



**BOARD OF TRUSTEES
FACILITIES WORKSHOP**

Board of Trustees
Joyce Dalessandro
Beth Hergesheimer
Amy Herman
Maureen "Mo" Muir
John Salazar

Superintendent
Rick Schmitt

Union High School District

**THURSDAY, APRIL 21, 2016
5:00 PM**

**DISTRICT OFFICE BOARD ROOM 101
710 ENCINITAS BLVD., ENCINITAS, CA 92024**

Welcome to the meeting of the San Dieguito Union High School District Board of Trustees.

PUBLIC COMMENTS

If you wish to speak regarding an item on the agenda, please complete a speaker slip located at the sign-in desk and present it to the Secretary to the Board prior to the start of the meeting. When the Board President invites you to the podium, please state your name before making your presentation.

In the interest of time and order, presentations from the public are limited to three (3) minutes per person, per topic. The total time for agenda items shall not exceed twenty (20) minutes. An individual speaker's allotted time may not be increased by a donation of time from others in attendance.

In accordance with the Brown Act, public comments are limited to item(s) on the agenda. The Board may 1) acknowledge receipt of the information, 2) refer to staff for further study, or 3) refer the matter to the next agenda.

PUBLIC INSPECTION OF DOCUMENTS

In compliance with Government Code 54957.5, agenda-related documents that have been distributed to the Board less than 72 hours prior to the Board Meeting will be available for review on the district website, www.sduhsd.net and/or at the district office. Please contact the [Office of the Superintendent](#) for more information.

CLOSED SESSION

The Board may meet in Closed Session to consider qualified matters of litigation, employee negotiations, student discipline, employee grievances, personnel qualifications, or real estate negotiations which are timely.

CELL PHONES / ELECTRONIC DEVICES

As a courtesy to all meeting attendees, please set cell phones and electronic devices to silent mode and engage in conversations outside the meeting room.

In compliance with the Americans with Disabilities Act, if you need special assistance, disability-related modifications, or accommodations, including auxiliary aids or services, in order to participate in the public meetings of the District's Governing Board, please contact the [Office of the Superintendent](#). Notification 72 hours prior to the meeting will enable the District to make reasonable arrangements to ensure accommodation and accessibility to this meeting. Upon request, the District shall also make available this agenda and all other public records associated with the meeting in appropriate alternative formats for persons with a disability.

**SAN DIEGUITO UNION HIGH SCHOOL DISTRICT
BOARD OF TRUSTEES
FACILITIES WORKSHOP AGENDA**

**THURSDAY, APRIL 21, 2016
5:00 PM**

**DISTRICT OFFICE BOARD ROOM 101
710 ENCINITAS BLVD., ENCINITAS, CA. 92024**

The Governing Board of the San Dieguito Union High School District has scheduled a Facilities Board Workshop for Thursday, April 21, 2016, at the above location, in the Board Room.

1. CALL TO ORDER **5:00 PM**

2. PUBLIC COMMENTS

In accordance to the Brown Act, public comments are limited to item(s) listed on the published agenda. The Board may 1) acknowledge receipt of the information, 2) refer to staff for further study, or 3) refer the matter to the next agenda. (See *Board Agenda Cover Sheet*)

INFORMATION ITEMS **(ITEMS 3-4)**

3. FACILITIES AND BOND FINANCING WORKSHOP

This item is being submitted as an update on current and future Prop AA projects, Series C bond financing, and CFD bond issuance.

4. ADJOURNMENT

San Dieguito Union High School District

INFORMATION REGARDING BOARD AGENDA ITEM

TO: BOARD OF TRUSTEES

DATE OF REPORT: April 13, 2016

BOARD MEETING DATE: April 21, 2016

PREPARED BY: Eric Dill, Assoc. Supt., Business

SUBMITTED BY: Rick Schmitt, Superintendent

SUBJECT: **Board Workshop / Facilities and Bond Financing Workshop**

EXECUTIVE SUMMARY

Staff will present the attached materials at the Board Workshop on April 21, 2016. Topics for discussion include:

- Prop AA Current and Future Projects
- Series C Bond Financing
- CFD Bond Issuance

RECOMMENDATION:

This item is being submitted as information for review.

