

Cambrian School District

Implementing Measure R: Issuance of Series 2024 Bonds



Cambrian School
District

Exploring Infinite Possibilities for Learning



**Government
Financial Services**

Joint Powers Authority

August 1, 2024
Presented Rich Malone

Agenda

- ◆ Bond Election History
- ◆ Bond Issuance Financial Plan
- ◆ Bond Issuance Process
- ◆ For Reference



Bond Election History

General Obligation Bond Elections

<i>Date</i>	<i>Measure</i>	<i>Amount</i>	<i>Required</i>	<i>Received</i>	<i>Bonds Issued</i>	<i>Remaining Authorization</i>
Nov 5, 2002	G	\$20,975,000	55.0%	73.8%	\$20,974,944	\$56
Jun 3, 2014	I	\$39,000,000	55.0%	72.5%	\$39,000,000	\$0
Nov 3, 2020	R	\$88,000,000	55.0%	61.2%	\$53,680,000	\$34,320,000

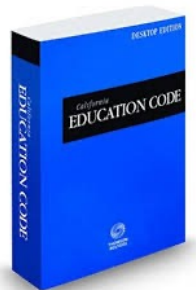
✓ *\$34.32 million of remaining Measure R authorization*



Series 2024 Bonds - Key Legal Constraints

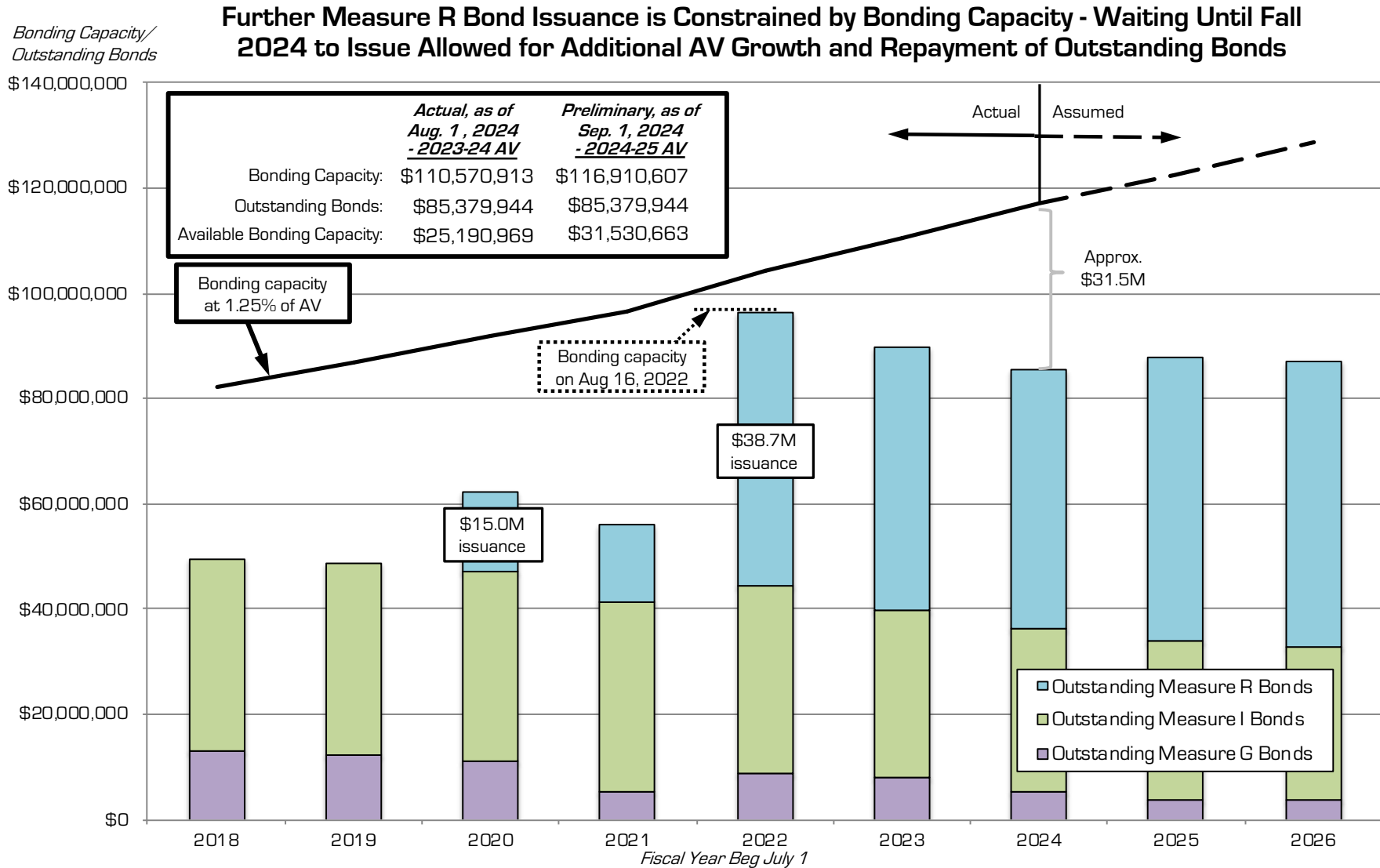
- ◆ Taxing Capacity: limit on maximum projected tax levies (this is for 55% voter approval bond measures only)
 - ▶ \$30 per \$100,000 of assessed value for union districts
 - Education Code 15268 ✓
 - ▶ \$60 per \$100,000 of assessed value for unified districts
 - Education Code 15270(a)

- ◆ Bonding Capacity: limit on amount of outstanding bonds (this is for all bond measures combined)
 - ▶ 1.25% of total assessed value for union districts
 - Education Code 15268 ✓
 - ▶ 2.50% of total assessed value for unified districts
 - Education Code 15270(a)



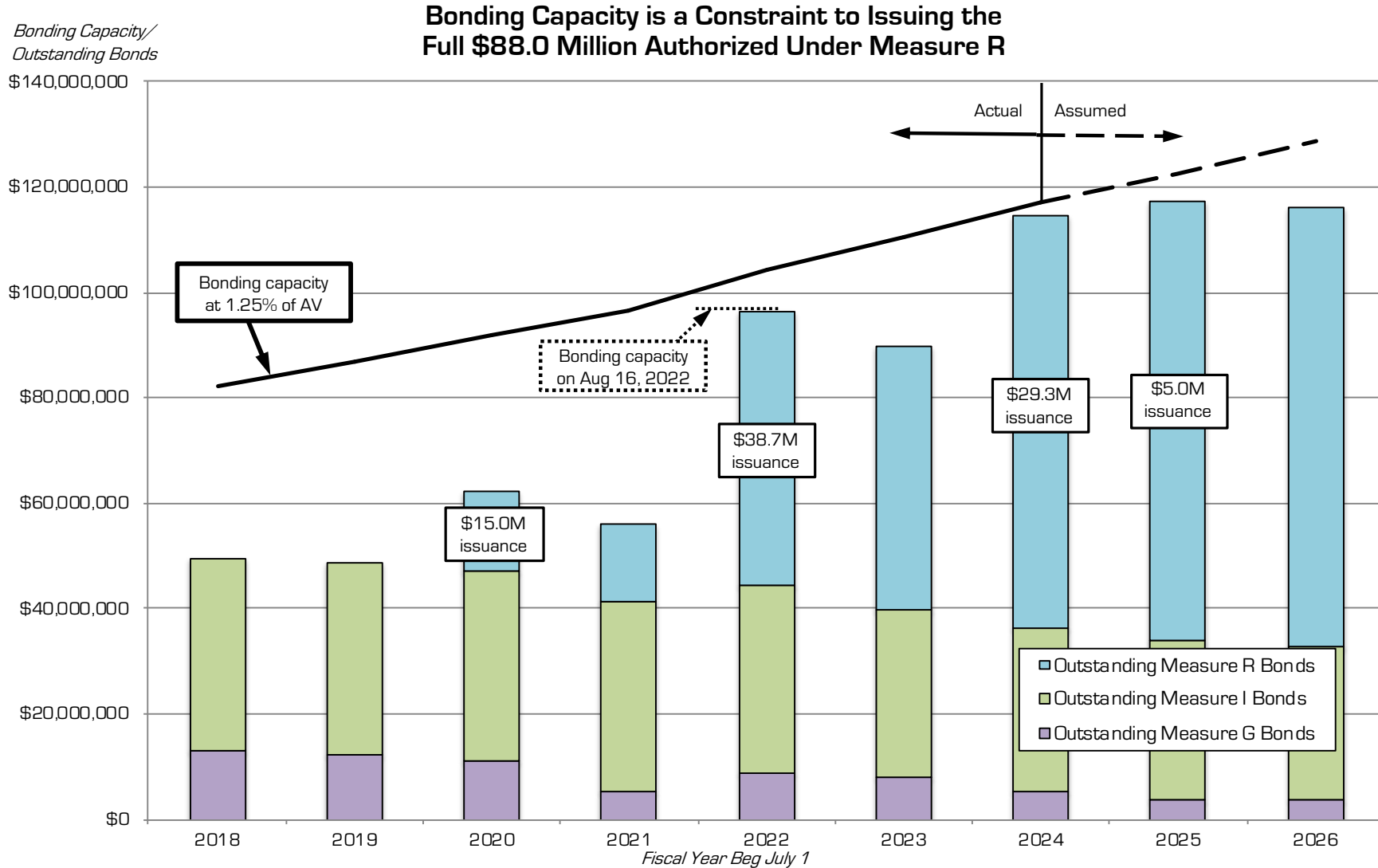
Bonding Capacity Constrains New Issuances

