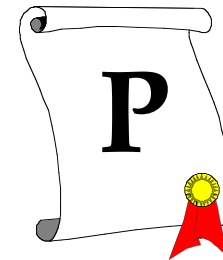


Marysville Joint Unified School District



Information Regarding Potential Bond Issuance



Presented by
Jonathan Edwards
September 17, 2012

Agenda

- **Review of Goals & Parameters For Bond Sale**
- **Review of Bonds & Property Taxes**
- **Bond Issuance Scenarios**
- **Other Information**
- **Potential Bond Issuance Schedule**



Goals & Parameters For Bond Sale

■ Goals

- Have as much of the issuance expenses covered by the underwriter as possible (i.e. maximize proceeds available for projects)
- Have as much of the bonds as possible be callable after 10 years

■ Legal Parameters

- Maximum bond term - 40 years
- Maximum projected tax levy - \$60 per \$100,000 of assessed value

Bonds & Property Taxes

■ **Bond tax rates = required tax collection ÷ total assessed value within District**

✓ *Each property pays its pro rata share, based on its individual assessed value*

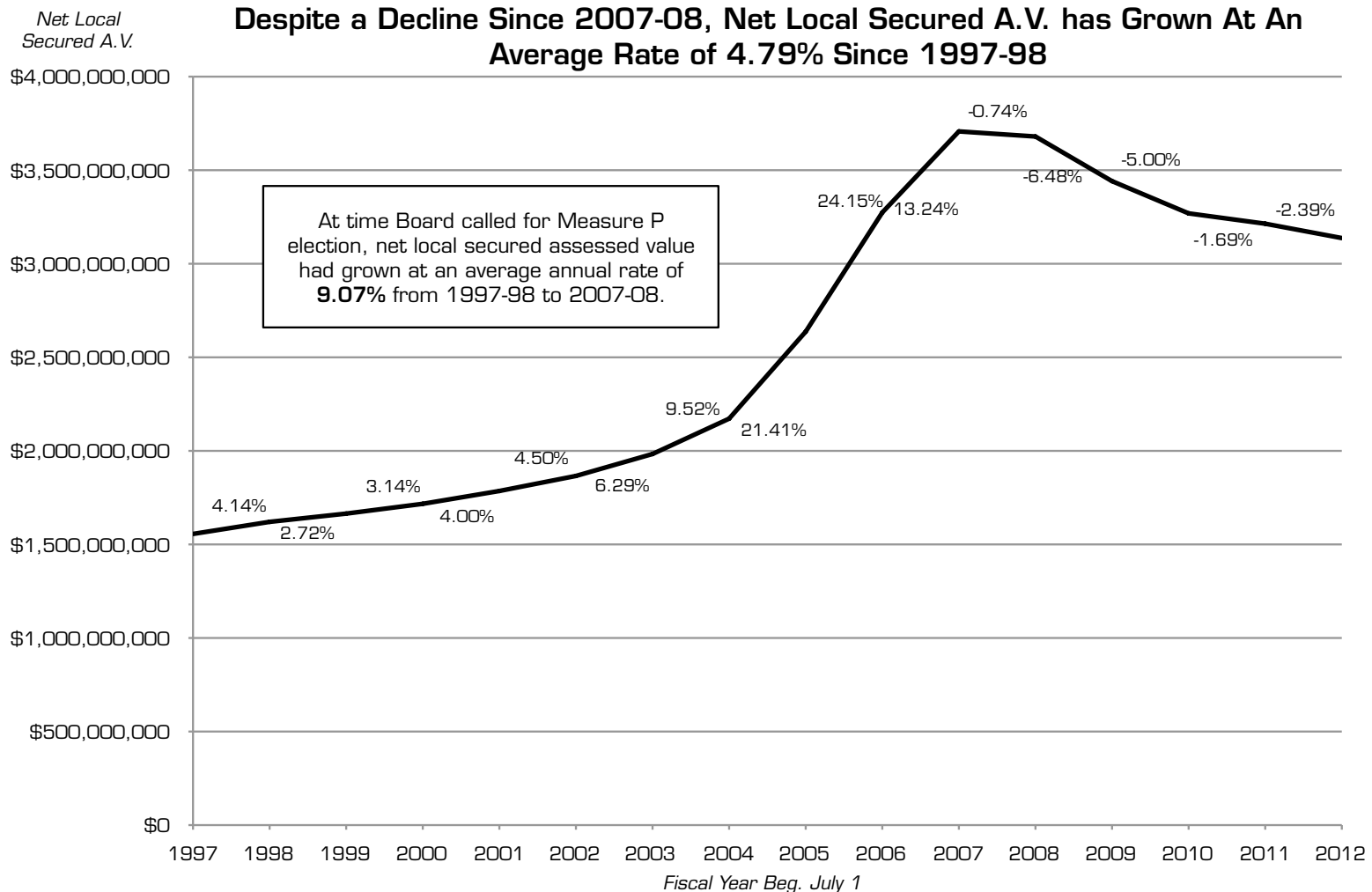
Reasons Assessed Value Can Change

- **Properties are sold (and reassessed at the sale price).**
- **Properties are improved (and reassessed with the value of the improvement).**
- **A year passes (each property's assessed value increases by the lesser of 2% or the change in the California Consumer Price Index).**
 - **Since 1976-77, the increase has been less than 2% on only six occasions.**