FUNDING SOURCE:

Not applicable

ITEM 3

FACILITIES AND BOND FINANCING WORKSHOP

SDUHSD Board Workshop

April 21, 2016

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- Timeline and Next Steps

Proposition AA

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- Voter-approved authorization to issue \$449 million in general obligation bonds
- \$277 million issued
 - ▣ (\$172 million remaining)
- Kept promise to constrain estimated maximum tax rate at or below \$25 per \$100,000 in assessed valuation

Prop AA Financing Recap

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Series A (May, 2013)

- \$160 Million
 - \$157.7 Million Tax-exempt
 - \$2.3 Million Taxable
- Current interest bonds
- 25 year maximum term
- Ratings
 - Aa2 Moody's
 - AA Standard & Poor's
- 3.718 % True Interest Cost
- 1.71 : 1 Payback Ratio

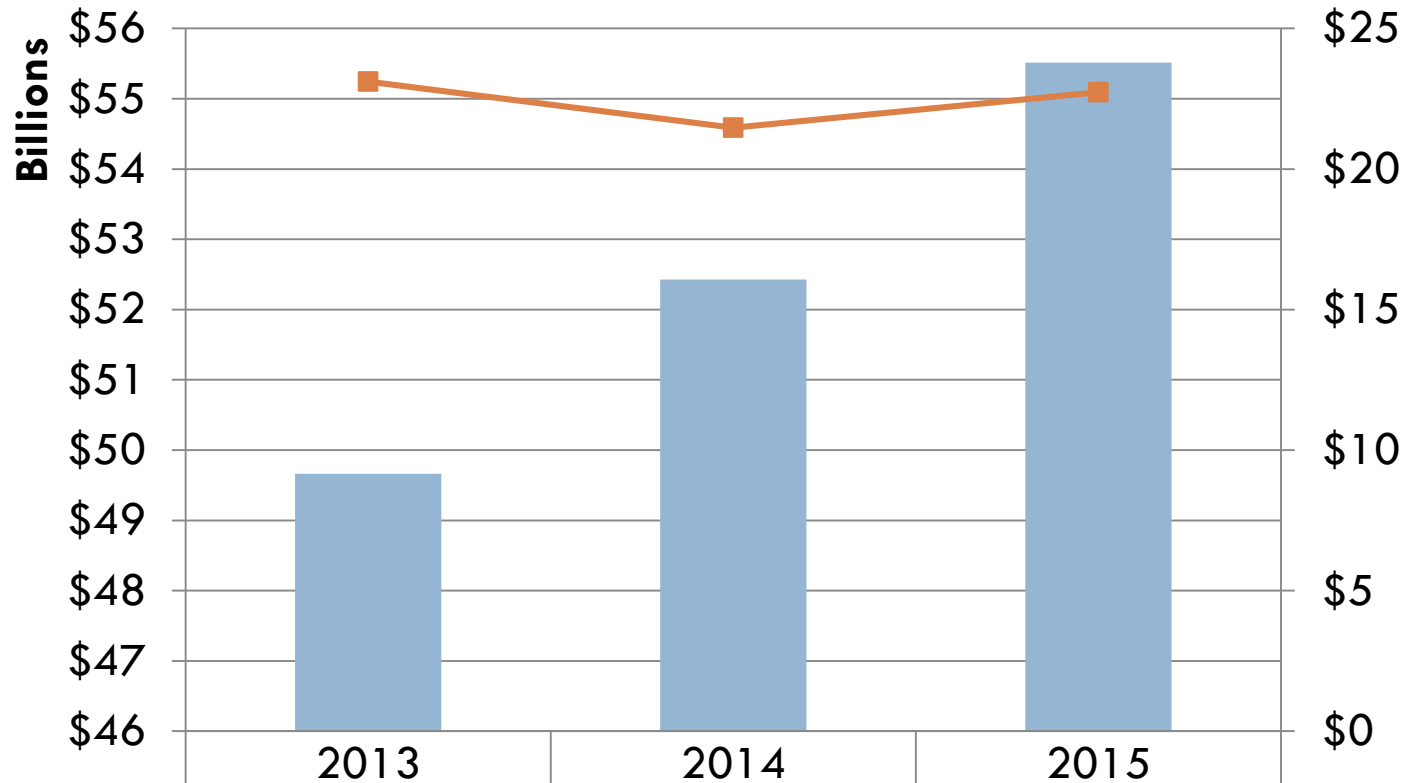
Series B (April, 2015)

