



West Contra Costa Unified School District

Summary of 2018 General Obligation Bonds

Presentation to the Board of Education
June 13, 2018



2018 Transaction Overview

- Comprised of three (3) separate series of bonds: two (2) new money series to fund capital facility projects and one (1) refunding series for tax rate management of 2002 Measure D authorization:

2018 New Money Bonds

- Collective par amount of \$125 million:
 - \$65 million** General Obligation Bonds 2010 Election, 2018 Series E ("Series E Bonds")
 - \$60 million** General Obligation Bonds 2012 Election, 2018 Series D ("Series D Bonds")

2018 Refundings Bonds

- \$81.455 million** 2018 General Obligation Refunding Bonds (Federally Taxable), which defeased certain maturities of the following prior bonds:
 - Election of 2002 (Measure D), Series C Capital Appreciation Bonds
 - 2009 General Obligation Refunding Bonds, and
 - Election of 2010 (Measure D), Series A General Obligation Bonds



2018 Refunding Bonds Results

- The 2018 Refunding Bonds were issued as taxable, advance refunding bonds as a result of Federal tax reform repealing the ability to issue advance refunding bonds on a tax-exempt basis.
- The transaction was sold via negotiated sale with J. P. Morgan Securities and Piper Jaffray & Co. as the District's underwriters.

Pricing Highlights

- True Interest Cost (TIC) of **4.248%**.
- **Taxpayer savings of \$3,209,875** over the life of the bonds (*equates to present value savings over \$2.74 million, or 3.733% based on par amount of bonds refunded*).
- Over 24 institutional/advisor investor accounts.
- Achieved sufficient debt service savings allowing 2002 Measure D to stay within the maximum tax rate of \$60 per \$100,000 of assessed value through 2019/2020.



2018 New Money Bonds Results

- First general obligation bonds sold competitively by the District in over a decade.
- Won by Merrill Lynch, Pierce, Fenner & Smith Inc. with a **TIC of 3.678%**.
- Results from the competitive sale reflect a positive outcome with five (5) individual bidders, all of which are major institutional underwriting firms.
- The District's bonds priced favorably when compared to other recent transactions of similarly rated issuers.

August 24, 2018 Competitive Sale Results	
Bidder	TIC
Merrill, Lynch, Pierce, Fenner & Smith Inc.	3.678%
J.P. Morgan Securities LLC	3.710%
UBS Financial Services Inc.	3.821%
Wells Fargo Bank, National Association	3.822%
Morgan Stanley & Co, LLC	3.839%

2018 New Money Pricing Comparison



- Same week sales of tax-exempt California school bonds with similar ratings:

Date	School District	Par	Issue	Ratings	Sale Type	Final Maturity	TIC
April 24	West Contra Costa USD	\$125,000,000.00	General Obligation Bonds, 2010 Election, 2018 Series E, and 2012 Election, 2018 Series D	AAA/Aa3/AA-	Competitive	2047	3.678%
April 25	Tracy USD Facilities Improvement District No. 3	\$30,000,000.00	General Obligation Bonds, 2014 Election, Series 2018	Aa2	Negotiated	2042	3.751%
April 26	Alameda Unified School District	\$27,000,000.00	Election of 2014 General Obligation Bonds, Series B	Aa2/AA	Negotiated	2042	3.803%
April 26	Hanford Joint Union High School District	\$12,999,992.75	Election of 2016 General Obligation Bonds, Series A	Aa3	Negotiated	2042	4.328%
May 3	Evergreen School District	\$35,000,000.00	General Obligation Bonds (Election of 2014), Series 2018	Aa2	Negotiated	2046	3.660%
May 3	Evergreen School District	\$11,140,000.00	2018 General Obligation Refunding Bonds	Aa2	Negotiated	2031	2.833%
May 3	Kentfield School District	\$18,000,000.00	General Obligation Bonds, Election of 2014, Series B	AA	Negotiated	2043	3.952%



