



Overview of District's Outstanding Measure A General Obligation Bond Plan

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PiperJaffray®

Glossary of Terms

- **AB 182**

1. Took effect January 1, 2014.
2. Allows Traditional (“Current Interest”) Bonds (see below) to mature up to 40 years from the issuance date.
3. Limits the final maturity of Capital Appreciation Bonds (“CABs”) to 25 years from the issuance date.
4. The repayment ratio (see below) must be “4-to-1” for each series of bonds issued.
5. Authorizes a one-time waiver to the provisions of AB 182 for issuing bonds to repay Bond Anticipation Bonds (see below) that were issued prior to December 31, 2013.

- **Assessed Valuation**

1. The taxable value of property within a school district.
2. Each year, the County will determine a school district’s assessed valuation based on a number of factors, including the re-sale value of homes and/or the number of assessment appeals filed by homeowners.
3. Assessed valuation can fluctuate up-or-down depending on factors in the local economy.

- **Bond Anticipation Notes (“BANs”)**

1. A note with a 5-year maximum life that is guaranteed and secured by a promise and the subsequent issuance of General Obligation Bonds in the future.
2. BANs are generally issued to remedy immediate capital needs without a tax increase for District residents.
3. The District is still obligated to repay the BANs, even in the event that the District is unable to issue General Obligation Bonds.

- **Bond Phasing**

1. Once approved by the voters, a school district will commonly issue its General Obligation Bonds in phases over time.

- **Capital Appreciation Bonds (“CABs”)**

1. A type of a bond where all of the principal and all of the interest is repaid at maturity.

- **Traditional or Current Interest Bonds**

1. A type of a bond where all of the principal is paid at maturity while the interest is paid every six months until maturity

Glossary - Continued

- **General Obligation Bond**

1. A bond that is guaranteed and secured by an unlimited ad valorem property tax.
2. For a school district, a General Obligation Bond can only be used for capital projects, such as modernization, construction, technology improvements, etc.
3. Each year, the County will issue a **property tax bill that includes the necessary taxes needed to repay a District's General Obligation Bond.**

- **Net Bonding Capacity**

1. **The legal amount of General Obligation Bonds** that a school district can issue and have outstanding at any given time.
2. For an elementary school district, the Net Bonding Capacity amount is determined by taking the district's total assessed value, multiplying that figure by 1.25% and then subtracting the outstanding amount of any unpaid General Obligation Bonds.

- **Proposition 39**

1. State Constitutional Amendment passed on November 7, 2000 that allows public school and community college districts to approve General Obligation Bonds with 55% voter-approval.
2. Under Proposition 39, an Elementary School District may issue bonds with a maximum total tax rate of \$30.00 per \$100,000 Assessed Valuation.

- **Proposition 46**

1. State Constitutional Amendment passed on June 3, 1986 that allows public school and community college districts to approve General Obligation Bonds with two-thirds voter-approval.
2. Under Proposition 46, there is no limit on the maximum total tax rate that an Elementary School District can request its voters to approve.

- **Repayment Ratio**

1. A mathematical equation where the sum of the principal and interest is divided by the principal of the bond issue.
2. AB 182 limits the maximum repayment ratio to 4-to-1 per each series of bonds.

- **Tax Rate**

1. The rate needed to produce the amount of tax revenue needed to repay a General Obligation Bond.
2. Each year the amount needed to repay a General Obligation Bond is determined by the County.
3. Tax rates are commonly cited per \$100,000 of Assessed Valuation.

Capital Appreciation Bonds

- A Type of General Obligation Bond Where All of the Principal and All of the Interest are Due and Payable upon the Final Maturity of the Bond.
- Frequently Used by California School Districts as a Method of Obtaining Funds for Projects while Deferring the Need for Taxes to be Collected to Pay Bond Debt Service.
- Interest Rate and Total Debt Service Cost of a Capital Appreciation Bond is Always Higher than the Alternative, the Traditional (Current Interest) Bond.
- In Recent Years, Some School Districts Were Criticized in the Press for the Perceived Abuse of Capital Appreciation Bonds (40 Years, 10:1 Repayment Ratios, etc.).
- In Response to the Press Criticism of CABs, the State Legislature Passed AB 182, Effective January 1, 2014.
 1. Length of Capital Appreciation Bonds Limited to 25 Years.
 2. Repayment Ratio of All Bond Issues Limited to 4:1.
- There is an Exception in AB 182, However, for the Issuance of Capital Appreciation Bonds to Pay-Off Bond Anticipation Notes (“BANs”), as Long as a Waiver is Obtained from the State.