- \$117 Million
 - \$110 Million Tax-exempt
 - \$7 million Taxable
- Current interest bonds
- 25 year maximum term
- Ratings
 - Aa1 Moody's
 - AA Standard & Poor's
- 3.595% True Interest Cost
- 1.75 : 1 Payback Ratio

Prop AA Assessed Valuation & Tax Rate ITEM 3

Rate

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Assessed Valuation	\$49,663,519,860	\$52,427,574,609	\$55,512,978,193
Prop AA Tax Rate	\$23.11	\$21.47	\$22.73

Prop AA Project Highlights

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Series A (\$160M)

- **Carmel Valley MS** Media Center & technology infrastructure
- **Canyon Crest Academy** Stadium & fields improvements
- **Diegueño MS** Media Center, front entry improvements & technology infrastructure
- **La Costa Canyon HS** Media Center & technology infrastructure
- **Oak Crest MS** Media Center, classroom renovations, field improvements & technology infrastructure
- **Pacific Trails MS** Phase I construction
- **San Dieguito Academy** Math & Science building & stadium improvements
- **Sunset HS** technology Infrastructure
- **Torrey Pines HS** science classrooms & technology infrastructure
- District-wide air classroom air conditioning

Series B (\$117M)

- **Carmel Valley MS** Drama & Music classrooms (NCW)
- **Canyon Crest Academy** 14 classroom expansion
- **Earl Warren MS** reconstruction
- **La Costa Canyon** HVAC improvements
- **Oak Crest MS** Landscape, street improvements & technology infrastructure
- **Torrey Pines HS** Media Center & classroom improvements

Current Projects

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EWMS – Campus Re-Construction



SDHSA – Math & Science Bldg.



EWMS – Campus Re-Construction



TPHS – Science Classrooms



Prop AA Upcoming Projects

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Series C
(\$62M)

- **Diegueño MS** New science building and classroom renovations
- **Oak Crest MS** New science classrooms & Crest Hall improvements
- **Pacific Trails MS** 2nd classroom building
- **Torrey Pines HS** Performing Arts Center

Prop AA Series C Financing Structure

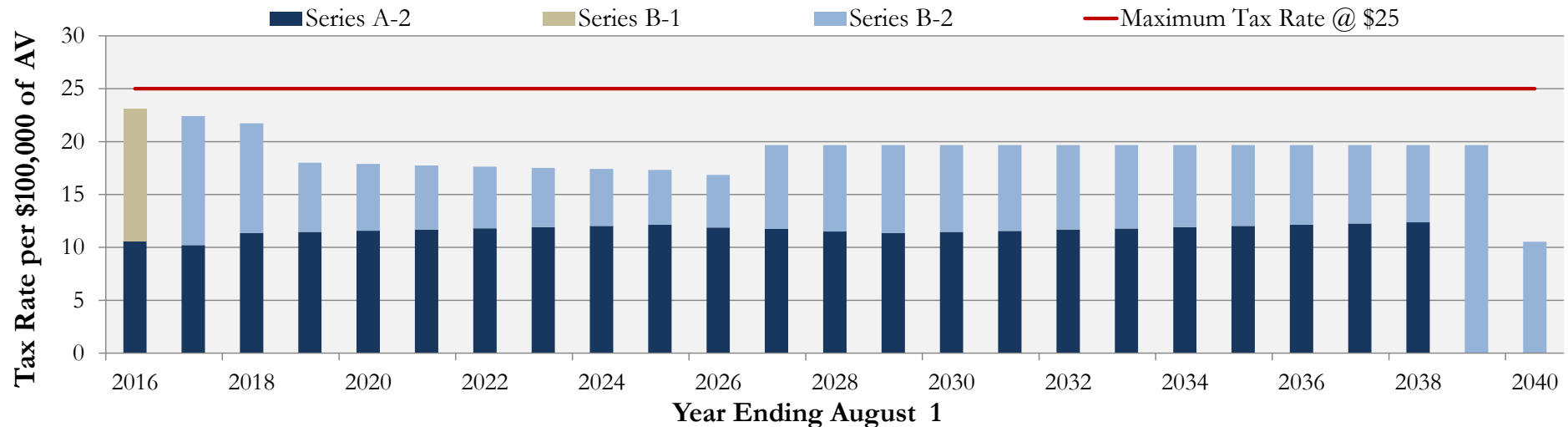
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- Preserve key features of Series A and Series B:
 - 25 year maximum term
 - \$25 per \$100,000 assessed valuation
 - Cautious assumptions on AV growth
 - No capital appreciation bonds