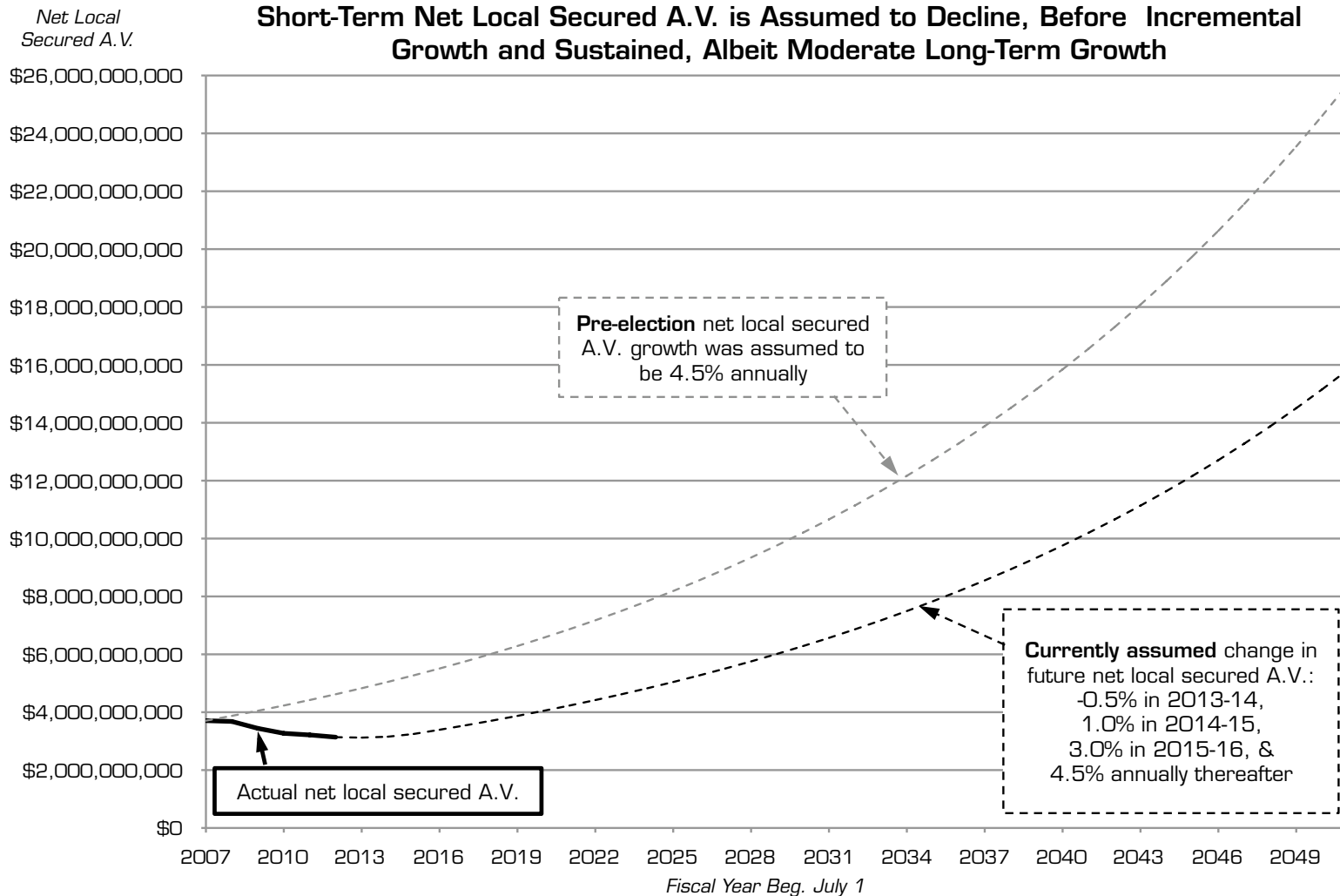
Reasons Assessed Value Can Change (Cont.)

- **Market value of one or more properties declines below assessed value - assessed value adjusted downward to the market value.**
 - **If market value subsequently increases, assessed value can “catch up” to pre-decline AV plus allowable adjustments (e.g. 2% annual increase).**

Historic Assessed Value



Assumed Future AV



Historic assessed value provided by Yuba and Butte County Auditor-Controller's departments.

