

Davis Joint Unified School District

Implementing Measure M: Issuing Series 2019 Bonds



Presented by Lori Raineri and Rich Malone
January 17, 2019

Our Agenda for Tonight

◆ Measure M

◆ Bond Financial Plan

◆ Next Steps



Close to 75% of Voters Supported Measure M!

DJUSD - Measure M - Bond Measure			
	Votes	Vote %	
Bonds Yes	22,193	74.5%	
Bonds No	7,607	25.5%	
44 of 44 precincts reporting (100.0%)			
Turnout: 31,616 of 43,769 registered voters (72.2%)			



Davis Joint Unified School District Measure M			
(VOTE FOR 1)			
			Precincts Reported: 1 of 1 (100%)
<input checked="" type="checkbox"/>	BONDS - YES	18	66.67% <div style="width: 66.67%; background-color: #4CAF50; height: 10px; display: inline-block;"></div>
<input type="checkbox"/>	BONDS - NO	9	33.33% <div style="width: 33.33%; background-color: #FFEB3B; height: 10px; display: inline-block;"></div>

Note: Yolo County election results (<https://www.yoloelections.org/election-returns/november-6th-2018-yolo-county-election-returns#local-contests>) and Solano County election results (https://www.livevoteturnout.com/SolanoCA/LiveResults/en/Index_3.html)

DAVIS JOINT UNIFIED SCHOOL DISTRICT

MEASURE M

To update classrooms, science/innovation labs, and facilities to meet current academic standards, improve accessibility for students, upgrade school safety/security, keep schools well-maintained, and modernize classroom learning technology, shall Davis Joint Unified School District issue \$150,900,000 in bonds, at legal interest rates, raising \$11,000,000 on average annually to repay bonds while outstanding, at an estimated rate of \$60 per \$100,000 of assessed value, with citizen oversight, annual audits, no funds for administrator salaries, and funds staying local?

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<input checked="" type="checkbox"/>	BONDS - YES	18	66.67%	<div style="width: 66.67%; background-color: green;"></div>
<input type="checkbox"/>	BONDS - NO	9	33.33%	<div style="width: 33.33%; background-color: yellow;"></div>

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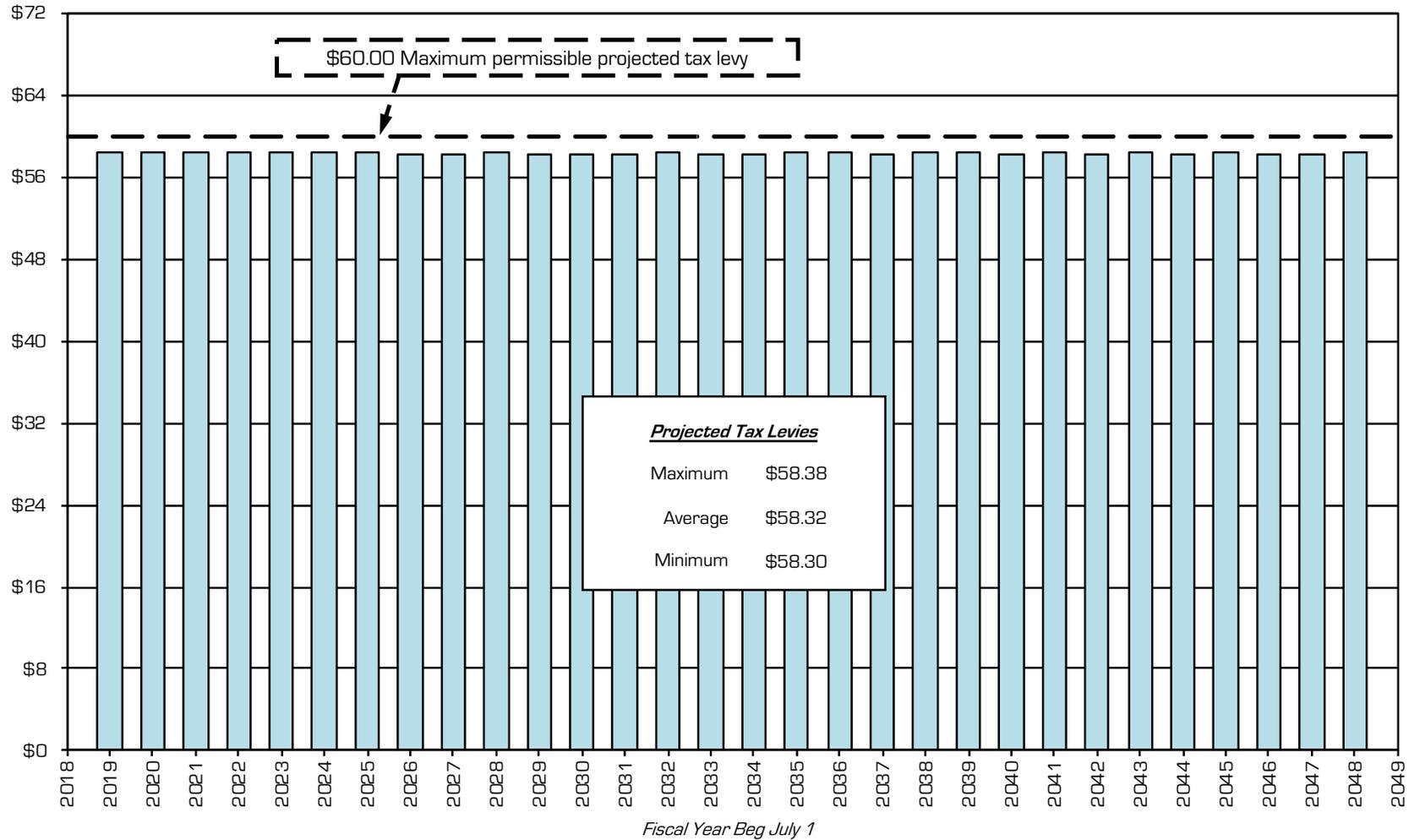
◆ \$150.9 Million in Bonds