2012 Election (Prop AA) Current Tax Rates

- Proposition 39 election held in November 2012, where approximately 55.52% of voters approved the issuance of not-to-exceed \$449 million
- The School District sold its first two series of bonds in April 2013 in the aggregate par amount of \$160,000,000 (Series A-1 and A-2)
- The School District sold its third and fourth series of bonds in April 2015 in the aggregate par amount of \$117,040,000 (Series B-1 and B-2)
 - Issued as Current Interest Bonds only
 - Series A-2 (Taxable) matures in August 2016 and Series A-2 (Tax-Exempt) maturing August 1, 2040
 - Currently has \$171,960,000 in bond authorization left unissued
 - Projected Tax Rate of \$25.00 per \$100,000 of Assessed Valuation (“A.V.”)

Projected 2012 Election Tax Rates ⁽¹⁾

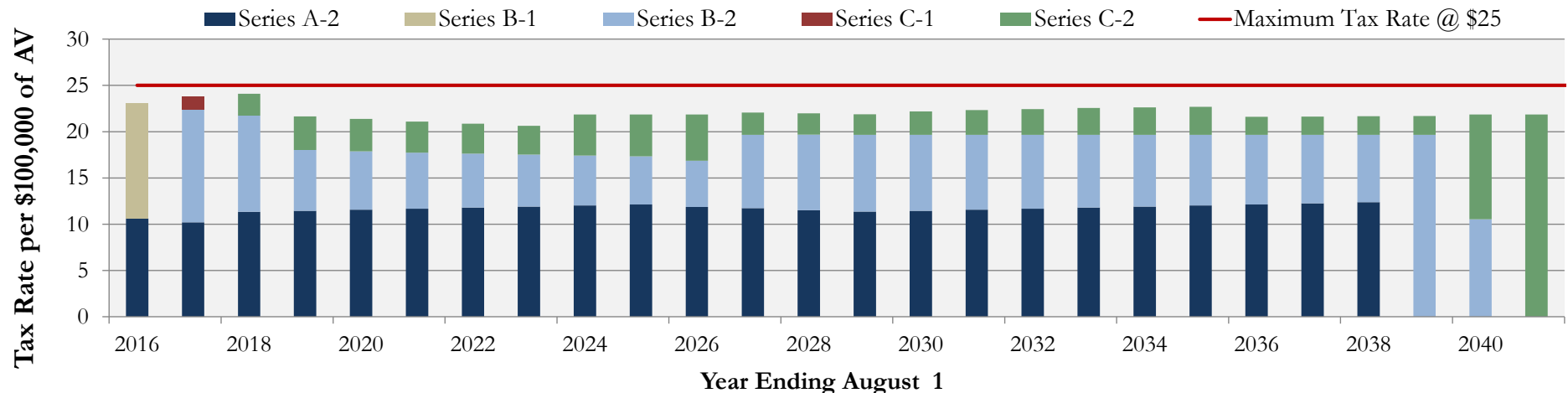


⁽¹⁾ Assumes 4% growth for FY 16-17 and every year thereafter.

2016 GO Bonds, Series C-1 and C-2

- The School District is preparing to price two series of bonds in summer 2016 in the preliminary aggregate par amount of \$62 million to fund additional school facilities and provide for the option to pay ongoing lease payments
 - ❑ Series C-1 to be sold as Taxable Current Interest Bonds to fund \$765,000
 - ❑ Series C-2 to be sold as Tax-Exempt Current Interest Bonds to fund \$61 million
 - ❑ The School District would have \$109,960,000* remaining in authorization

Projected 2012 Election Tax Rates After Issuance of 2016 Bonds⁽¹⁾⁽²⁾



⁽¹⁾ Assumes 4% growth for FY 16-17 and every year thereafter.

⁽²⁾ Assumes preliminary scale provided by Stifel, Nicolaus & Company, Inc. as of 4-12-16.

* Preliminary, subject to change.