(Based on Preliminary Fiscal Year 2024-25 Assessed Values)



Bonding capacity is 1.25% of union districts total AV. AV is assumed to increase 5% annually for net local secured, while all other AV types are assumed to remain unchanged. Bonding capacity is as of August 20 when the AV becomes "equalized." 2024-25 AV is preliminary.

\$29.32 Million Issuance Planned



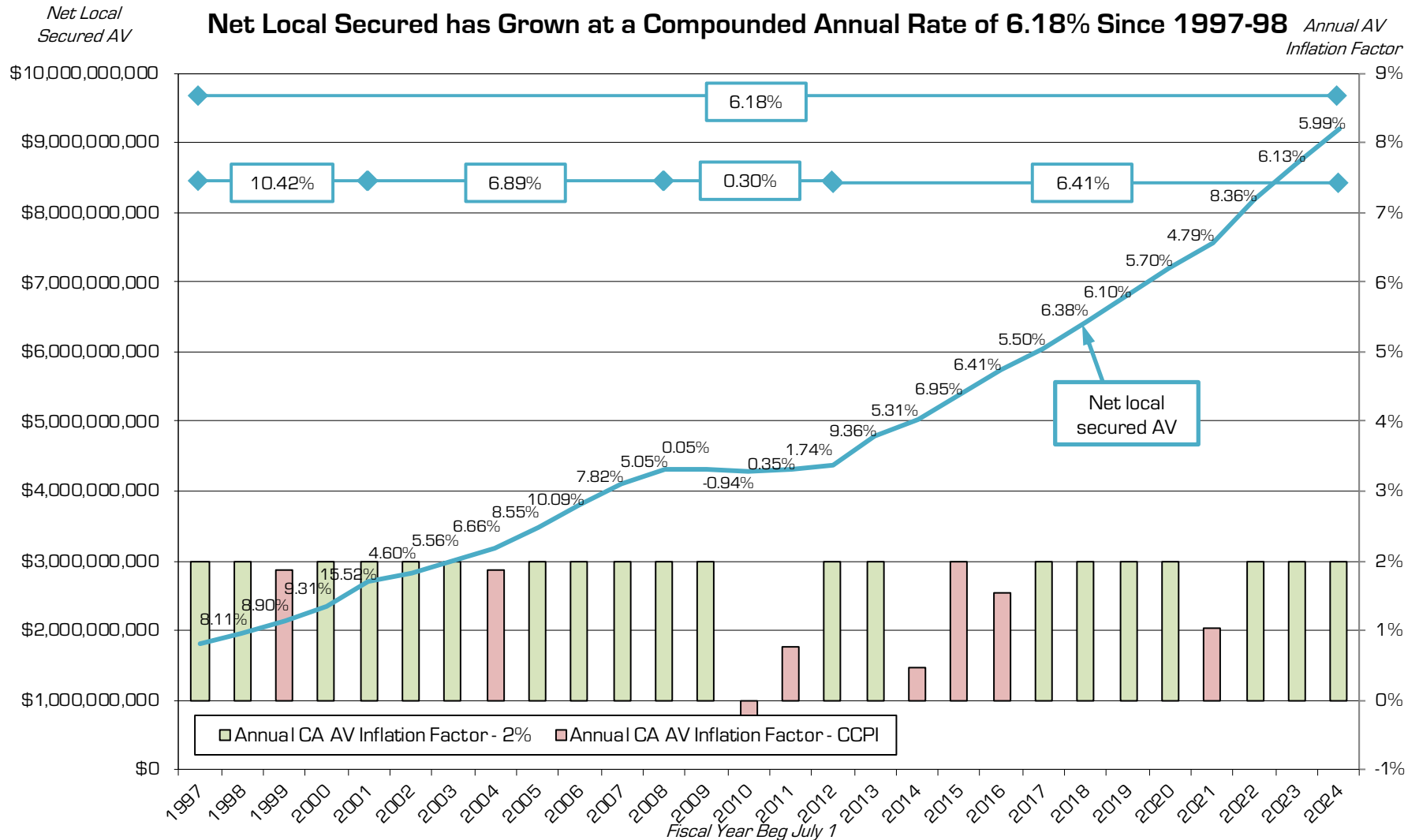
Bonding capacity is 1.25% of union districts total AV. AV is assumed to increase 5% annually for net local secured, while all other AV types are assumed to remain unchanged. Bonding capacity is as of August 20 when the AV becomes "equalized." 2024-25 AV is preliminary.

Bond Tax Levies

- ◆ Bond tax rate \approx debt service \div assessed value
- ◆ Each property pays its share of the debt service for the bonds issued based on its individual assessed value (not market value)