◆ Projected \$60 Tax Levy per \$100,000 of Assessed Value

Projected Tax Levies ≤ \$58.38

Tax Levy per
\$100,000 of AV

Tax Levies are Projected to Adhere to the Maximum \$60 per \$100,000 of Assessed Value Projection for a
55% Voter Approval Bond Measure for 30 Years



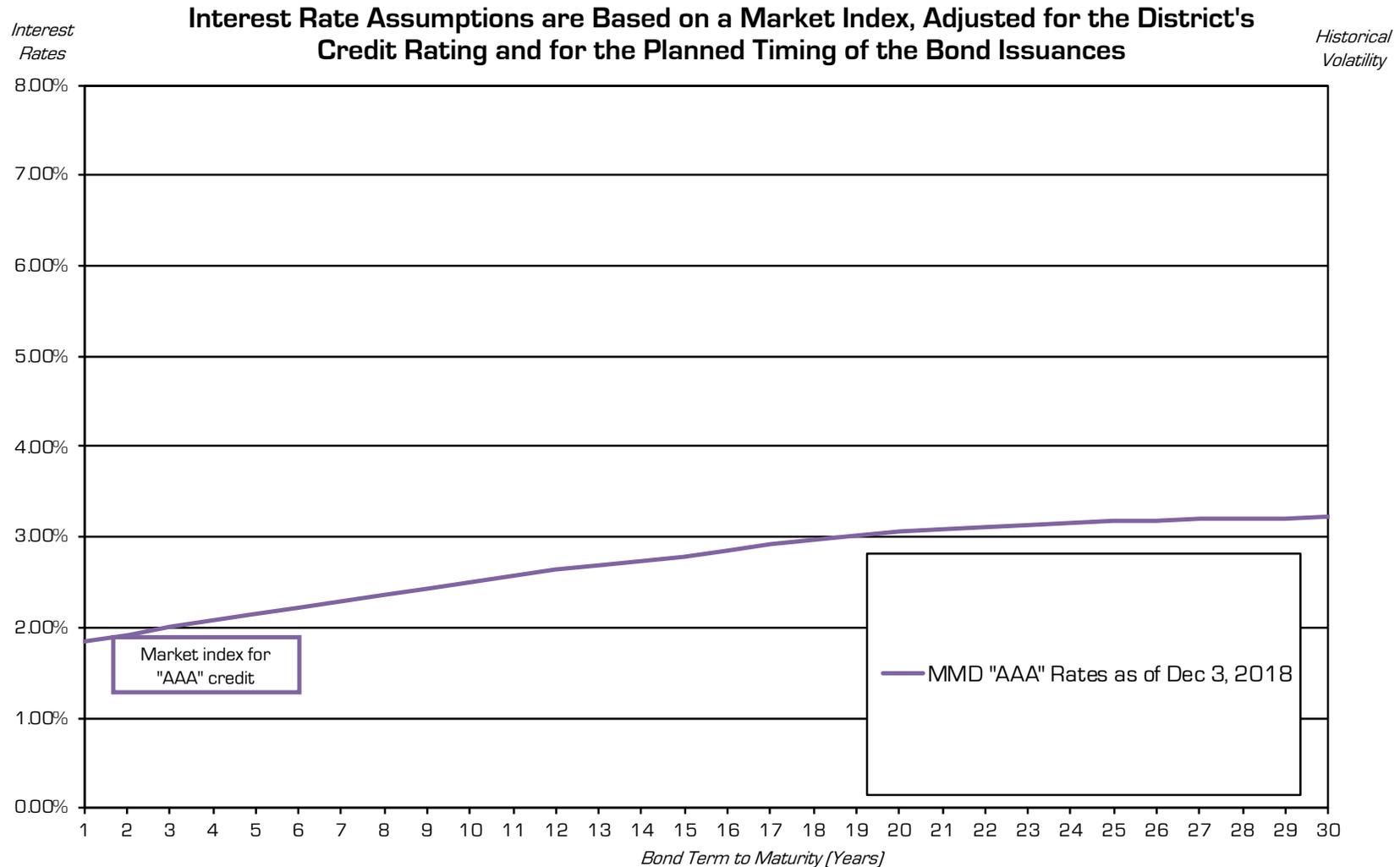
Existing net local secured AV is assumed to grow 4% annually, while all other AV types are assumed to remain unchanged.