ITEM 3

Series C-1 and C-2 General Obligation Bonds Overview*

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Sources and Uses of Funds

SOURCES	Series C-1 (Taxable)	Series C-2 (Tax-Exempt)	Total
Bond Proceeds			
Par Amount	\$795,000.00	\$61,205,000.00	\$62,000,000.00
Premium	-	4,317,212.25	4,317,212.25
Total Sources:	\$795,000.00	\$65,522,212.25	\$66,317,212.25
USES			
Project Fund Deposits			
Project Fund	765,588.00	60,955,000.00	61,720,588.00
Other Fund Deposits			
Debt Service Fund	-	4,164,199.75	4,164,199.75
Delivery Date Expenses			
Cost of Issuance	25,000.00	250,000.00	275,000.00
Underwriter's Discount	1,987.50	153,012.50	155,000.00
	26,987.50	403,012.50	430,000.00
Other Uses of Funds			
Contingency	2,424.50	-	2,424.50
Total Uses:	795,000.00	65,522,212.25	66,317,212.25

Debt Service Schedule

Payment Date	Principal	Interest	Debt Service Fund	Net Debt Service
8/1/2017	\$795,000	\$2,472,943	\$2,463,510	\$804,433
8/1/2018	800,000	2,346,200	1,700,690	1,445,510
8/1/2019	-	2,314,200	-	2,314,200
8/1/2020	-	2,314,200	-	2,314,200
8/1/2021	-	2,314,200	-	2,314,200
8/1/2022	-	2,314,200	-	2,314,200
8/1/2023	-	2,314,200	-	2,314,200
8/1/2024	1,120,000	2,314,200	-	3,434,200
8/1/2025	1,390,000	2,258,200	-	3,648,200
8/1/2026	2,000,000	2,188,700	-	4,188,700
8/1/2027	-	2,088,700	-	2,088,700
8/1/2028	-	2,088,700	-	2,088,700
8/1/2029	-	2,088,700	-	2,088,700
8/1/2030	380,000	2,088,700	-	2,468,700
8/1/2031	640,000	2,073,500	-	2,713,500
8/1/2032	890,000	2,047,900	-	2,937,900
8/1/2033	1,175,000	2,012,300	-	3,187,300
8/1/2034	1,425,000	1,965,300	-	3,390,300
8/1/2035	1,700,000	1,908,300	-	3,608,300
8/1/2036	570,000	1,840,300	-	2,410,300
8/1/2037	725,000	1,817,500	-	2,542,500
8/1/2038	890,000	1,788,500	-	2,678,500
8/1/2039	1,070,000	1,752,900	-	2,822,900
8/1/2040	14,710,000	1,710,100	-	16,420,100
8/1/2041	31,720,000	1,268,800	-	32,988,800
Total	\$62,000,000	\$51,691,443	\$4,164,200	\$109,527,243

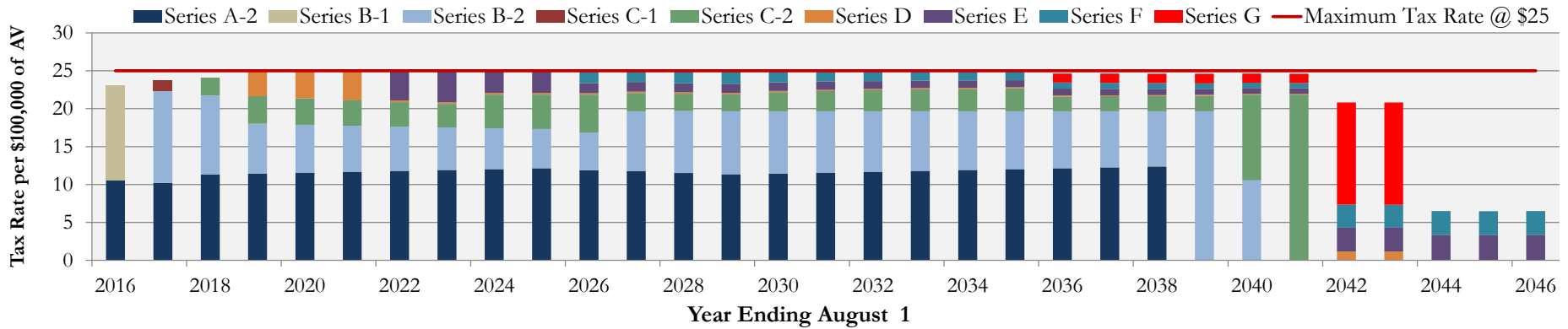
* Preliminary and subject to change

Potential Series D-G Bonds (Prop AA)