Bond Ratings

- Fitch **upgraded** its tax base bond rating from “AA+” to “AAA”, outlook “stable” and affirmed IDR rating of A+.
 - *Rationale focused on sustained growth of tax base and taxpayer concentration steadily decreasing (e.g. Chevron a smaller percentage of District assessed value).*
- Moody’s affirmed “Aa3” bond rating and “stable” outlook.
- S&P affirmed “AA-” bond rating, and **upgraded** outlook from “stable” to “positive”.
 - *S&P will monitor credit factors over the next 6 months and could raise the District’s rating to “AA” if positive trends continue.*
 - *Rationale is the strengthening tax base and District’s strong financial management.*

Fitch
Ratings

MOODY’S
INVESTORS SERVICE

STANDARD
&**POOR’S**

Sources and Uses



2018 New Money Bonds

	GO Bonds, 2010 Election, 2018 Series E	GO Bonds, 2012 Election, 2018 Series D	Total
Sources			
Bond Proceeds:			
Par Amount	\$65,000,000.00	\$60,000,000.00	\$125,000,000.00
Net Premium	<u>\$1,495,732.30</u>	<u>\$1,380,455.75</u>	<u>\$2,876,188.05</u>
	\$66,495,732.30	\$61,380,455.75	\$127,876,188.05
Uses			
Project Fund Deposits:			
Building Fund	\$67,747,225.20	\$59,747,255.20	\$124,494,480.40
Other Fund Deposits:			
Interest and Sinking Fund	\$923,344.90	\$852,098.15	\$1,775,443.05
Delivery Date Expenses			
Cost of Issuance	\$252,774.80	\$252,744.80	\$505,519.60
Underwriter's Discount	<u>\$572,387.40</u>	<u>\$528,357.60</u>	<u>\$1,100,745.00</u>
	\$825,162.20	\$781,132.40	\$1,606,294.60
	\$69,495,732.30	\$61,380,455.75	\$127,876,188.05

Refunding Bonds

	GO Bonds, 2018 Refunding
Sources	
Bond Proceeds:	
Par Amount	<u>\$81,455,000.00</u>
	\$81,455,000.00
Uses	
Refunding Escrow Deposit:	
Cash Deposit	\$89.78
Open Market Purchases	<u>\$80,789,505.93</u>
	\$80,789,595.71
Delivery Date Expenses	
Cost of Issuance	\$361,978.51
Underwriter's Discount	<u>\$303,425.78</u>
	\$665,404.29
	\$81,455,000.00

Cost of Issuance



2018 New Money Bonds

	GO Bonds, 2010 Election, 2018 Series E	GO Bonds, 2012 Election, 2018 Series D	Total
Description			
Bond Counsel	\$37,500.00	\$37,500.00	\$75,000.00
Disclosure Counsel	20,000.00	20,000.00	40,000.00
Bond & Disclosure Counsel Expenses	1,500.00	1,500.00	3,000.00
Special Counsel	10,000.00	10,000.00	20,000.00
Financial Advisor	75,000.00	75,000.00	150,000.00
Financial Advisor Expenses	1,500.00	1,500.00	3,000.00
Fitch	30,000.00	30,000.00	60,000.00
Moody's	31,250.00	31,250.00	62,500.00
S & P Global	30,000.00	30,000.00	60,000.00
Paying Agent	1,000.00	1,000.00	2,000.00
Data Providers	150.00	150.00	300.00
Advertising	924.80	924.80	1,849.60
Printing	674.01	674.00	1,348.01
Bid Platform	750.00	750.00	1,500.00
Miscellaneous	12,525.99	12,526.00	25,051.99
Total	\$252,774.80	\$252,774.80	\$505,549.60