G.O. Bond Tax Rates

- ◆ Bond tax rate \approx debt service \div assessed value
- ◆ Each property in the District pays its pro rata share, based on its individual assessed value (not market value)

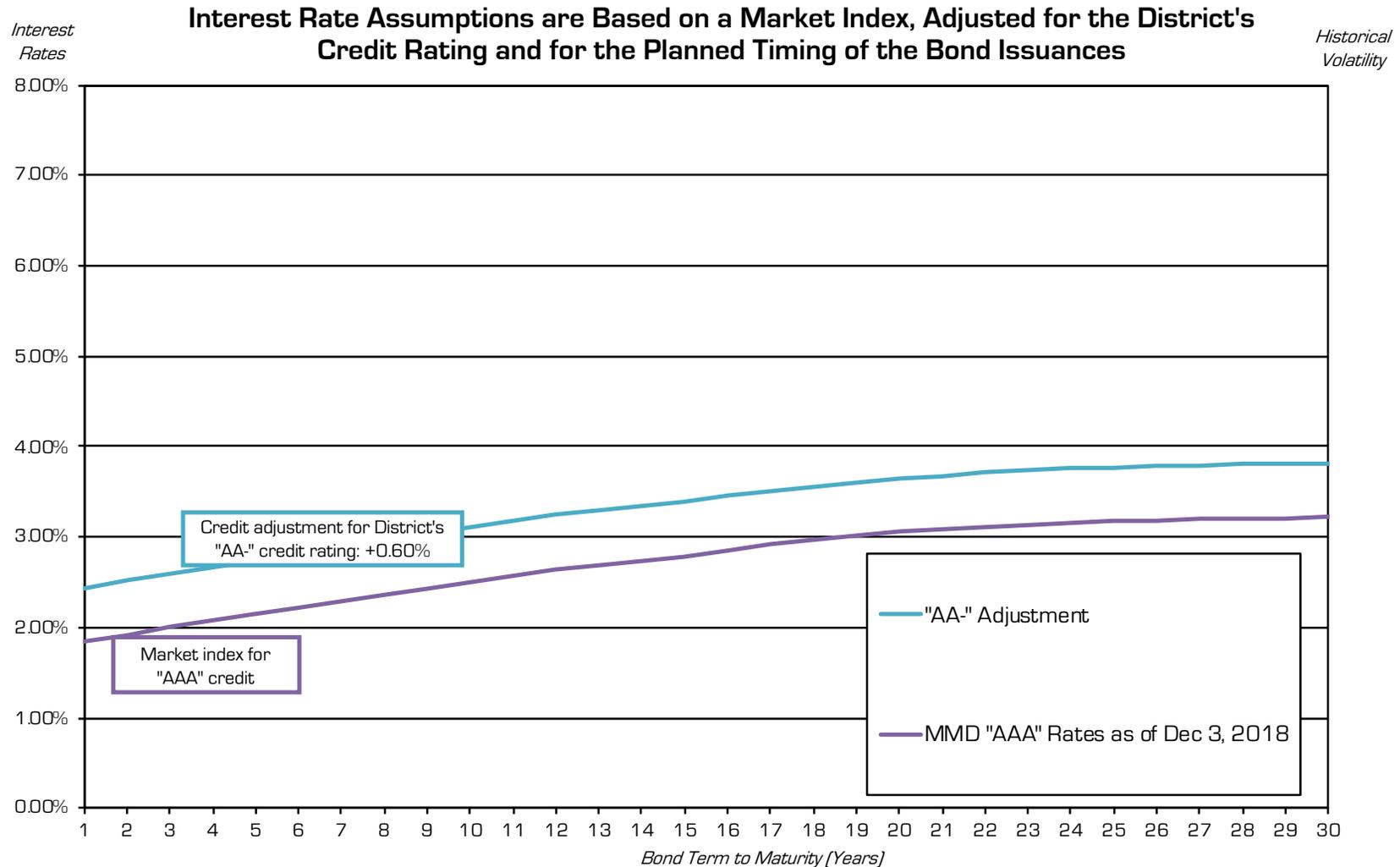


Higher Interest Rates in the Future Are Assumed



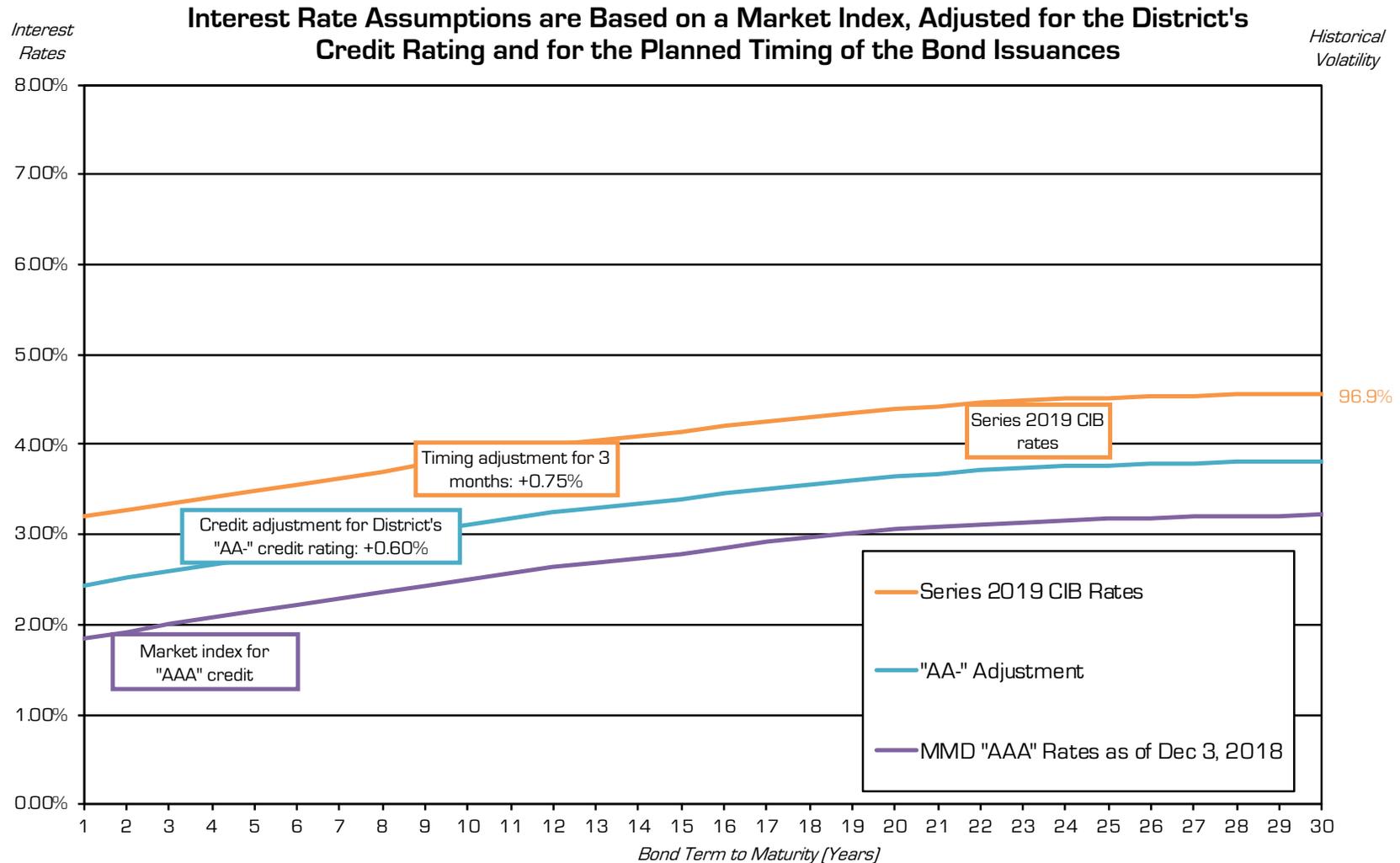
Notes: the market index for "AAA" credit is based on the Municipal Market Data (MMD) scale as of December 3, 2018. Credit adjustment based on review of GO bonds with same "AA-" credit rating. The 20-Bond Index is the average yield on the 20th year maturity for 20 general obligation bonds with an average rating equivalent to Moody's Investors Service's "Aa2" rating and Standard & Poor's Rating Service "AA." The Index is weekly as of each Thursday. Historical volatility based on 20-Bond Index over same timeframe, beginning January 1, 1984 to November 22, 2018.