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- The School District would be able to issue the remaining Prop AA authorized amount by 2035 using only Current Interest Bonds
- All debt would be repaid by 2046

Projected Tax Rates Under Election of 2012⁽¹⁾⁽²⁾



	Series A-1	Series A-2	2015 Series B-1	2015 Series B-2	2016 Ser C-1	2016 Ser C-2	2018 Ser D	2021 Ser E	2025 Ser F	2035 Ser G	Total
Issue Date	4/11/2013	4/11/2013	4/29/2015	4/29/2015	7/13/2016	7/13/2016	8/1/2018	8/1/2021	8/1/2025	8/1/2035	-
Par Amount	\$2,320,000	\$157,680,000	\$7,010,000	\$110,030,000	\$795,000	\$61,205,000	\$10,000,000	\$30,000,000	\$27,000,000	\$42,960,000	\$449,000,000
Project Amount	\$2,301,953	\$155,655,138	\$6,993,829	\$109,776,171	\$765,588	\$60,955,000	\$9,800,000	\$29,650,000	\$26,665,000	\$42,545,200	\$445,107,879
Final Maturity Date	8/1/2014	8/1/2038	8/1/2016	2/1/2040	8/1/2016	8/1/2041	8/1/2043	8/1/2046	8/1/2046	8/1/2043	8/1/2046
Repayment Ratio	1.01	1.68	1.01	1.75	1.01	1.19	1.43	1.86	1.75	1.24	1.58
Total Net Debt Service	\$2,333,933	\$264,163,412	\$7,062,809	\$192,073,548	\$804,433	\$72,666,508	\$14,271,391	\$55,845,413	\$47,268,355	\$53,212,227	\$709,702,028
Percentage of CIBs	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Percentage of CABs	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

(1) Assumes 4% growth for FY 16-17 and every year thereafter.

(2) Assumes MMD 10-year average 'AA' scale per maturity.

* Preliminary, subject to change.

Community Facilities Districts

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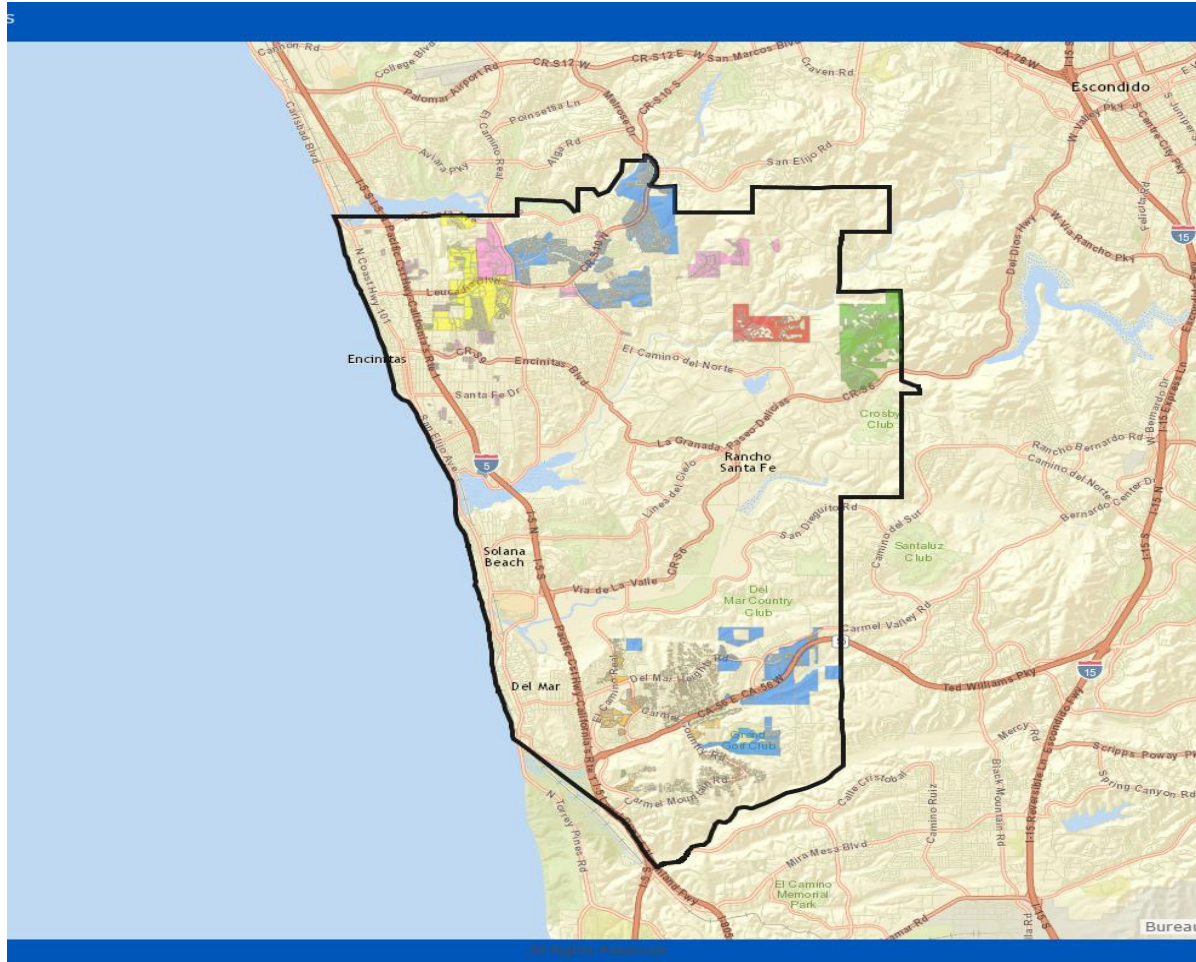
- First SDUHSD CFD formed in 1994 pursuant to Mello-Roos Act
- Intended to mitigate impacts on schools resulting from residential development
- Developers choose to pre-pay or to annex into a CFD
 - ▣ Election is held among affected property owners
 - ▣ Ballot authorizes formation or annexation into CFD, issuance of bonds, and levy of special tax