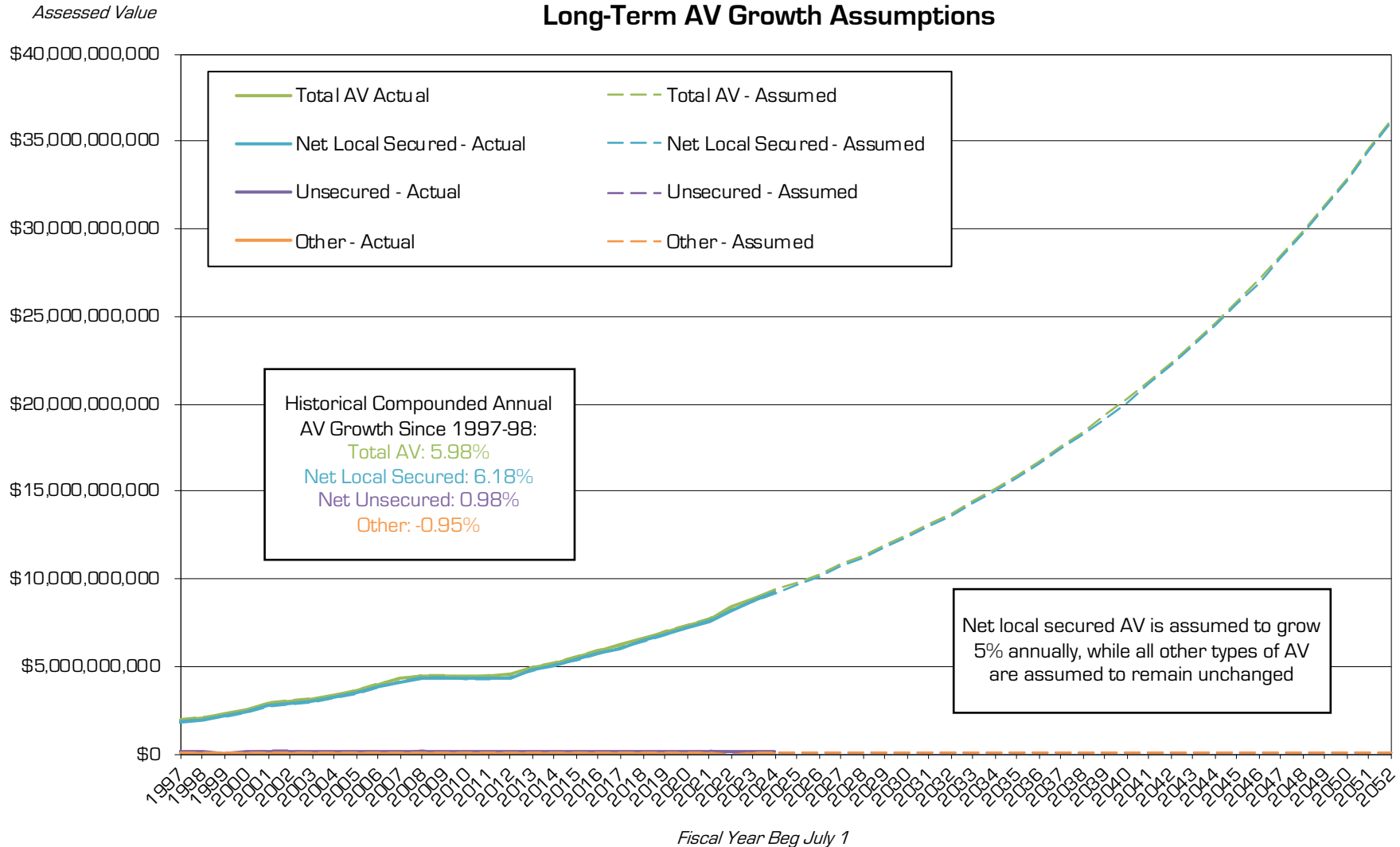
Historical Assessed Value



Historical assessed value (AV) provided by the Santa Clara County Auditor-Controller's Office, except 1997-98, 1999-00, 2002-03, & 2003-04, which were taken from the District's Series B Official Statement (2005) citing California Municipal Statistics, Inc.; net local secured is estimated for those years as HOX is not listed. The District's total AV is comprised of net local secured, utility, homeowners exemption, and unsecured values. Net local secured has comprised between 94 - 98% of the District's total AV. Changes shown are annual changes, while ranges are compounded annual rates. Annual California AV inflation factor provided by California State Board of Equalization, and is the lesser of the annual change in the CA CPI or 2%. 2024-25 AV is preliminary.

Projected Assessed Value

Different AV Assumptions Based on the AV Types Lead to Moderate Long-Term AV Growth Assumptions



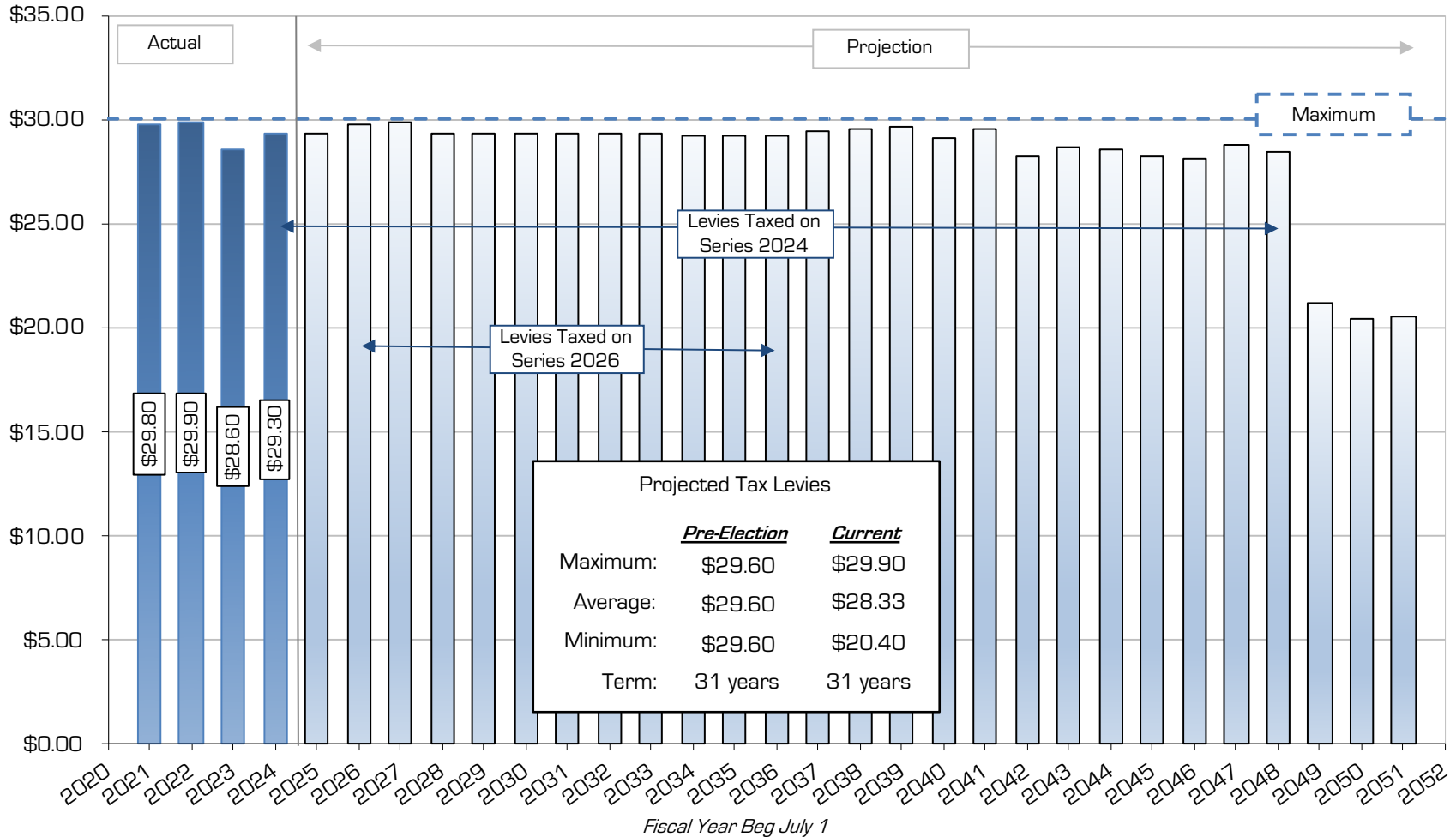
Historical assessed value [AV] provided by the Santa Clara County Auditor-Controller's Office. The District's total AV is comprised of net local secured, net unsecured, and other [utility & homeowners exemption]. As homeowners exemption & unsecured components are relatively small and tend to be subject to less predictable volatility, the AV focuses on net local secured. 2024-25 AV is preliminary.

Measure R

Projected Levies < Pre-Election Estimates

Tax Levies per
\$100,000 of AV

Measure R Tax Levies are Projected to Remain within the
\$30 Maximum Allowable Projection



Notes: actual tax levies provided by Santa Clara County. Future tax levies are based on County's collection methodology which consists of current Fiscal Year debt service plus a reserve equal to the payment due during the first half of the following Fiscal Year, less previously collected reserve. Levies based on an assumed 5% annual increase in net local secured AV, while all other types of AV are assumed to remain unchanged. Future paying agent fees equal to 2024-25 fee (\$4,500). Tax levies are per \$100,000 of assessed value. Maximum pre-election projection per Tax Rate Statement.