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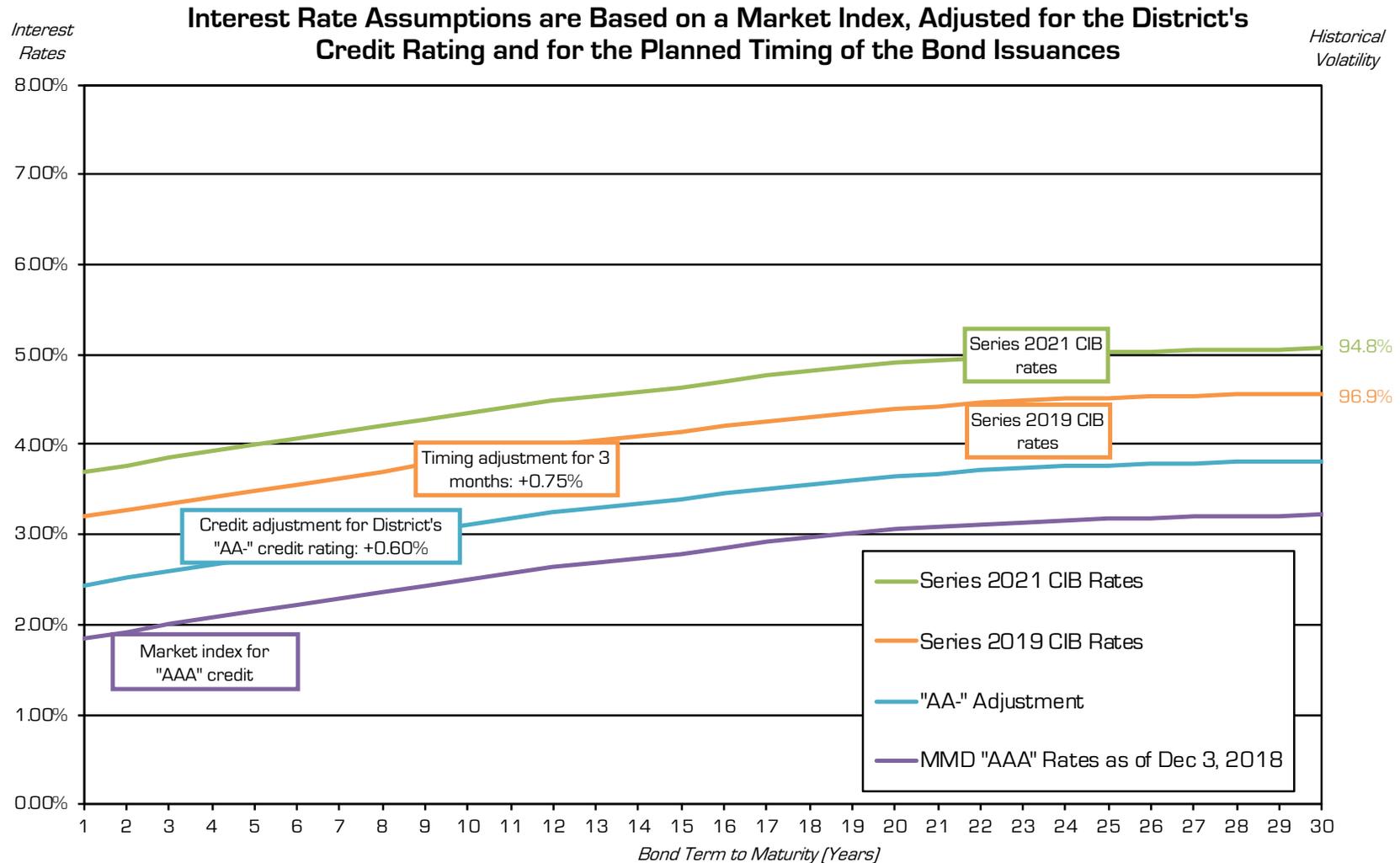
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