Ross Valley School District Historical Assessed Valuations Since Passage of Measure E

1	2	3
Tax Year Ending	Total Assessed Value	Assessed Value Growth Rate
2000	\$2,147,132,852	7.63%
2001	\$2,332,802,712	8.65%
2002	\$2,530,042,617	8.46%
2003	\$2,719,582,394	7.49%
2004	\$2,932,833,058	7.84%
2005	\$3,169,815,280	8.08%
2006	\$3,453,039,438	8.94%
2007	\$3,747,694,848	8.53%
2008	\$4,031,313,876	7.57%
2009	\$4,259,175,738	5.65%
2010	\$4,380,356,691	2.85%
2011	\$4,331,039,843	-1.13%
2012	\$4,373,754,145	0.99%
2013	\$4,430,459,914	1.30%
2014	\$4,634,209,576	4.60%
2015	\$4,886,489,145	5.44%

5 Year Average Assessed Valuation Growth Rate – 2.24%

10 Year Average Assessed Valuation Growth Rate – 4.47%

15 Year Average Assessed Valuation Growth Rate – 5.68%

**Original Measure A Assessed Valuation Growth Rate Assumptions
Vs.
Actual Assessed Valuation Growth Rates**

Tax Year Ending June 30th	Original Bond Plan Assessed Valuation Growth Assumptions	Originally Assumed Annual Growth Rate	Actual Assessed Valuation Growth	Actual Annual Growth Rate
2011	\$4,331,039,843		\$4,331,039,843	
2012	\$4,417,660,640	2.00%	\$4,373,754,145	0.99%
2013	\$4,594,367,065	4.00%	\$4,430,459,914	1.30%
2014	\$4,824,085,419	5.00%	\$4,634,209,756	4.60%
2015	\$5,065,289,690	5.00%	\$4,886,489,145	5.44%

**Original Measure A Bond Plan Phasing
Vs.
Actual Bond Phasing To Date**

Original Bond Phasing Plan		Actual Bond Phasing To Date		
Date Of Bond Sale	Amount of Bond Sale	Date Of Bond Sale	Amount of Bond Sale	Actual Tax Rates
2/1/11	\$12,810,000	5/25/11	\$10,000,426	\$29.80 (2011-12)
8/1/12	\$ -	8/15/12	\$18,300,000	\$28.50 (2012-13)
8/1/13	\$13,540,000	12/30/13	\$5,440,642 ⁽¹⁾	\$27.50 (2013-14)
8/1/14	\$ -			\$26.50 (2014-15)
8/1/15	\$14,650,000			

⁽¹⁾ Bond Anticipation Notes

What Are the Options for Accessing the Remaining Measure A Funds (5.00%)?

		1	2
		5.00% Assessed Valuation Growth Assumption	
		Use CABS	Miminal CABS
Bonds Issued to Pay-Off BANS	BAN Payoff Amount Due ⁽¹⁾	\$5,788,000	\$5,788,000
	Bonds Issued to Pay-Off BANS	9/1/2015	9/1/2018
	Bonds Prepayable Later	Yes	Yes
	Bond Structure	100% CABS	2% CABS
	Final Maturity	24 Years	30 Years
	Payback	\$13,322,500	\$8,934,100
	Payback Ratio	2.12	1.54
Series C Bond Issue To Fund Projects	Funds Generated ⁽¹⁾	\$6,911,574	\$6,911,574
	Access Date	9/1/2015	9/1/2018
	Bonds Prepayable Later	Yes	Yes
	Bond Structure	0% CABS	0% CABS
	Final Maturity	27 Years	30 Years
	Payback	\$13,832,000	\$10,668,400
	Payback Ratio	2.00	1.54

(1) Excludes Costs of Issuance

What Are the Options for Accessing the Remaining Measure A Funds (3.47%)?

		1	2	3	4
		3.47% Assessed Valuation Growth Assumption			
		No CABS	Use CABS	No CABS	Use CABS
Bonds Issued to Pay-Off BANS	BAN Payoff Amount Due ⁽¹⁾	\$5,788,000	\$5,788,000	\$5,788,000	\$5,788,000
	Bonds Issued to Pay-Off BANS	9/1/2015	9/1/2015	9/1/2018	9/1/2018
	Bonds Prepayable Later	Yes	Yes	Yes	Yes
	Bond Structure	0% CABS	100% CABS	0% CABS	100% CABS
	Final Maturity	26 Years	33 Years (State Waiver)	30 Years	30 Years (State Waiver)
	Payback	\$10,767,850	\$25,450,000	\$10,486,009	\$22,280,000
	Payback Ratio	1.83	4.40	1.81	3.85
Series C Bond Issue To Fund Projects	Funds Generated ⁽¹⁾		\$5,895,000	\$1,202,000	\$6,911,574
	Access Date		9/1/2015	9/1/2018	9/1/2018
	Bonds Prepayable Later		Yes	Yes	Yes
	Bond Structure		0% CABS	0% CABS	0% CABS
	Final Maturity		26 Years	30 Years	25 Years
	Payback		\$10,767,850	\$2,177,641	\$12,149,050
	Payback Ratio		1.83	1.81	1.76
	Remaining Authorization	\$6,911,574	\$1,016,574	\$5,709,574	\$0

Access Under What Conditions: **(A) Assessed Valuation Growth in Excess of Projection and/or
(B) Future Bond Refinancings Reduce Debt Service Burden**

(1) Excludes Costs of Issuance