Recommended Bond Sale Process

- ◆ Recommendation: Competitive bid process
- ◆ Considering GFOA best practice *Selecting and Managing the Method of Sale of Bonds* (March 2021)
- ◆ Based on:
 - ▶ Rating of the bonds is expected to be in at least the single-A category (District's existing bonds are rated "AA-")
 - ▶ The bonds are general obligation bonds secured by the full faith and credit of the District's tax base
 - ▶ The bonds do not include features requiring extensive explanation to the bond market
 - ▶ The District is well known and frequently in the market*



*We define "frequently" as meaning the proposed financing would be at least the third publicly offered issuance within the last five years.

Primary Legal Documents

- ◆ *Board Resolution*: authorizes bonds and signing of documents within parameters (bond amount, interest rate, etc.)
- ◆ *Form of Bond Purchase Agreement*: the underwriter purchases the bonds from the District and resells them to investors
- ◆ *Form of Preliminary Official Statement*: discloses important information about the District and financing to investors
- ◆ *Form of Paying Agent Agreement*: a bank is assigned responsibility for forwarding principal and interest payments to investors
- ◆ *Form of Continuing Disclosure Certificate*: District provides updates to the bond market annually and if any significant events occur

Preliminary Official Statement - Overview of Disclosure

◆ Honest and Fair Dealing

Disclose all “material” facts



Heightened Securities and Exchange
Commission scrutiny



◆ Marketing

Present and future



Tips for Reviewing the Disclosure

- ◆ In reviewing the Preliminary Official Statement:
 - ▶ Format is based on the industry standard, for the convenience of the primary audience -- investors. Standard information is provided in standard fashion, which is often not in the best writing style.
 - ▶ Providing too much information can obscure important points; however, omitting information which might be material to an investment decision would be disastrous.
 - ▶ It is better to bring something to our attention, so that it can be considered and discussed, rather than assume that we've already thought of it.

Next Steps

- ◆ Today's Board meeting
 - ▶ Information presentation
- ◆ August 15, 2024 Board meeting
 - ▶ Board considers adoption of resolution authorizing issuance of Series 2024 Bonds
- ◆ August 27, 2024
 - ▶ Sale of Series 2024 Bonds
- ◆ September 11, 2024
 - ▶ Closing: Proceeds deposited with County
- ◆ October 3, 2024 Board meeting
 - ▶ Presentation of results of sale of Series 2024 Bonds



Thank you, Any Questions?



For Reference

- ◆ Estimated Costs of Issuance Detail
- ◆ Good Faith Estimates
- ◆ Bond Issuance Detail
- ◆ Bond Portfolio - Dashboard Summary
- ◆ Measure R Actual and Projected Issuances
- ◆ Additional Information Regarding Assessed Valuation

Estimated Costs of Issuance Detail

Cambrian School District
 (Santa County, California)
 General Obligation Bonds, Election of 2020, Series 2024

Estimated Costs of Issuance

Description	Total
• Parker & Covert LLP, Bond Counsel	
Bond Counsel Services and Expenses:	\$17,400.00
Disclosure Counsel Services and Expenses:	\$19,800.00
• Government Financial Services Joint Powers Authority, Public Finance Consultant	
Professional Services and Expenses:	\$70,000.00
• S&P Global Ratings, Rating Agency	
Professional Services:	\$35,000.00
• Other Issuance Expenses (break out listed below)	
Zions Bancorporation, National Association, Paying Agent	
Acceptance Fees:	\$350.00
First Year's Paying Agent Annual Fee:	\$350.00
Good Faith Fund Administration Fee:	\$0.00
COI Fund Administration Fee:	\$250.00
AVIA Communications: POS/OS Printer	\$2,000.00
California Municipal Statistics: Data	\$1,200.00
AMTEC: Yield Verification Agent	\$350.00
• Contingency	\$38,300.00
TOTAL COSTS OF ISSUANCE	\$185,000.00

Good Faith Estimates

Good Faith Estimates

Per Government Code 5852.1

	<i>Estimates</i>
True Interest Cost ¹	4.28%
Finance Charge ²	\$480,000
Amount of Proceeds ³	\$28,840,000
Total Payment Amount ⁴	\$52,945,536

¹ True Interest cost includes a 0.40% adjustment for potential market volatility based on historical volatility in the Bond Buyer 20-Bond Index through July 5, 2024.

² Finance charge is the sum of all charges and fees paid to third-parties for upfront costs.

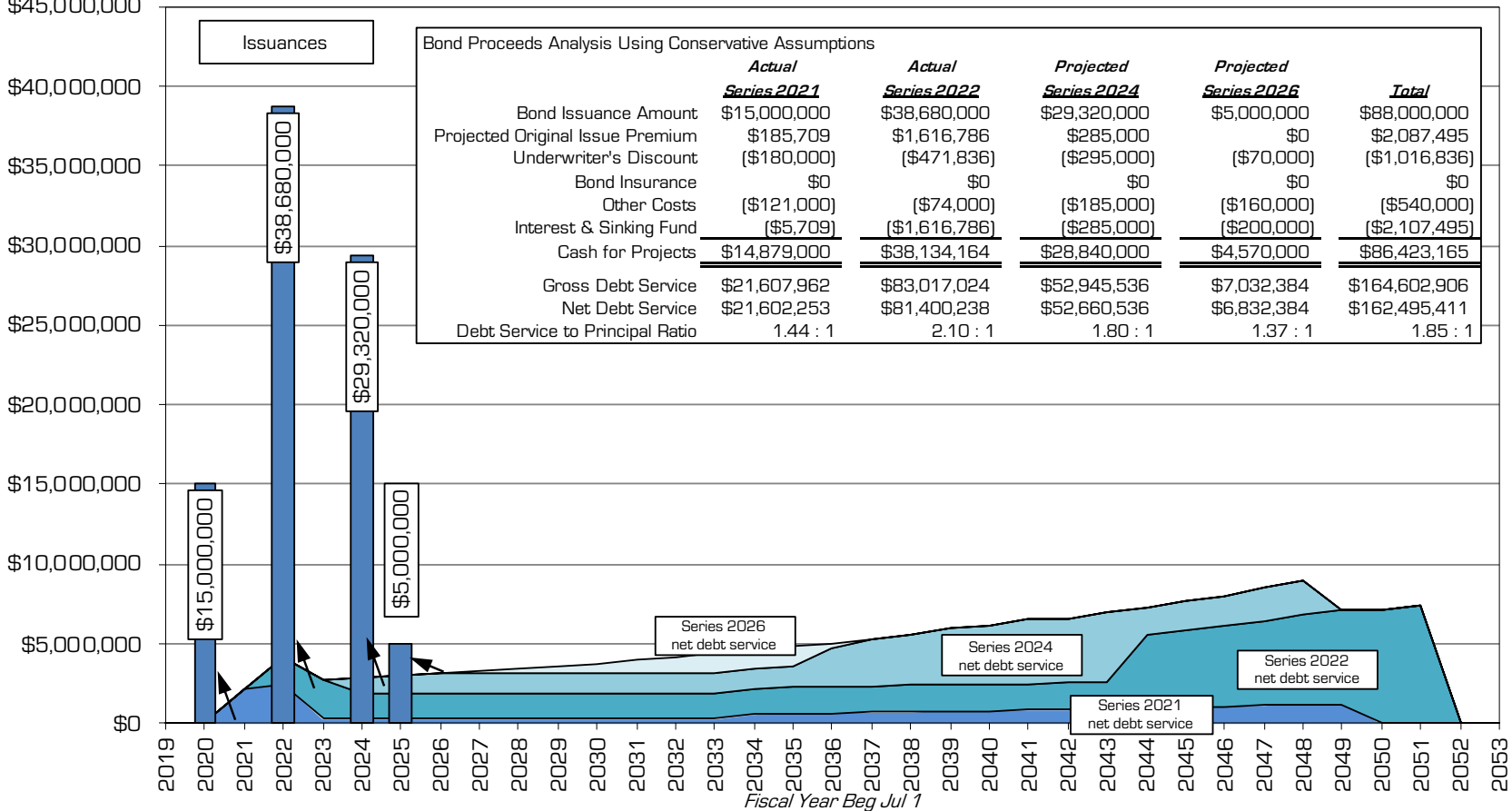
³ Amount of proceeds received is the bond amount less the finance charge and any reserves or capitalized interest funded.