Tax Collections

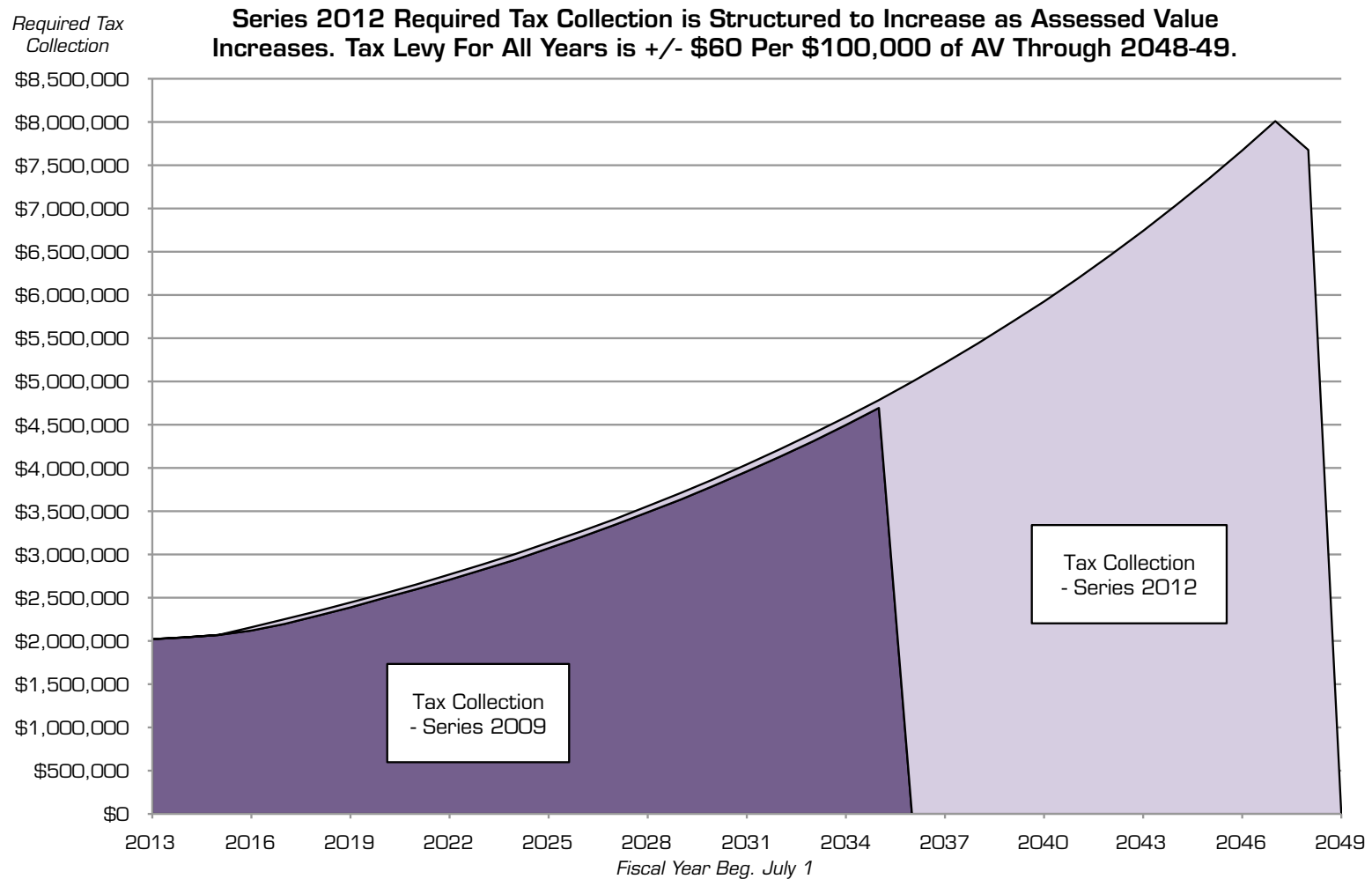
- County legally responsible for levying tax sufficient to pay bond debt service (Education Code section 15250).
- District not legally liable for any shortfalls in tax collections.
 - ✓ *Not a debt of the General Fund.*
- Any shortfall in tax collections can be made up in following year.
- County tax levies for District's bonds include tax delinquency coverage factor, which can be adjusted based on tax delinquency trends.
 - Currently assumed to be 9% for 2013-14 onwards
- Because repayments on potential new bond significantly delayed (necessary because of maximum tax levy constraint), over 95% of annual tax collection for next 20 years is for existing bonds.