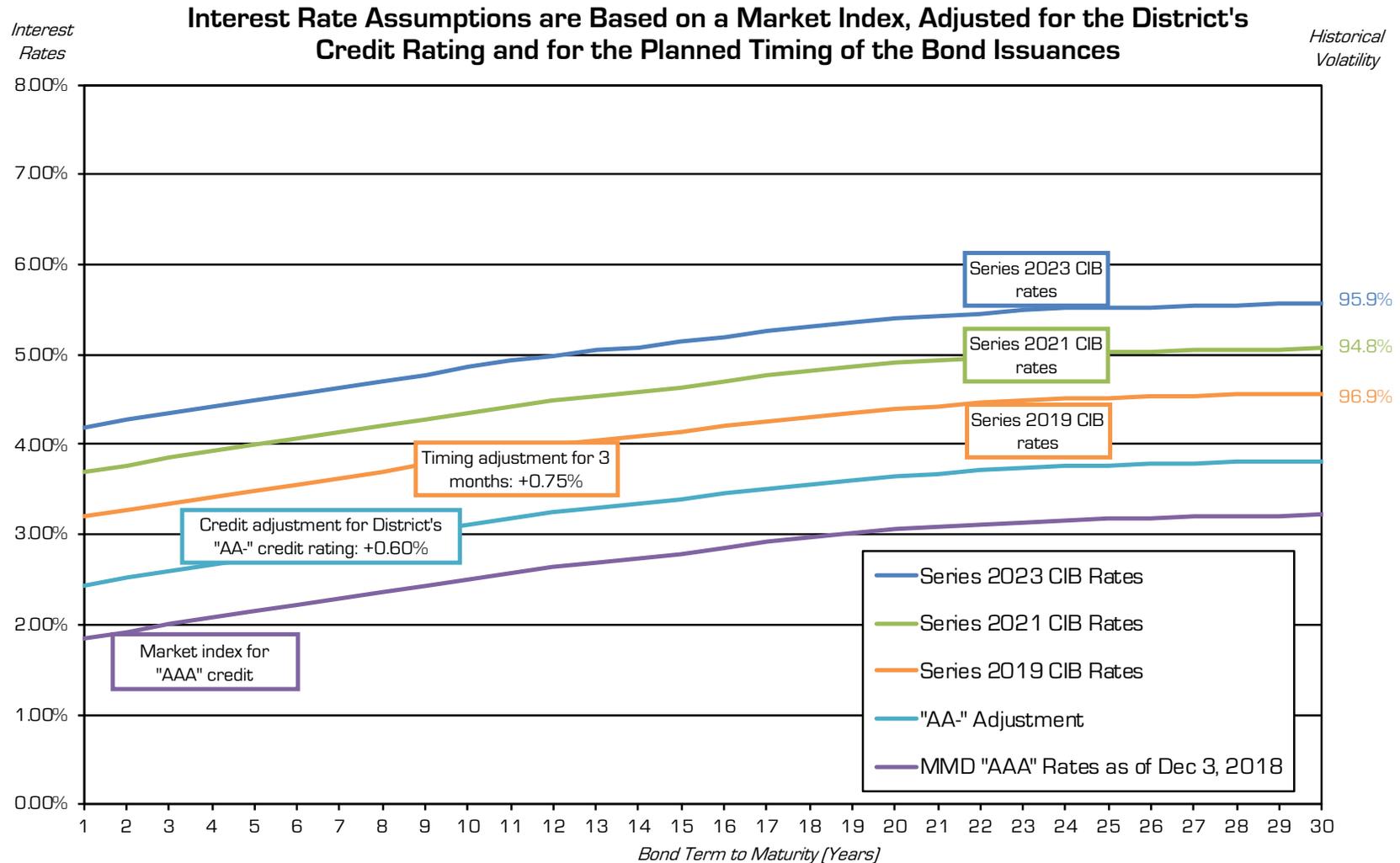
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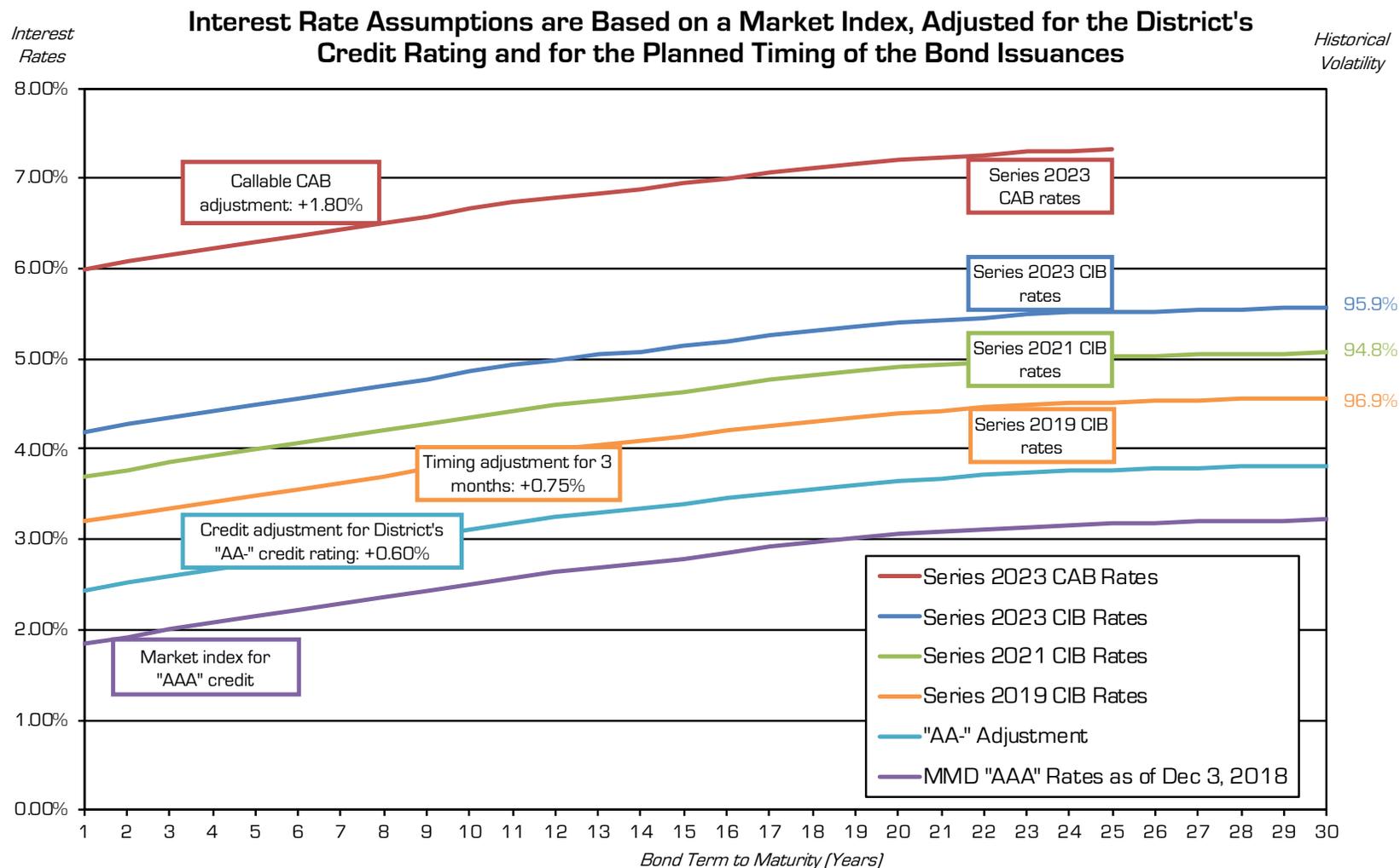
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