⁴ Total payment amount is total debt service plus any finance charges not paid with proceeds.

Estimated \$28.56 Million For Facilities

Issuance/
Debt Service
\$45,000,000

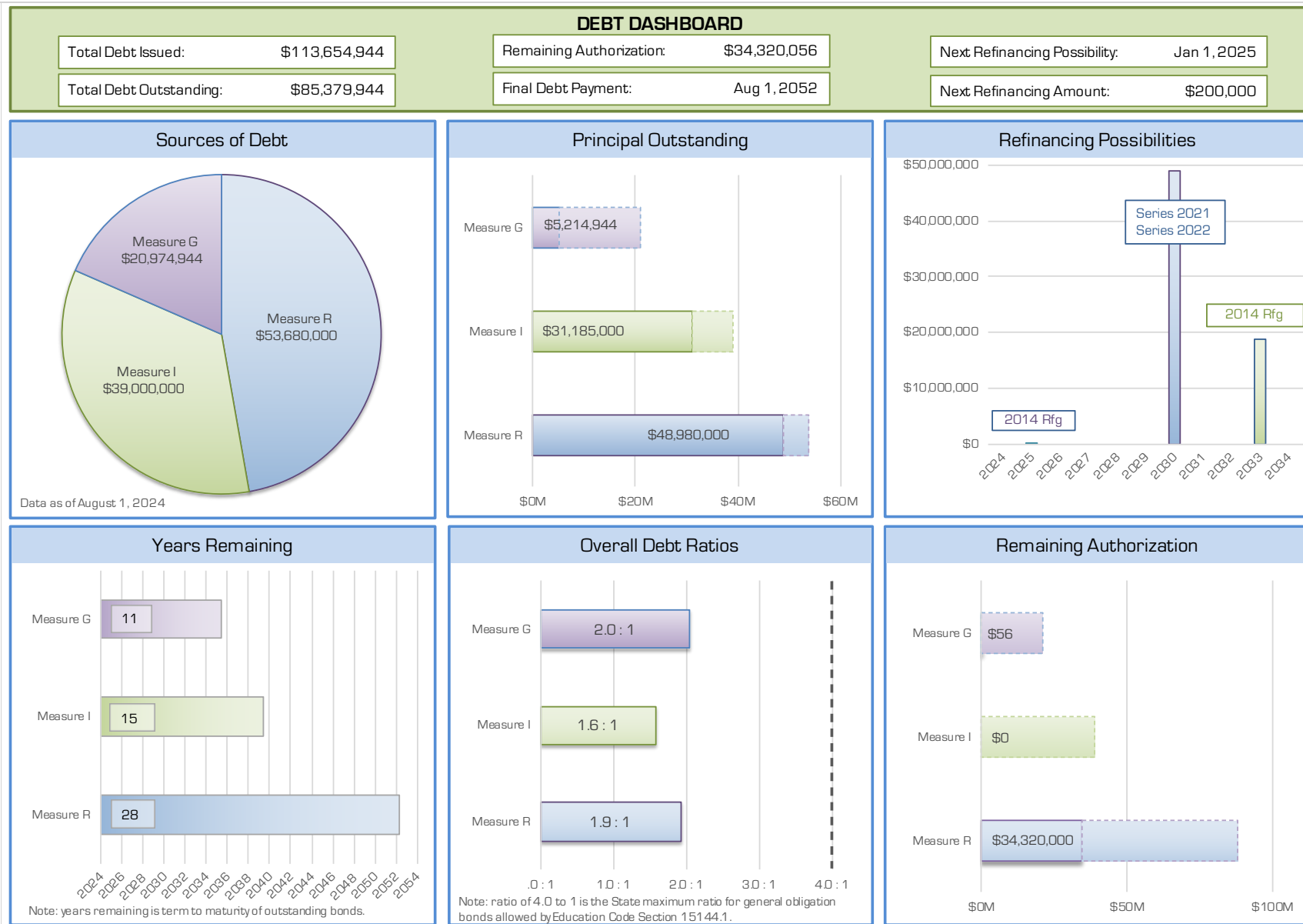
The District was Able to Modify the Issuance Schedule Based on Project Timing



Analysis based on preliminary 2024-25 AV from Santa Clara Co Auditor-Controllers department and assumed 5% annual growth in net local secured, while all others AV types are assumed to remain unchanged. Series 2021 and Series 2022 results are actual, and includes amounts deposited to Debt Service Fund. Series 2024 and Series 2026 results are projected, based on MMD "AAA" rates as of July 8, 2024 plus 50bp for assumed "AA-" rating. Series 2024 has a +40bp timing adjustment for potential rate increases prior to issuance; Series 2026 has a +110bp adjustment as well as +90bp for potential CABs, which is currently projected to be no more than 2% of the total Measure E issuance. County's collection methodology consists of current Fiscal Year debt service plus a reserve equal to the payment due during the first half of the following Fiscal Year, less previously collected reserve. Values rounded.

✓ *Subject to change based on Fiscal Year 2024-25 assessed values.*

Bond Portfolio - Dashboard Summary



Bond Issuance History - Measure G

General Obligation Bonds, November 2002 Election, Measure G, \$20,975,000

Series	Year of Sale	Bond Type	Issuance - New Money	Issuance - Refinancing	Total Issuance	Net Debt Service at Issuance	Ratio of Debt Service to Principal for Orig Issuance	Outstanding Principal as of Aug 1, 2024	Final Maturity Year	Able to Call?	Next Call Date	Callable Principal	Weighted Average Callable Coupon	Next Call Premium
A	2003	CIBs	\$15,105,000	\$0	\$15,105,000	\$25,224,698	1.73 : 1	\$0	2013	n/a	n/a	\$0	n/a	n/a
		CABs	\$419,912	\$0	\$419,912	\$1,570,000		\$419,912	2028	No	n/a	\$0	n/a	n/a
B	2005	CIBs	\$2,215,000	\$0	\$2,215,000	\$3,497,002	3.23 : 1	\$0	2015	n/a	n/a	\$0	n/a	n/a
		CABs	\$3,235,032	\$0	\$3,235,032	\$14,085,000		\$3,235,032	2035	No	n/a	\$0	n/a	n/a
2013 Rfg	2013	CIBs	\$0	\$11,510,000	\$11,510,000	\$15,065,829	1.31 : 1	\$0	2022	n/a	n/a	\$0	n/a	n/a
2014 Rfg	2014	CIBs	\$0	\$1,415,000	\$1,415,000	\$1,899,891	1.34 : 1	\$200,000	2025	Yes	Jan 1, 2025	\$200,000	5.00%	0%
2022 Rfg	2022	CIBs	\$0	\$4,620,000	\$4,620,000	\$5,098,392	1.10 : 1	\$1,360,000	2025	No	n/a	\$0	n/a	n/a
			<u>\$20,974,944</u>	<u>\$17,545,000</u>	<u>\$38,519,944</u>	<u>\$66,440,812</u>		<u>\$5,214,944</u>				<u>\$200,000</u>		

Debt Service to Principal Ratios

Debt service of new money issuances to new money principal: 2.12 : 1
 Total debt service after refinancings to new money principal: 2.05 : 1

¹ Series A, Measure G net debt service reflects application of \$25,019 deposited to Debt Service Fund;
² Series B, Measure G net debt service reflects application of \$791 deposited to Debt Service Fund;
³ Series A, Measure G CIBs maturing from 2014 - 2026 refinanced by 2013 Refunding Bonds, saving taxpayers \$1,141,973;
⁴ Series B, Measure G CIBs maturing from 2016 - 2025 refinanced by 2014 Refunding Bonds, saving taxpayers \$157,134;
⁵ 2013 Rfg, Measure G bonds, refinanced by 2022 Refunding Bonds, saving taxpayers \$137,258.