2012 Bond Issuance Scenarios

■ **Scenario 1 - Maximize Bond Proceeds**

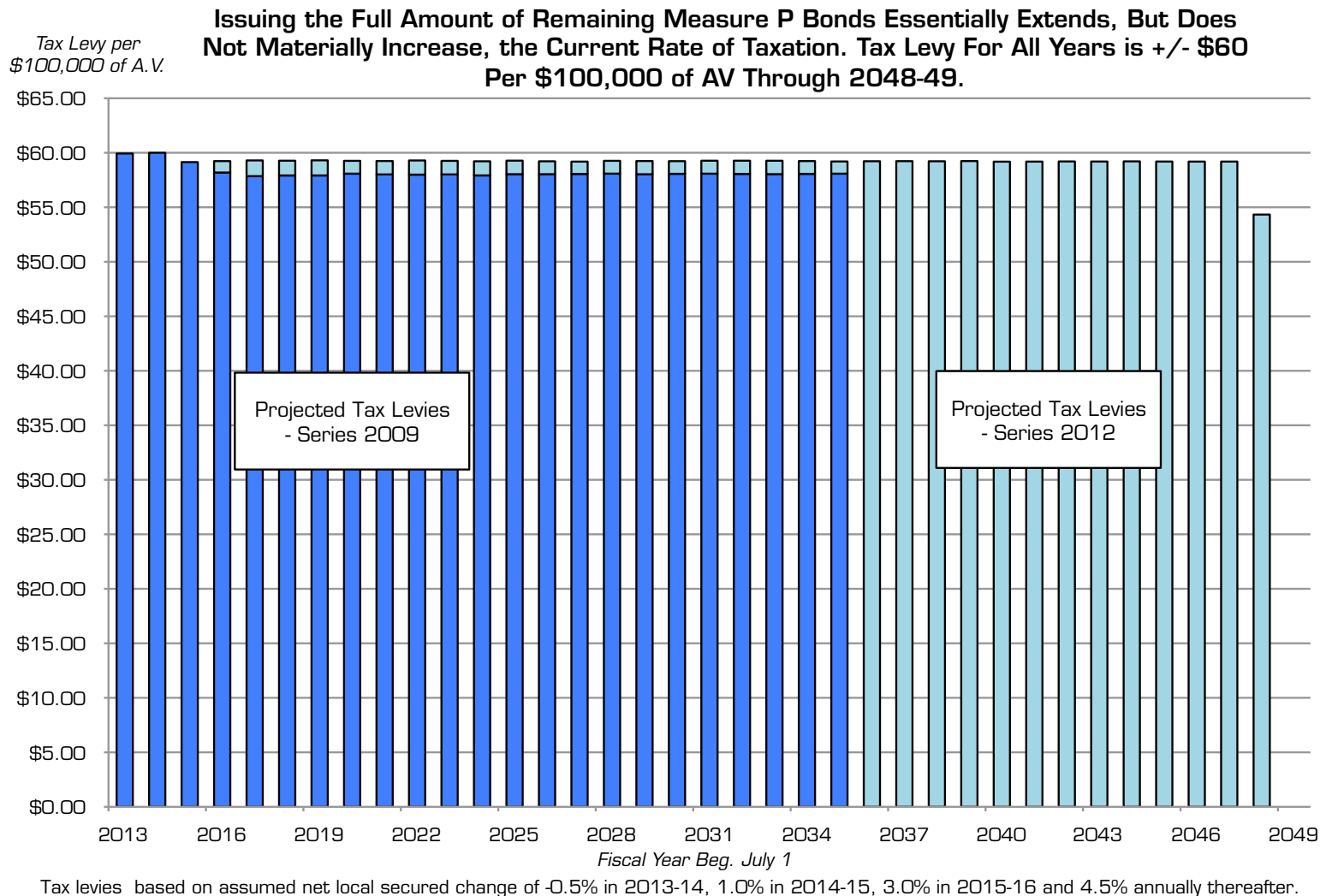
■ **Scenario 2 - 30 Year Bond Term**

Scenario 1 - Proj. Tax Collection - Measure P



Series 2012 debt service based on assumed net local secured A.V. change of -0.5% in 2013-14, 1.0% in 2014-15, 3.0% in 2015-16 and 4.5% annually thereafter.

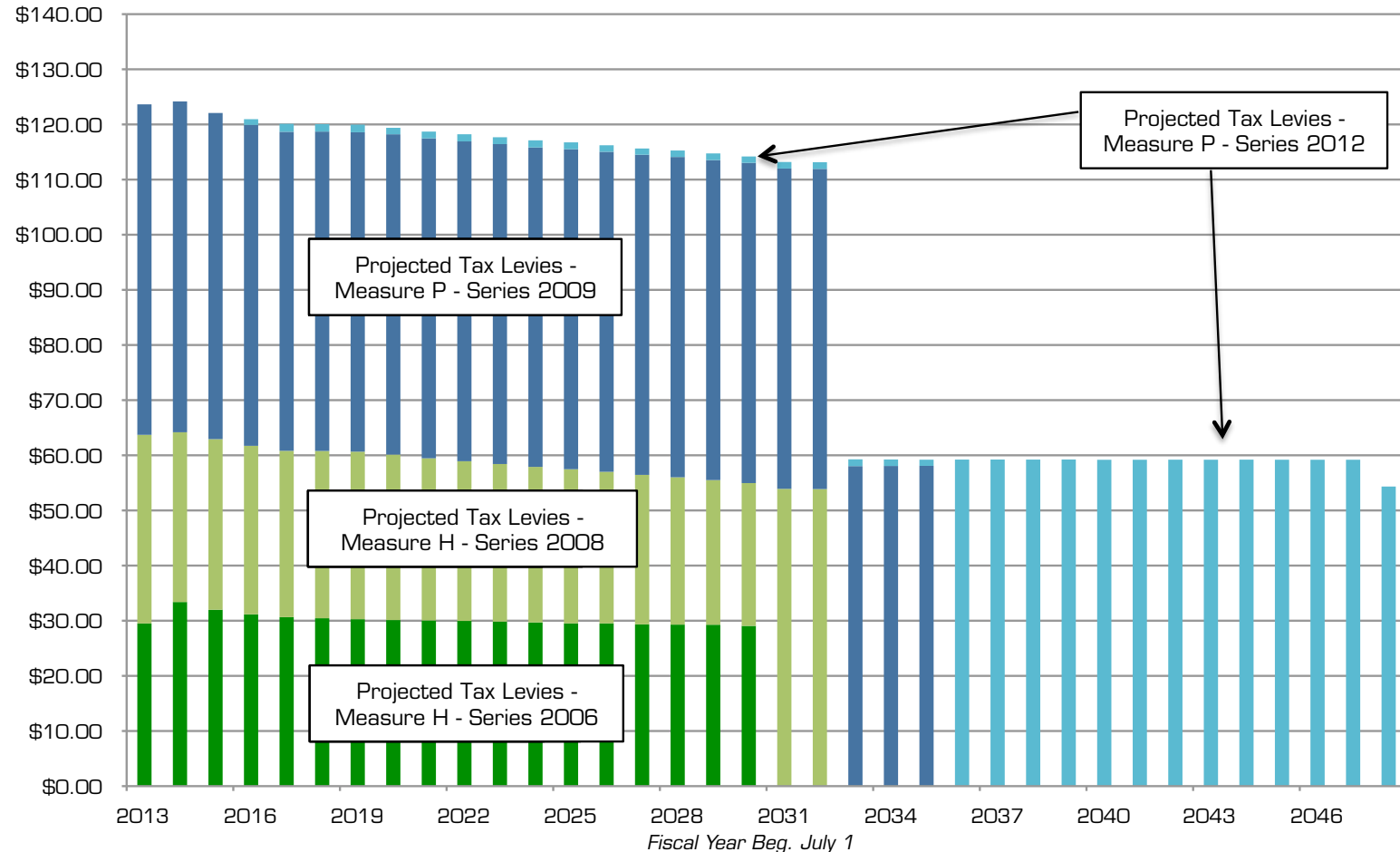
Scenario 1 - Projected Levies - Measure P



Scenario 1 - Proj. Levies - Measures H & P

Tax Levy per
\$100,000 of A.V.