Refunding Bonds

	Amount
Description	
Bond Counsel	\$75,000.00
Disclosure Counsel	40,000.00
Bond & Disclosure Counsel Expenses	2,000.00
Special Counsel	15,000.00
Financial Advisor	75,000.00
Financial Advisor Expenses	2,000.00
Fitch	47,000.00
Moody's	55,000.00
S & P Global	39,000.00
Paying Agent	1,150.00
Escrow Agent	2,500.00
Verification Agent	2,750.00
Data Providers	225.00
Printing	1,350.17
Miscellaneous	4,003.34
Total	\$361,978.51



District Tax Rate Projections

- Tax rate for 2002 Measure D is now projected to maintain the \$60 per \$100,000 of assessed value tax rate through 2019/20, assuming County rate stabilization program and 4% annual assessed value growth.
- If annual assessed value growth is 5% in 2018/19 and 2019/20 (was 5.39% in 2017), both 2002 Measure D and 2005 Measure J could maintain the \$60 per \$100,000 with tax rate stabilization through 2020/2021.

Rate Target:	1998 Measure E \$26.40	2000 Measure M \$55.60	2002 Measure D \$60.00	2005 Measure J \$60.00	2010 Measure D \$48.00	2012 Measure E \$48.00
2017/18	5.30	18.40	60.00	60.00	48.00	48.00
2018/19	9.66	19.69	60.00	60.00	48.00	48.00
2019/20	9.09	18.74	60.00	60.00	48.00	48.00
2020/21	8.75	17.91	63.02	64.72	48.00	48.00
2021/22	8.43	17.16	66.58	77.70	48.00	48.00
2022/23	8.09	16.43	65.72	76.70	39.73	31.77
2023/24	3.84	15.03	66.16	75.71	46.99	46.90
2024/25	1.79	14.70	66.13	77.97	45.03	44.19
2025/26		13.84	66.92	79.12	44.70	42.50
2026/27		13.30	67.31	79.59	43.28	40.82
2027/28		12.76	67.76	80.07	41.97	34.46
2028/29		12.25	68.22	80.59	43.35	36.44
2029/30		11.76	68.71	81.06	47.20	41.53
2030/31		11.30	69.22	81.56	45.14	39.76
2031/32		10.83	68.52	82.18	44.68	42.21
2032/33			65.87	81.62	43.31	40.64
2033/34			66.78	81.90	42.03	39.32
2034/35				45.99	40.73	38.00
2035/36				49.45	39.50	36.74
2036/37					40.55	35.55
2037/38					39.22	34.40
2038/39					38.03	33.26

Rate Target:	2010 Measure D \$48.00	2012 Measure E \$48.00
2039/40	36.62	32.14
2040/41	35.50	31.08
2041/42	26.01	30.07
2042/43	25.56	29.06
2043/44	25.36	28.11
2044/45	24.48	27.20
2045/46	17.15	18.17
2046/47	16.86	17.92
2047/48	10.83	12.25
2048/49	10.69	12.04
2049/50	10.27	11.56
2050/51	9.88	11.13
2051/52	9.50	10.70
2052/53	9.14	10.29
2053/54	8.79	9.90
2054/55	7.06	2.60
2055/56	3.58	2.86
2056/57	3.61	2.73
2057/58	3.47	2.63
2058/59	3.34	2.53
2059/60	3.22	2.44
2060/61		

Conclusion



- The District should be extremely pleased with the results of the 2018 bond transaction(s).

2018 New Money Bonds

- Successfully priced the first competitive bond issuance in over a decade.
- Strong underwriter interest resulted in a low True Interest Cost of 3.678%.
- Favorable pricing outcome when compared to other recent transactions in the market of similar credit quality.

2018 Refundings Bonds

- Accomplished tax rate management objectives allowing 2002 Measure D to remain at \$60 per \$100,000 of assessed value through 2019/2020 (*assuming 4% annual assessed value growth and continued County rate stabilization*).
- Secured taxpayers savings in excess of \$3.2M over the life of the bonds.
- Fitch upgraded its bond rating to “AAA” and S&P upgraded its outlook to “positive” with a potential upgrade in the near future.