- ✓ Series A (2003), Series B (2005), and 2022 Refunding Bonds not callable.
- ✓ 2014 Refunding Bonds mature July 1, 2025; amount of callable principal (\$200,000) insufficient to make refinancing practical.

Bond Issuance History - Measures I and R

General Obligation Bonds, June 2014 Election, Measure I, \$39,000,000

Series	Year of Sale	Bond Type	Issuance - New Money	Issuance - Refinancing	Total Issuance	Net Debt Service at Issuance	Ratio of Debt	Outstanding Principal as of Aug 1, 2024	Final Maturity Year	Able to Call?	Next Call Date	Callable Principal	Weighted Average		
							Service to Principal for Orig Issuance						Callable Coupon	Next Call Premium	
2014	2014	CIBs	\$39,000,000	\$0	\$39,000,000	\$65,642,969	1.68 : 1	\$0	2024	n/a	n/a	\$0	n/a	n/a	1.4
2024 Rfg	2024	CIBs	\$0	\$31,185,000	\$31,185,000	\$44,720,759	1.43 : 1	\$31,185,000	2039	Yes	Aug 1, 2033	\$18,650,000	4.00%	0%	4
			<u>\$39,000,000</u>	<u>\$31,185,000</u>	<u>\$70,185,000</u>	<u>\$110,363,728</u>		<u>\$31,185,000</u>				<u>\$18,650,000</u>			

Debt Service to Principal Ratios

Debt service of new money issuances to new money principal: 1.68 : 1
 Total debt service after refinancings to new money principal: 1.58 : 1

General Obligation Bonds, November 2020 Election, Measure R, \$88,000,000

Series	Year of Sale	Bond Type	Issuance - New Money	Issuance - Refinancing	Total Issuance	Net Debt Service at Issuance	Service to	Outstanding Principal as of Aug 1, 2024	Final Maturity Year	Able to Call?	Next Call Date	Callable Principal	Average		
							Principal for Orig Issuance						Callable Coupon	Next Call Premium	
2021	2021	CIBs	\$15,000,000	\$0	\$15,000,000	\$21,602,253	1.44 : 1	\$11,350,000	2050	Yes	Aug 1, 2030	\$11,350,000	2.35%	0%	2
2022	2022	CIBs	\$38,680,000	\$0	\$38,680,000	\$81,400,238	2.10 : 1	\$37,630,000	2052	Yes	Aug 1, 2030	\$37,630,000	4.34%	0%	3
			<u>\$53,680,000</u>	<u>\$0</u>	<u>\$53,680,000</u>	<u>\$103,002,491</u>		<u>\$48,980,000</u>				<u>\$48,980,000</u>			

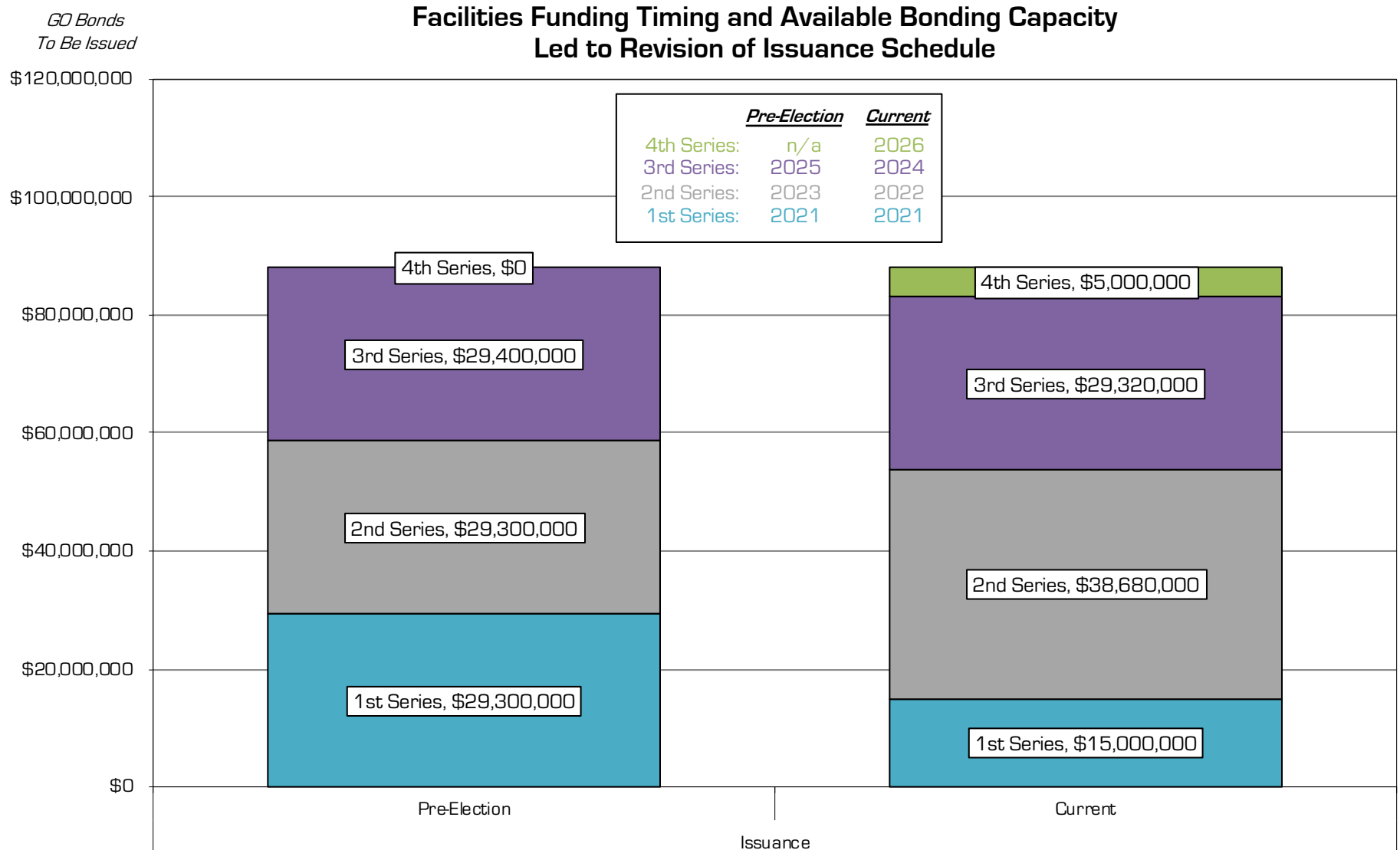
Debt Service to Principal Ratios

Debt service of new money issuances to new money principal: 1.92 : 1

¹ Series 2014, Measure I net debt service reflects application of \$2,214,127 deposited to Debt Service Fund;
² Series 2021, Measure R net debt service reflects application of \$5,709 deposited to Debt Service Fund;
³ Series 2022, Measure R net debt service reflects application of \$1,616,786 deposited to Debt Service Fund;