**Series 2012 Adds Little To Total Bond Tax Levies Until Existing Bonds Repaid, Then
Bond Tax Levies Decrease.**



Historic tax levies provided by Yuba County Auditor-Controller's department. Future tax levies based on assumed net local secured growth of -0.5% in 2013-14, 1.0% in 2014-15, 3.0% in 2015-16 and 4.5% annually thereafter.

Scenario 1 - Summary

Current Projected Bond Term: 36.67 years

Current Projected Maximum Tax Levy: \$59.24

Current Projected Bond Issuance Amount: \$12,565,894

Current Projected Bond Proceeds For Projects: \$12,565,894

Expected State Matching Funds(1): \$10,317,937

Total Funds For Projects: \$22,883,831

Current Projected Total Interest Over Term of Issue: \$71,129,106

Current Projected Total Interest in Today's Dollars(2): \$28,950,476

Interest To Principal & State Funding Ratios:

Over Life of Bonds

Total Interest To Principal: 5.66:1

Total Interest To Principal + State Funding 3.11:1

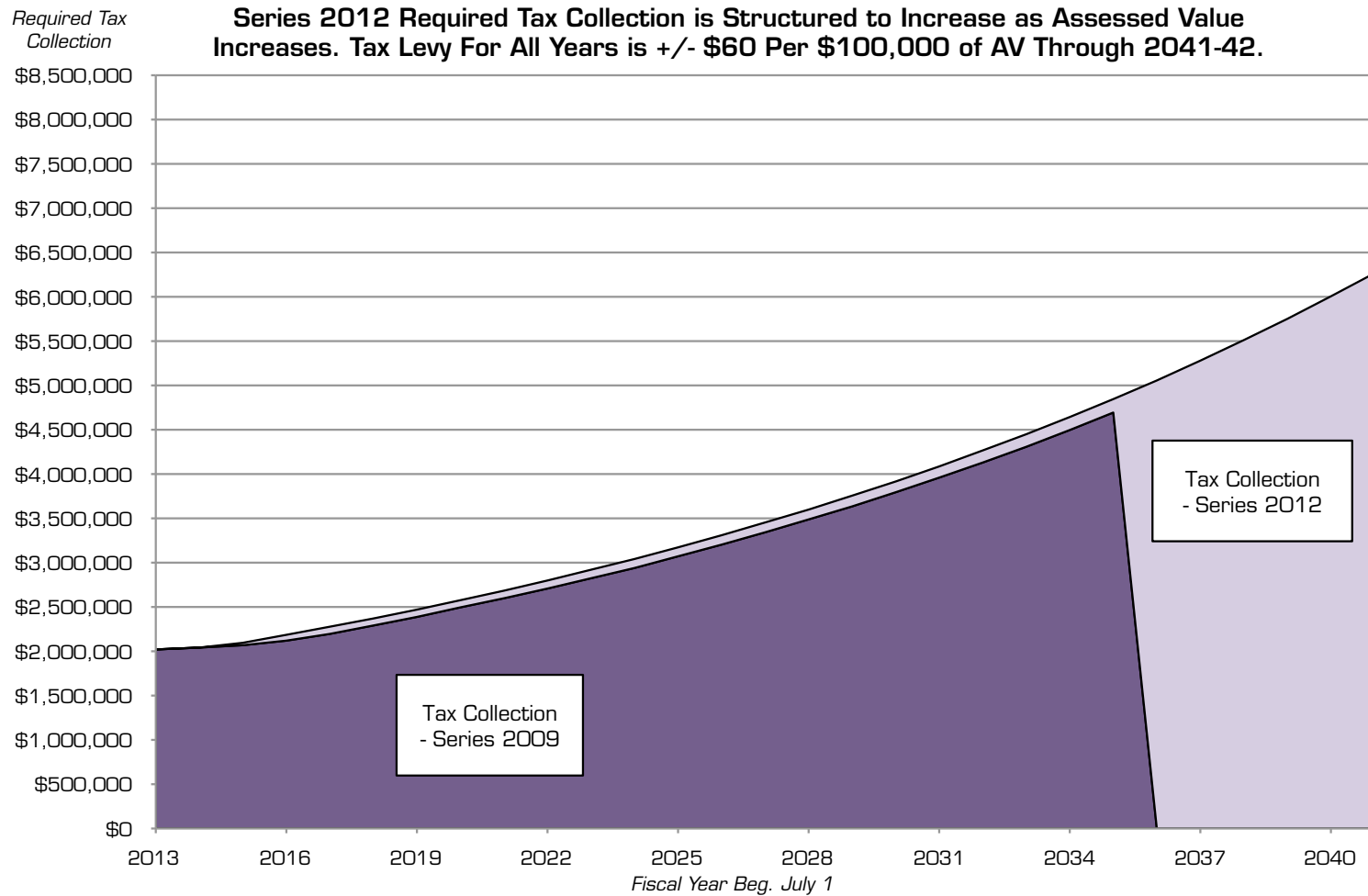
In Present Value/Today's \$

Total Interest To Principal: 2.30:1

Total Interest To Principal + State Funding 1.27:1

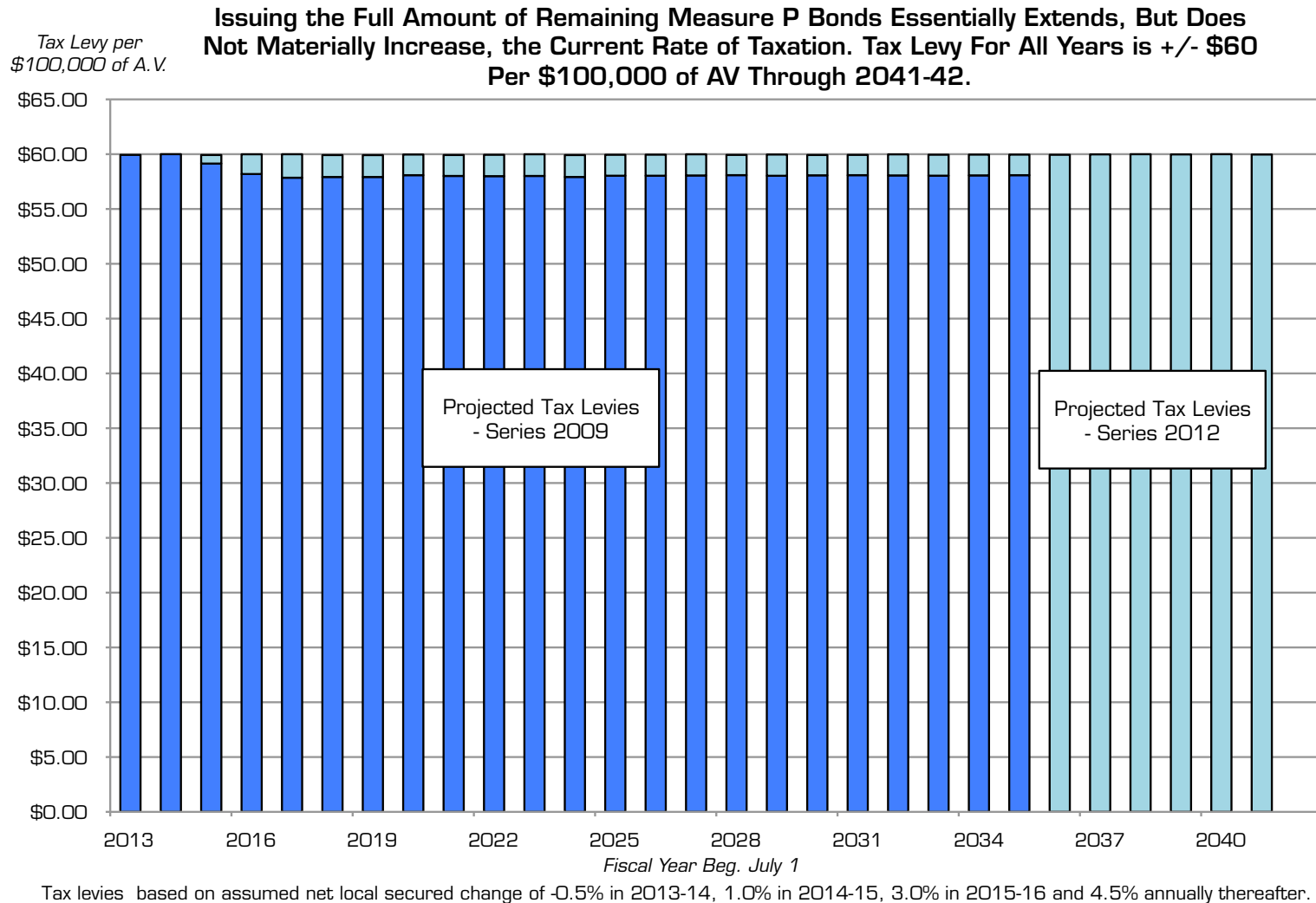
1. Includes State grants for Linda (\$2,679,203), Ella (\$3,237,155), and Arboga (\$4,401,579) projects.
2. Assumes annual interest costs discounted at 3% annually

