change.

2016 General Obligation Refunding Bonds, Series A and B

- The 2016 General Obligation Refunding Bonds will advance refund the following:
 - A portion of the 2009 A-1 Bonds (*Series A Advance Refunding*)
 - 2009 A-2 Build America Bonds (*Series B Crossover Refunding*)
 - Prior to the 8/1/19 crossover date, the Series B Refunding Bonds will be secured by the Series B Escrow Fund, and paid by ad valorem taxes thereafter

2008 Election Projected Tax Rates - Post Refunding
Estimated Tax Rates⁽¹⁾



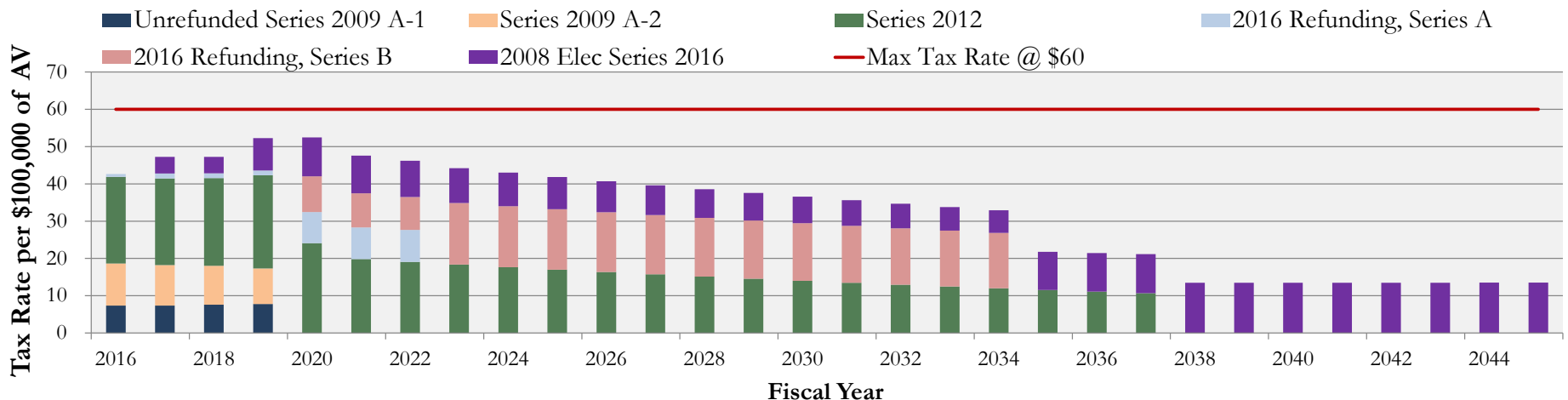
⁽¹⁾ Assumes 4% growth in A.V. for FY 16-17 and every year thereafter.



General Obligation Bonds, 2008 Election, Series 2016

- ❑ Savings from the 2016 General Obligation Refunding Bonds (prior page) reduces the tax rate
- ❑ \$100 million issued in 2016 (purple bars), fully accessing the Measure TT bond authorization

2008 Election Projected Tax Rates - After Refunding/New Money
Estimated Tax Rates⁽¹⁾



⁽¹⁾ Assumes 4% growth in A.V. for FY 16-17 and every year thereafter.



Tab 4:

Legal Documents Under Consideration for Financings



List of Financing Documents

- ❑ 2016 General Obligation Refunding Bonds, Series A & B
 - Authorizing Resolution
 - Purchase Contract
 - Escrow Agreement

- ❑ General Obligation Bonds, 2008 Election, Series 2016
 - Authorizing Resolution
 - Purchase Contract
 - Escrow Agreement



Preliminary Financing Schedule

Date	Description
March 3, 2016	Finance Subcommittee Consideration
March 24, 2016	School Board Considers Financing Documents
April 8, 2016	Receive Credit Ratings
April 12, 2016	County Board Considers New Money Documents
April 20, 2016	Price Bonds
May 4, 2016	Closing
May 11, 2016	County Board Considers Resolution to Adjust Levy



Frequently Asked Questions, Part 1

Q1: When you refinance do you keep the same time period or do you refinance for another 20 years after that?

The same time period will be kept, the refunding will not extend the term of the prior bonds.