Measure R

Actual and Projected Issuances

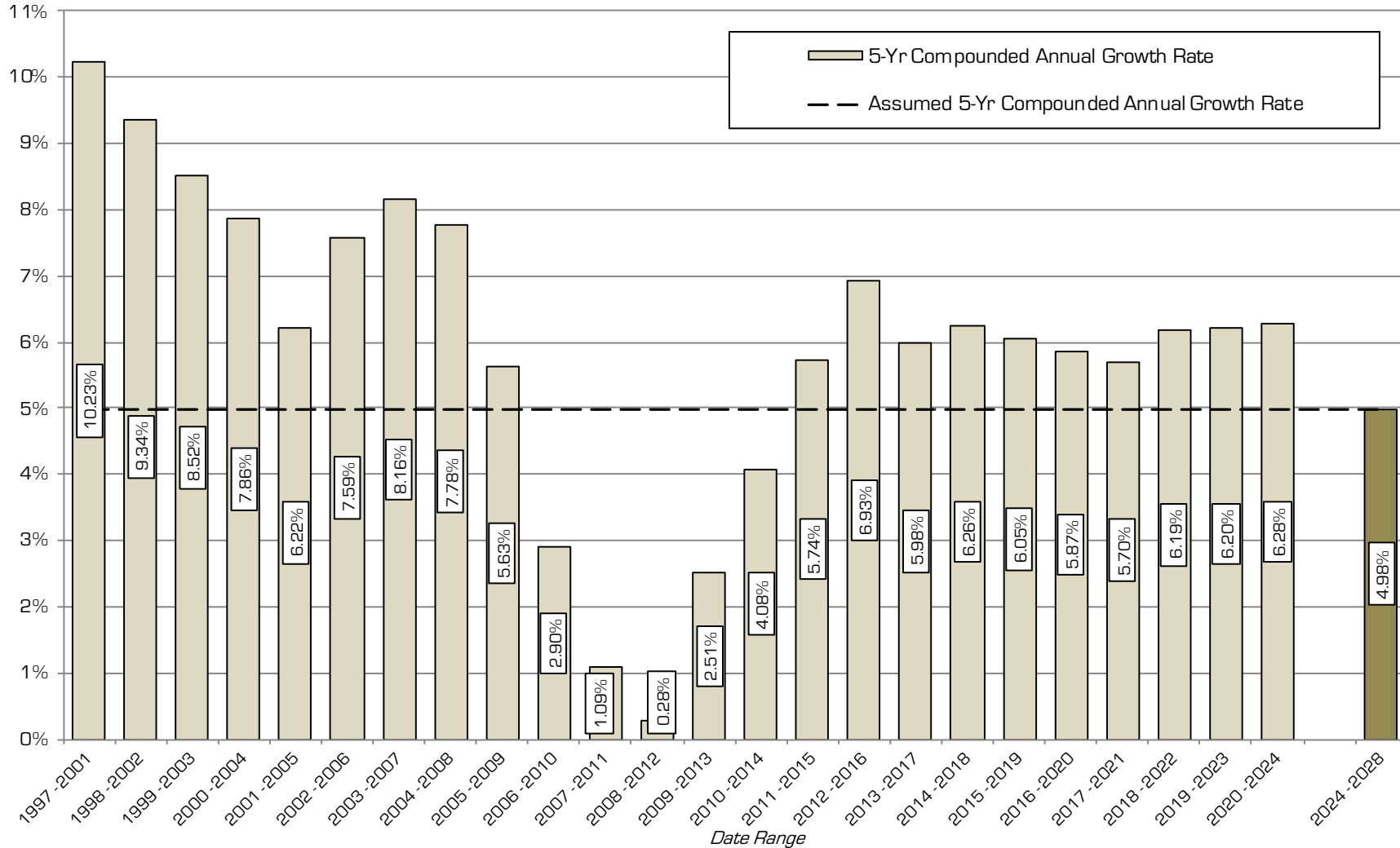


Pre-election information from pre-election bond plan. For current scenario, Series 2021 & 2022 information is actual, with 2024 and 2026 projected. 3rd Series sized based on available bonding capacity and District needs. Values rounded.

Historical AV Analysis - 5 Year Periods

Compounded Annual
Growth Rate - Secured AV

AV Assumptions Used Result in 4.98% Annual Growth Rate over 5 Years

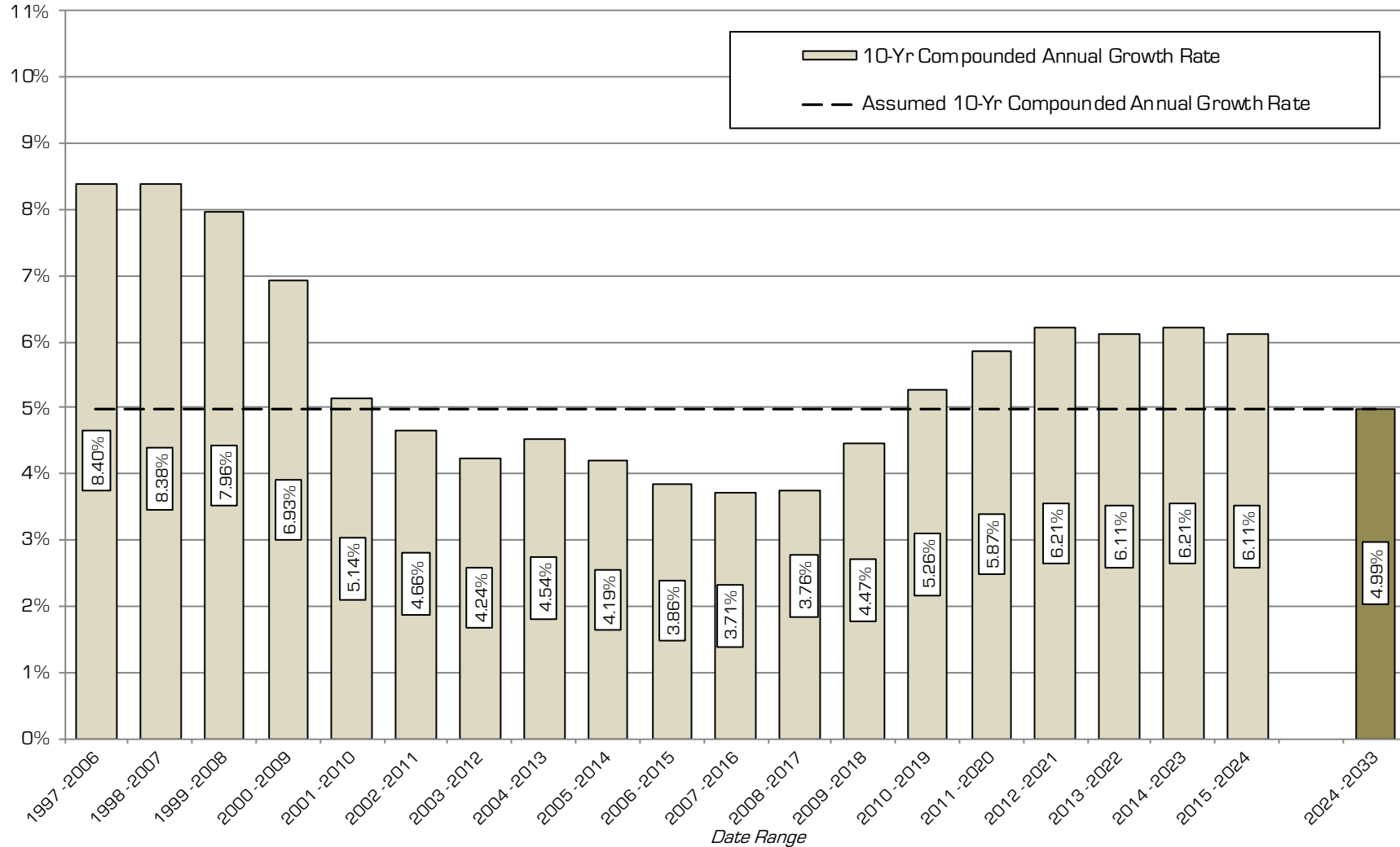


Historical data from Santa Clara County Auditor-Controller's office. Net local secured AV is assumed to increase 5% annually, while all other AV types are assumed to remain unchanged. 2024-25 AV is preliminary.