Scenario 2 - Proj. Tax Collection - Measure P

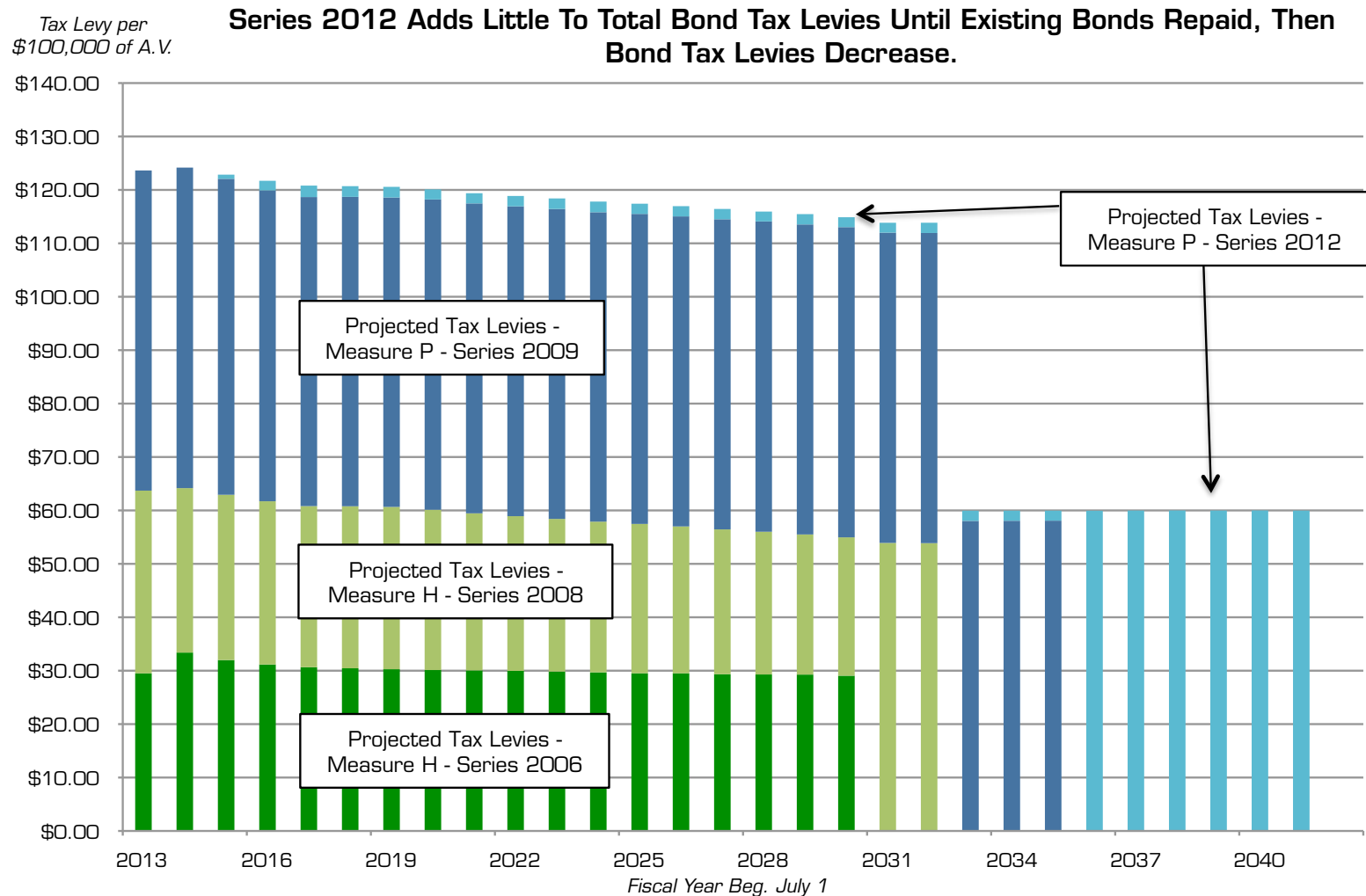


Series 2012 debt service based on assumed net local secured A.V. change of -0.5% in 2013-14, 1.0% in 2014-15, 3.0% in 2015-16 and 4.5% annually thereafter.

Scenario 2 - Projected Levies - Measure P



Scenario 2 - Proj. Levies - Measures H & P



Historic tax levies provided by Yuba County Auditor-Controller's department. Future tax levies based on assumed net local secured growth of -0.5% in 2013-14, 1.0% in 2014-15, 3.0% in 2015-16 and 4.5% annually thereafter.

Scenario 2 - Summary

Projected Bond Term: 30 years

Projected Maximum Tax Levy: \$60.00

Projected Bond Issuance Amount: \$6,980,301

Projected Bond Proceeds For Projects: \$6,980,301

Projected State Matching Funds(1): \$5,916,358

Total Funds For Projects: \$12,896,659

Current Projected Total Interest Over Term of Issue: \$27,479,699

Current Projected Total Interest in Today's Dollars(2): \$12,683,308

Interest To Principal & State Funding Ratios:

Over Life of Bonds

Total Interest To Principal: 3.94:1

Total Interest To Principal + State Funding 2.13:1

In Present Value/Today's \$

Total Interest To Principal: 1.82:1

Total Interest To Principal + State Funding 0.98:1

1. Includes State grants for Linda (\$2,679,203) and Ella (\$3,237,155) projects.

2. Assumes annual interest costs discounted at 3% annually

Max Issuance vs. Poway USD

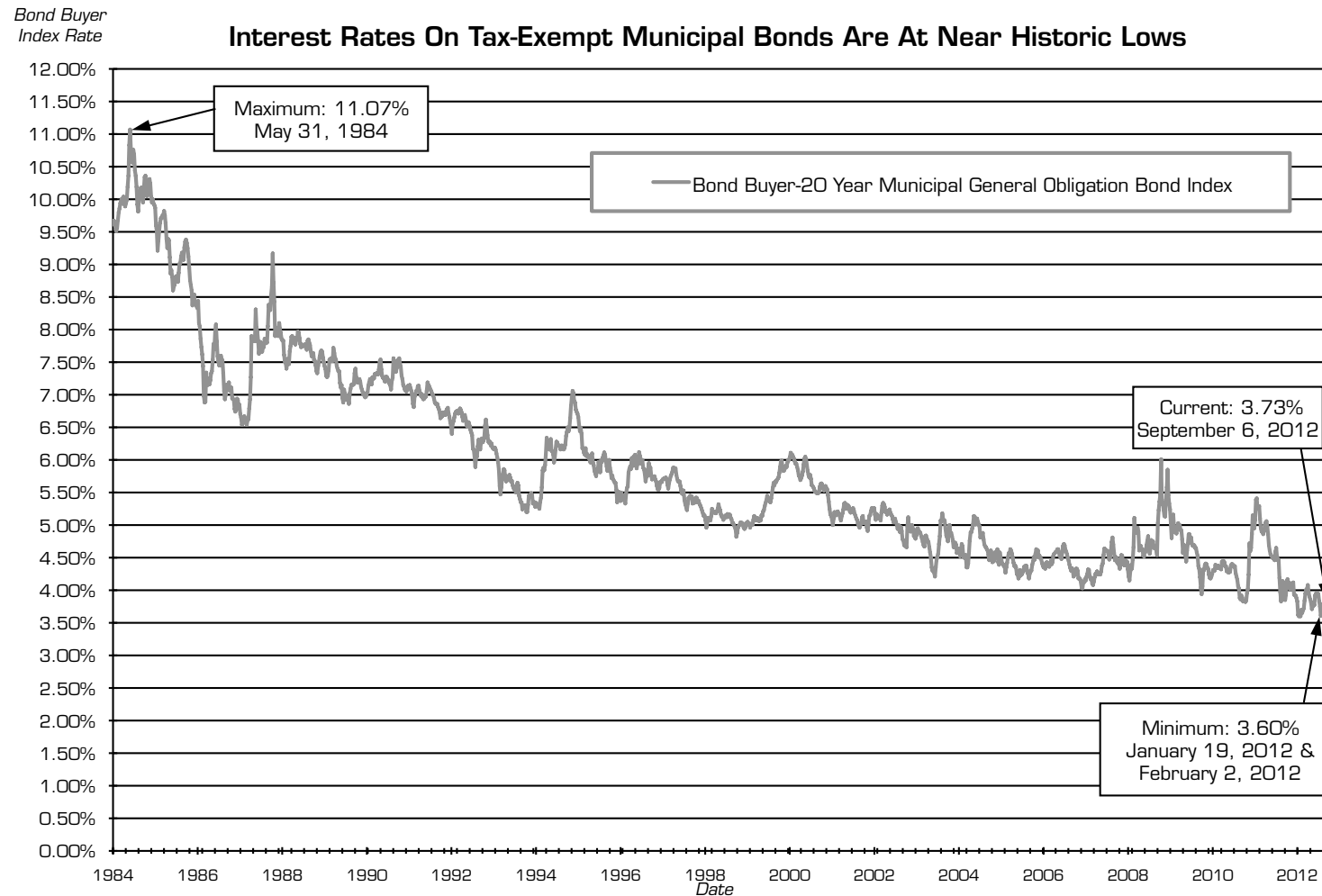
■ Poway USD

- Total Interest To Principal Ratio - 8.35:1
- Final Maturity - 40 Years
- Weighted Average Maturity - 31.37 Years
- No ability to prepay any principal maturities
- Negotiated Sale
- Level of pre-issuance transparency in question

■ Marysville JUSD

- Total Interest To Principal Ratio - 5.66:1
- Total Interest to Principal + State Funding Ratio: 3.11:1
- Projected Final Maturity - 37 Years
- Weighted Average Maturity - 26.75 Years
- Plan to have ability to prepay most principal maturities
- Competitive sale
- Very high level of transparency

Current Interest Rates Near Historic Lows



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.

2017 Issuance

- What if we waited five years to issue the bonds (in 2017) and, in the meantime, interest rates increased:
 - 125 basis points (1.25%)?
 - 250 basis points (2.50%)?
- ✓ *It is understood that we do not know what future interest rates will be, and they could be higher or lower.*

Series 2017 Summary - 1.25% Increase

Projected Bond Term: 31.00 years

Projected Maximum Tax Levy: \$59.99

Projected Bond Issuance Amount(1): \$12,566,189

Projected Bond Proceeds For Projects: \$12,566,189

Projected State Matching Funds: \$0

Total Funds For Projects: \$12,566,189

Current Projected Total Interest Over Term of Issue: \$63,633,811

Current Projected Total Interest in Today's Dollars(2): \$26,409,441

Interest To Principal & State Funding Ratios:

Over Life of Bonds

Total Interest To Principal: 5.06:1

In 2017 \$

Total Interest To Principal: 2.10:1

1. \$12.57 million in 2017 equals \$10.84 million today assuming 3% annual inflation.
2. Assumes annual interest costs discounted at 3% annually

Series 2017 Summary - 2.50% Increase

Projected Bond Term: 39.00 years

Projected Maximum Tax Levy: \$60.00

Projected Bond Issuance Amount(1): \$12,566,166

Projected Bond Proceeds For Projects: \$12,566,166

Projected State Matching Funds: \$0

Total Funds For Projects: \$12,566,166

Current Projected Total Interest Over Term of Issue: \$127,803,834

Current Projected Total Interest in Today's Dollars(2): \$47,109,574

Interest To Principal & State Funding Ratios:

Over Life of Bonds

Total Interest To Principal: 10.17:1

In 2017 \$

Total Interest To Principal: 3.75:1

1. \$12.57 million in 2017 equals \$10.84 million today assuming 3% annual inflation.
2. Assumes annual interest costs discounted at 3% annually

Revised Bond Issuance Schedule

- **Today - Board asked to provide direction regarding bond issuance**
- **Should Board wish to proceed with bond issuance:**
 - **November 13 - Board considers resolution authorizing issuance of bonds**
 - **November 26 - Final comments on POS due**
 - **December 4 - Bond sale**
 - **December 19 - Bond closing - proceeds available**