Q2: In respect to the call date, can you do a refunding prior to the call date?

Refundings are commonly done in advance of a call date. The 2016 GO Refunding Bonds are refinancing prior bonds more than 90 days from the call date and as a result funds are required to be placed in an escrow until the call date arrives.

Q3: Can refinancing happen at any time? Where do you put the money in escrow?

There is typically a 10-year call provision in place to protect investors, but issuers can advance refund a prior bond sooner than 10 years. Funds are placed in an escrow to buy non-callable Federal Securities that will be sufficient to pay the redemption price of the prior bonds.

Q4: Of the three Measure TT bonds the amount on the original principal and the principal outstanding where do I find the par the amounts on page 10?

The refunding amounts on page 10 differ from the par outstanding of the Measure TT bonds issued thus far because the refunding is refinancing a portion of the prior Series 2009 A-1 and the entire portion of the Series 2009 A-2 Bonds. The Series 2012 Bonds are not being refinanced.



Frequently Asked Questions, Part 2

Q5: We are only refinancing the first two bonds we are not touching the Series 2012 correct?

Correct.

Q6: On page 10, we have outstanding principal now in the refinancing. What are we on the hook for after? Because we seem to have outstanding principals in the refunding bonds.

After the refunding is complete, there will be \$9.565 million in principal outstanding of the Series 2009 A-1 Bonds that will be left unrefunded. The refunding transaction will refinance \$95.28 million of the prior bonds and will be replaced by the refunding par amount, which will be determined on the day of pricing.

Q7: On the refunding that we are proposing what is the maturity date? Will it still be 22 and 34?

Correct, it will not extend the maturity of the prior bonds.

Q8: Is there a percentage that we are refinancing versus not refinancing? 20/80 30/70 is it 50/50 distribution?

53% of the Series 2009 A-2 principal outstanding is being refinanced.

100% of the Series 2009 A-2 principal outstanding is being refinanced.



2016 GO Bonds - Costs of Issuance Breakdown*

PASADENA UNIFIED SCHOOL DISTRICT
2016 General Obligation Refunding Bonds
\$86,040,000*

The following table lists the preliminary costs associated with the Bonds

<u>Services</u>	<u>Interested Party</u>	<u>Payable at Closing</u>
Bond and Disclosure Counsel	Stradling Yocca Carlson & Rauth	\$100,000.00
Bond/Disclosure Counsel - Expenses	Stradling Yocca Carlson & Rauth	
Financial Advisor	Fieldman, Rolapp & Associates	41,392.07
Financial Advisor - Expenses	Fieldman, Rolapp & Associates	2,700.00
Paying Agent/Escrow Agent	U.S. Bank	5,000.00
Rating Agency	Moody's Investors Service	40,000.00
Rating Agency	Standard and Poor's	42,000.00
Printer	TBD	2,500.00
Verification Agent	Causey Demgen & Moore	2,500.00
Contingency		57,137.93
Total Costs of Issuance		\$ 293,230.00
Underwriter's Discount (0.325% of Par Amount)		\$ 279,630.00
Total Delivery Date Expenses		\$ 572,860.00

* Preliminary, subject to change.

PASADENA UNIFIED SCHOOL DISTRICT
General Obligation Bonds, 2008 Election, Series 2016
\$100,000,000*

The following table lists the preliminary costs associated with the Bonds

<u>Services</u>	<u>Interested Party</u>	<u>Payable at Closing</u>
County Counsel	Los Angeles County	\$10,000.00
Bond and Disclosure Counsel	Stradling Yocca Carlson & Rauth	100,000.00
Bond/Disclosure Counsel - Expenses	Stradling Yocca Carlson & Rauth	
Financial Advisor	Fieldman, Rolapp & Associates	48,107.93
Financial Advisor - Expenses	Fieldman, Rolapp & Associates	2,700.00
Paying Agent	U.S. Bank	3,000.00
Rating Agency	Moody's Investors Service	40,000.00
Rating Agency	Standard and Poor's	42,000.00
Printer	TBD	2,500.00
Contingency		35,422.07
Total Costs of Issuance		\$ 283,730.00
Underwriter's Discount (0.325% of Par Amount)		\$ 325,000.00
Total Delivery Date Expenses		\$ 608,730.00

* Preliminary, subject to change.