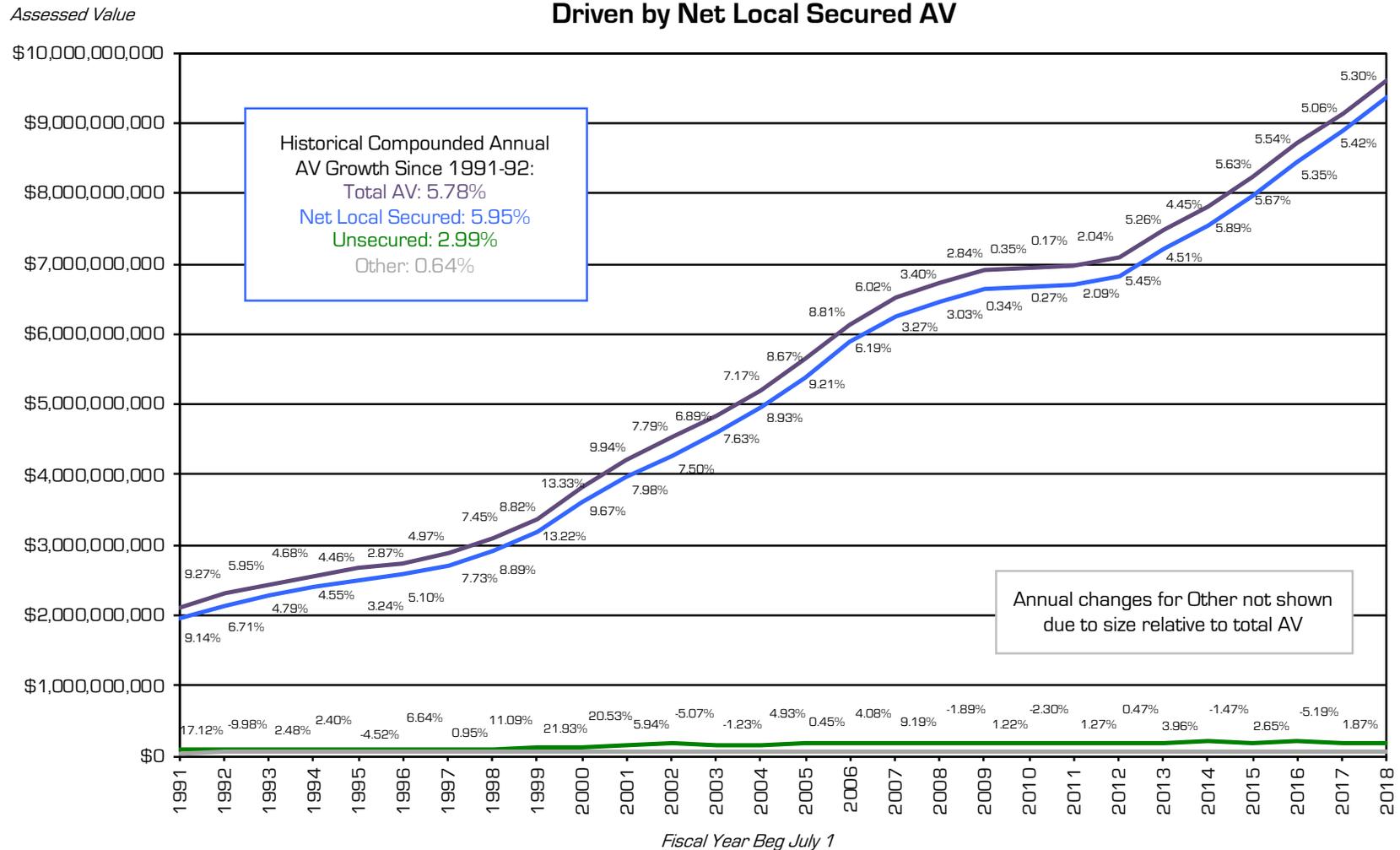
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Tax Base Growth is Returning to the Mean