Historical AV Analysis - 10 Year Periods

Compounded Annual
Growth Rate - Secured AV

AV Assumptions Used Result in 4.99% Annual Growth Rate over 10 Years

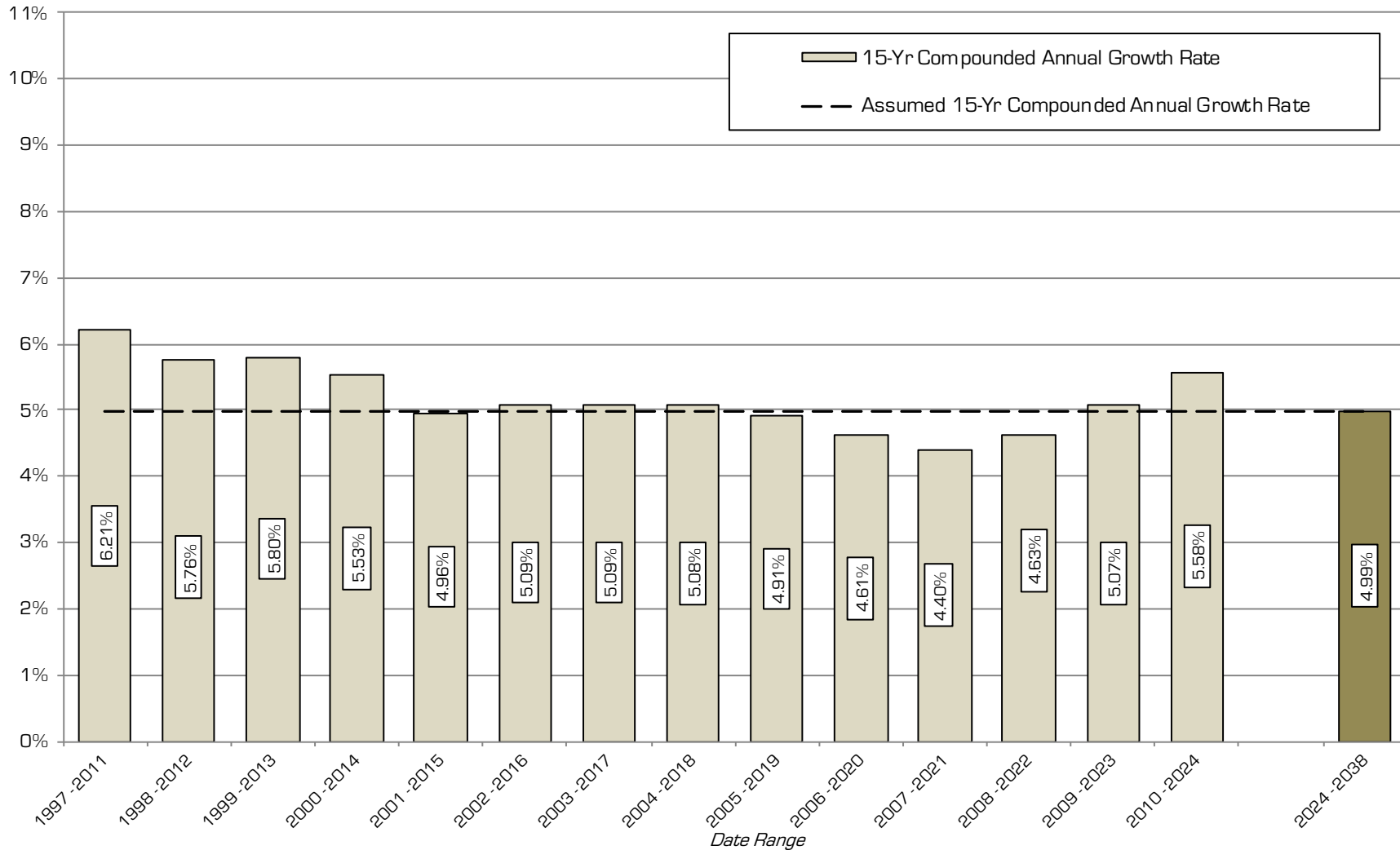


Historical data from Santa Clara County Auditor-Controller's office. Net local secured AV is assumed to increase 5% annually, while all other AV types are assumed to remain unchanged. 2024-25 AV is preliminary.

Historical AV Analysis - 15 Year Periods

Compounded Annual
Growth Rate - Secured AV

AV Assumptions Used Result in 4.99% Annual Growth Rate over 15 Years

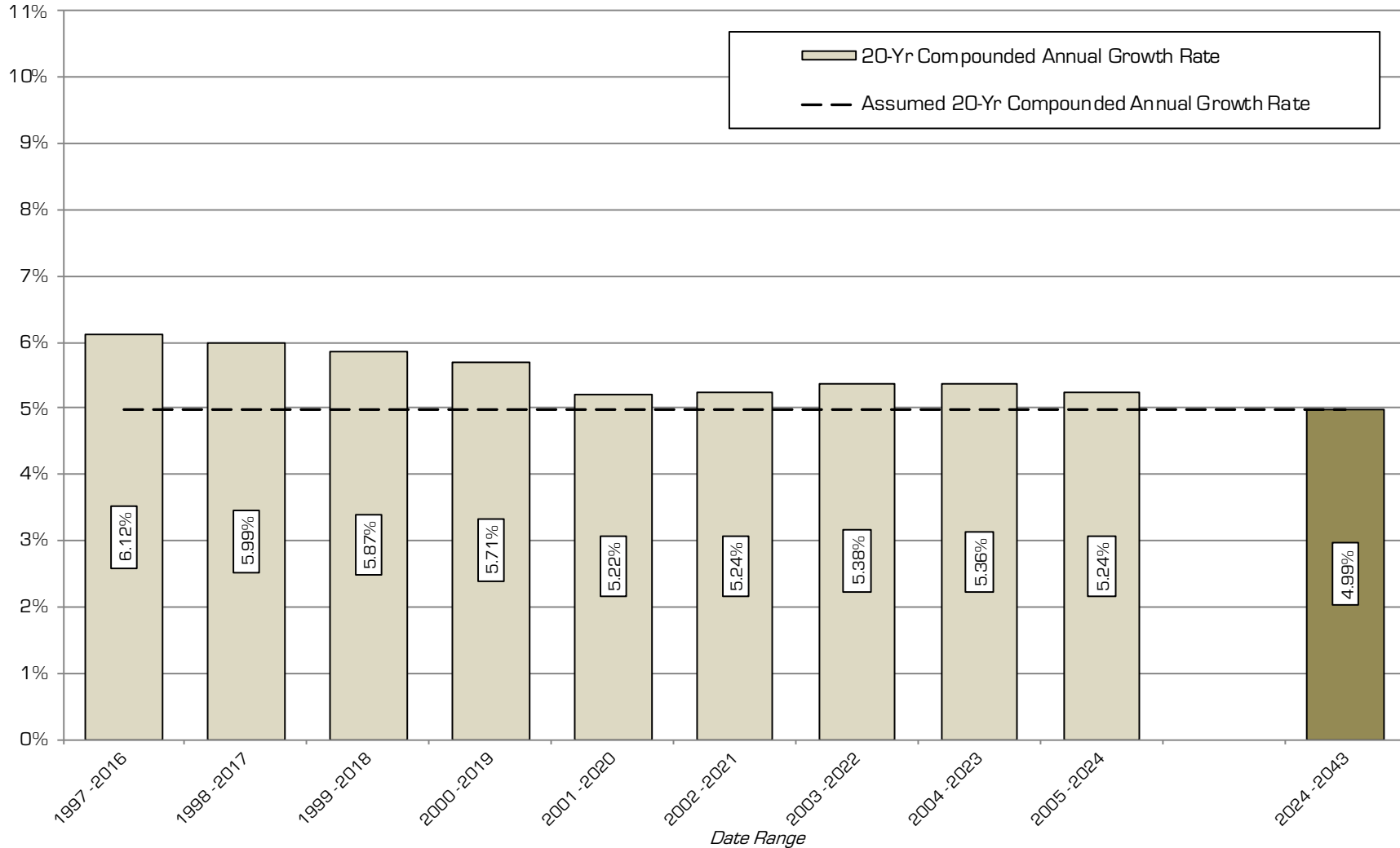


Historical data from Santa Clara County Auditor-Controller's office. Net local secured AV is assumed to increase 5% annually, while all other AV types are assumed to remain unchanged. 2024-25 AV is preliminary.

Historical AV Analysis - 20 Year Periods

Compounded Annual
Growth Rate - Secured AV

AV Assumptions Used Result in 4.99% Annual Growth Rate over 20 Years



Historical data from Santa Clara County Auditor-Controller's office. Net local secured AV is assumed to increase 5% annually, while all other AV types are assumed to remain unchanged. 2024-25 AV is preliminary.