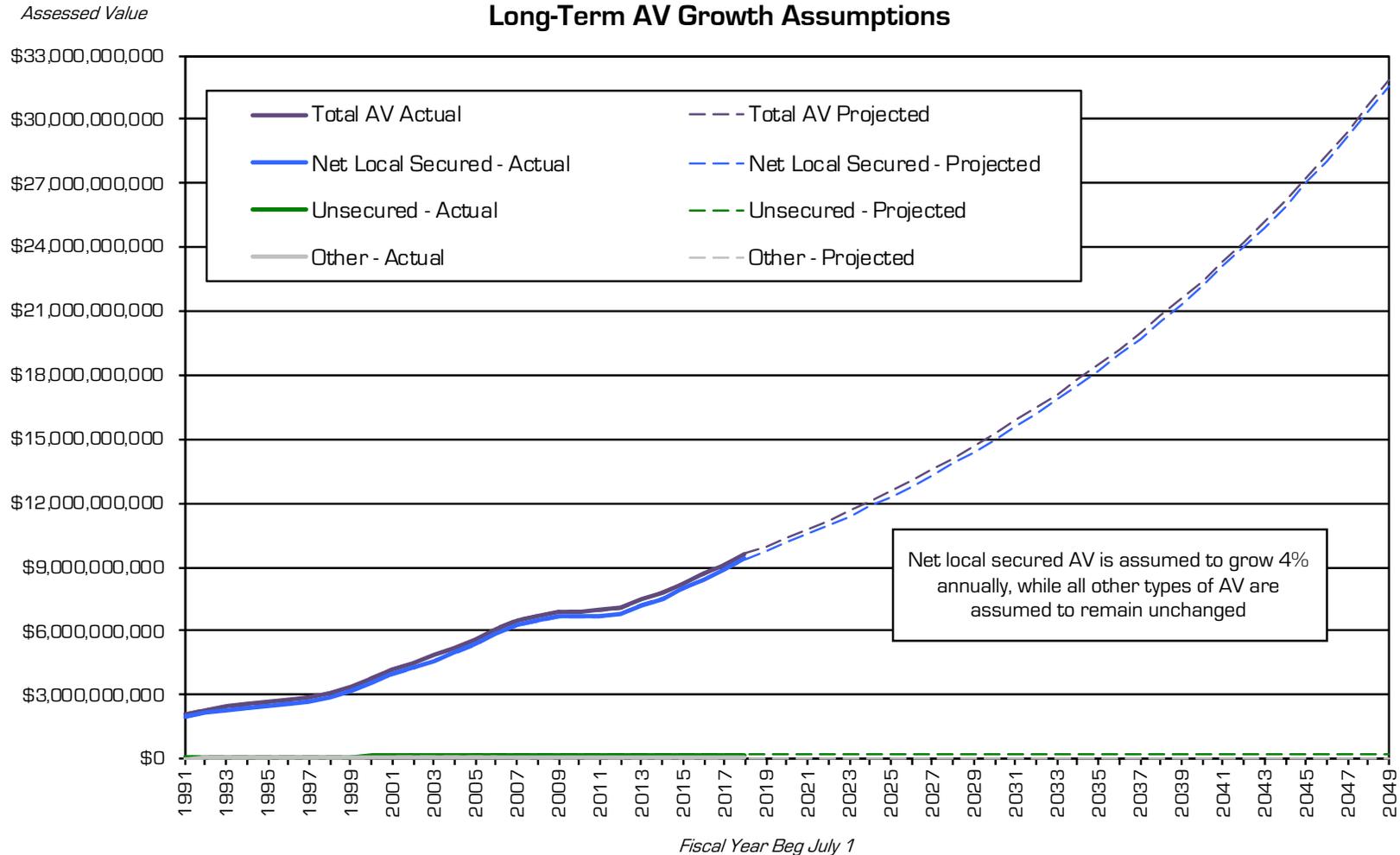
Growth in District's Assessed Value has Primarily been Driven by Net Local Secured AV



Historic assessed value (AV) provided by the Yolo and Solano County Auditor-Controller's Departments. The District's total AV is comprised of net local secured, unsecured, & other (comprised of utility & homeowner's exemption). Percentages shown are annual changes.

Tax Base Projections Are Conservative Relative to History

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

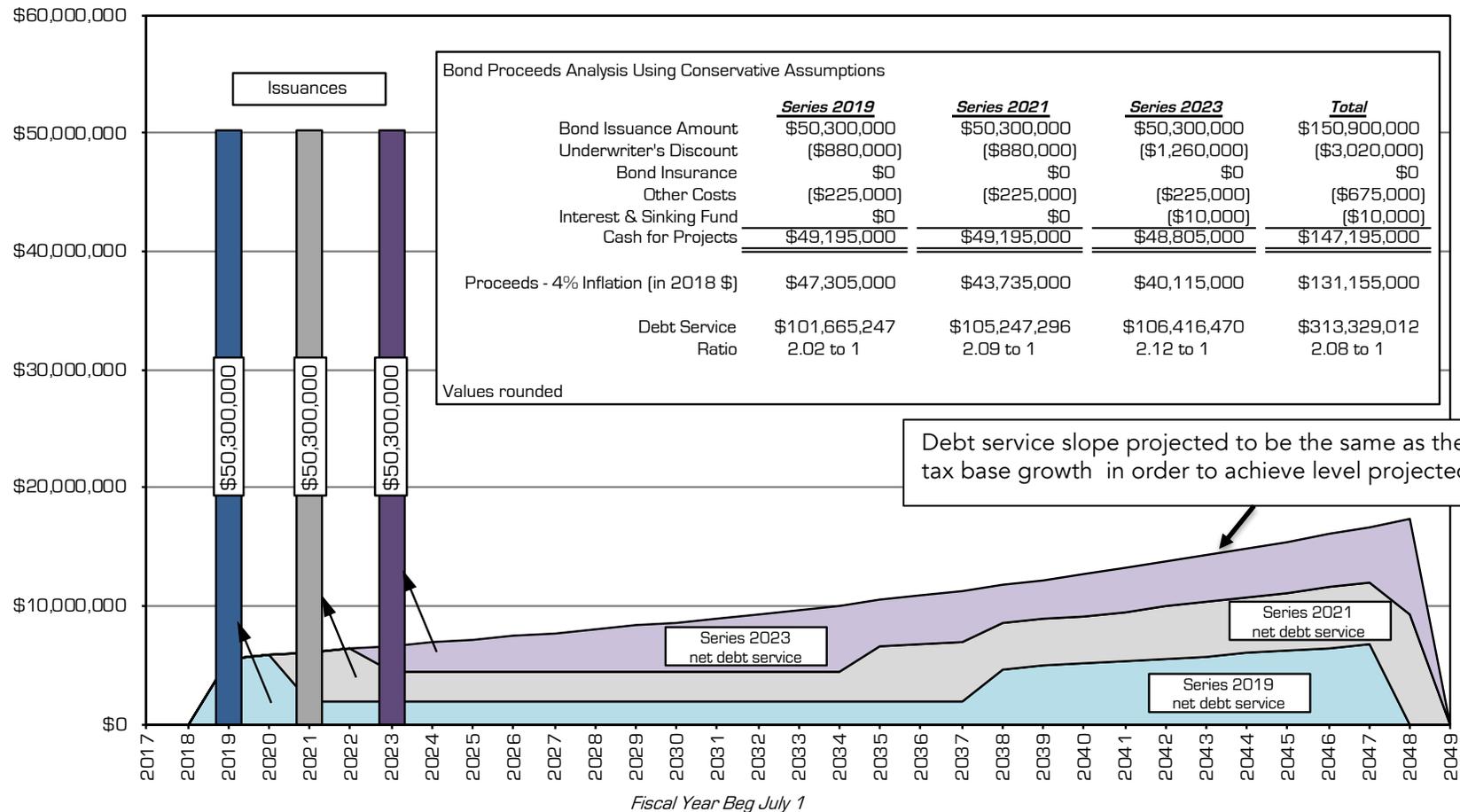


Historic assessed value (AV) through 2018-19 is actual as provided by the Yolo and Solano County Auditor-Controller's Departments. The District's total AV is comprised of net local secured, unsecured, & other [comprised of utility & homeowner's exemption]. As homeowners exemption & unsecured components are relatively small and tend to be subject to less predictable volatility, AV growth assumptions focus only on net local secured.

\$50.3M Issuance in 2019

Issuances/Net Debt Service

\$150.9 Million Issuance over 3 Series Supported by Tax Revenue



Debt service slope projected to be the same as the projected tax base growth in order to achieve level projected tax rates

Debt service based on MMD "AAA" rates as of Dec 3, 2018, adjusted +60bp for assumed "AA-" rating, plus timing adjustments for potential rate increasing prior to bond issuance of +75bp (2019), +125bp (2021), +175bp (2023), and +180bp for callable capital appreciation bonds. Existing net local secured AV is assumed to grow 4% annually, while all other AV types are assumed to remain unchanged. Values rounded.

Note: Estimated Capital Appreciation Bonds of \$16.8M for Series 2023, which is 11.1% of Total Bonds; No Other Capital Appreciation Bonds Estimated

Next Steps



- ◆ Today's Board meeting
 - ▶ Information presentation
- ◆ February 7, 2019 Board meeting
 - ▶ Board considers adoption of resolution authorizing issuance of bonds and approving the forms of the associated legal documents and Preliminary Official Statement
 - ▶ Board considers appointing members to the Measure M Citizens' Oversight Committee
- ◆ February 28, 2019
 - ▶ Sale of bonds conducted at the offices of Government Financial Strategies
- ◆ March 14, 2019
 - ▶ Closing: Proceeds deposited with County and Paying Agent
- ▶ March 21, 2019 Board meeting
 - ▶ Report on results of bond sale

Questions or Comments?