Community Facilities Districts

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- Developers choosing to annex into a CFD disclose obligation to future homeowners
 - ▣ Special tax obligation runs 35 years from time property is first assessed as developed
 - ▣ SDUHSD CFD annual special taxes are fixed for the entire 35-year term
 - Other districts may have CFDs which inflate with building costs
- So, SDUHSD CFD annual special taxes never increase and always expire after 35 years regardless of bond debt or term

Community Facilities Districts



Community Facilities Districts

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CFD	Communities	Parcels	Maximum Annual Special Tax	Annual Revenue
94-1	La Costa Valley	8	800	6,400
94-2	La Costa Valley	2,857	800	2,100,000
94-3	Encinitas	877	800	536,246
95-1	Torrey Hills & Fairbanks Ranch	2,360	855	2,413,959
95-2	Encinitas	575	800	431,482
99-1	Pacific Highlands Ranch	571	855	395,344
99-2	Rancho Santa Fe	45	570	25,650
99-3	Rancho Santa Fe & Crosby Estates	137	570	78,090
03-1	Pacific Highlands Ranch	1,617	1,014 / 855	1,630,206
	Total (8/15)	9,047		\$7,617,377

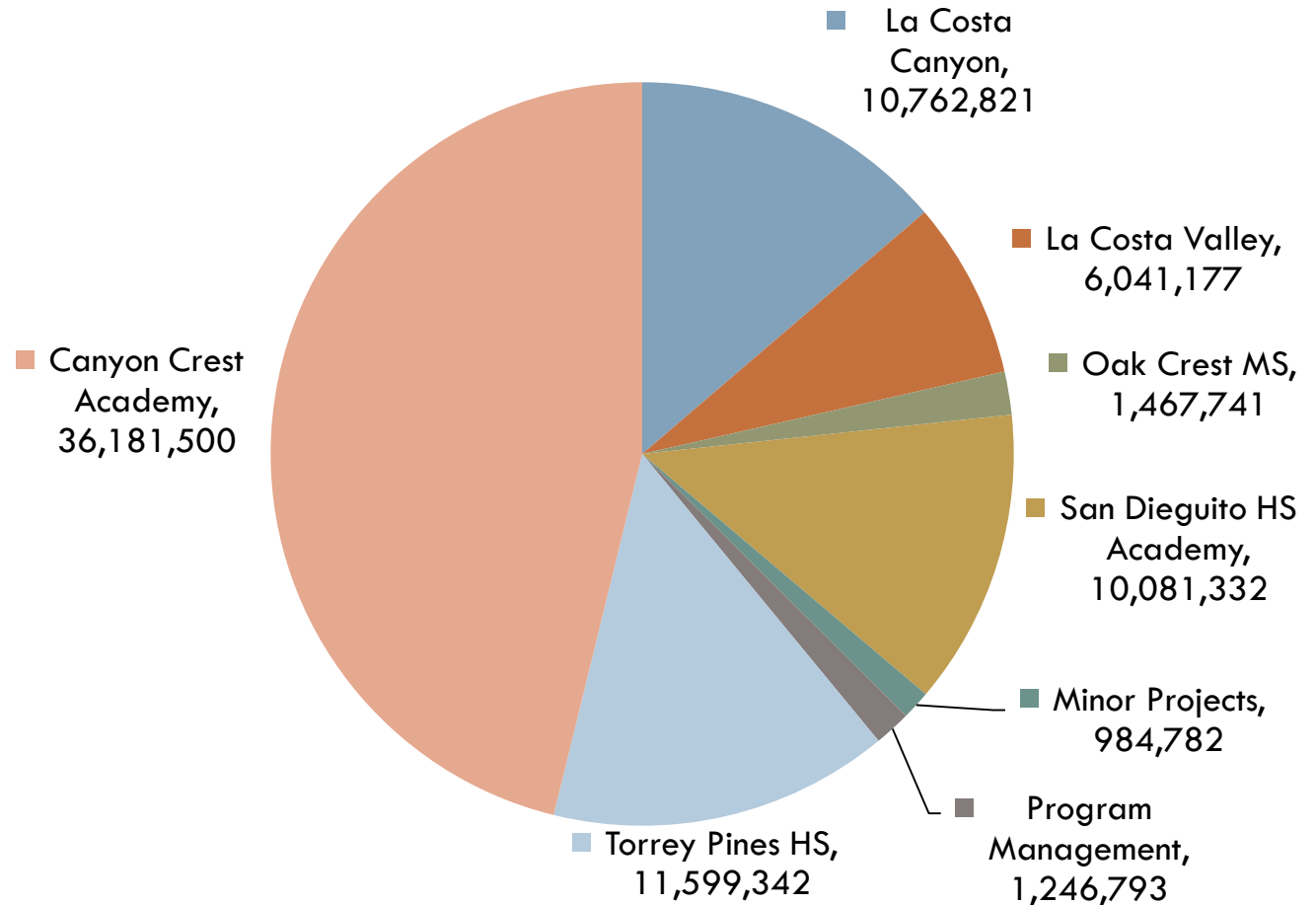
Community Facilities Districts

	Qualified Facilities
94-1	The capital school facilities for grades 7-12 needed by the School District in order to serve the student population anticipated to be generated as a result of development of the Property.
94-2	Purchase, construction, expansion, improvement or rehabilitation of facilities and land with an estimated useful life of five (5) years or longer, and planning and design work directly related thereto, for Oak Crest Junior High School, Diegueño Junior High School, a new junior high school in south Carlsbad, San Dieguito High School, a new high school in south Carlsbad, Sunset High School, Adult Education facilities and Continuation High School facilities
94-3, 95-1, 95-2	Necessary school facilities (including the purchase, construction, design, expansion, improvement or rehabilitation of facilities) to accommodate grade 7-12 students to be generated within the boundaries of the District, including Junior High, High School and Continuation and Adult School facilities (including land, interim and relocatable facilities), and associated administrative, transportation and maintenance facilities and equipment (including busses).
99-1, 99-2, 99-3, 03-1	School facilities, including classrooms, multi-purpose, administration and auxiliary space at each school, central support and administrative facilities, interim housing, transportation and special education facilities, together with furniture, equipment and technology, together with all land or interest in land required for the construction of such facilities and all land or interests in land required to be provided by the District as mitigation of environmental impacts associated with the development of such school facilities as well as all related incidental expenses and the costs to the District and Owner related to the negotiation, execution and implementation of the Funding and Mitigation Agreement. Also included are attributable costs of engineering, design, planning, materials testing, coordination, construction staking and construction, together with the expenses related to the issuance and sale of any debt including underwriters' discount, appraisals, market studies, reserve fund, capitalized interest, bond counsel, special tax consultant, bond and official statement printing, administrative expenses of the District.

ITEM 3

Community Facilities District Projects

Over \$78 million in school construction projects have been funded by CFD bonds since 1998



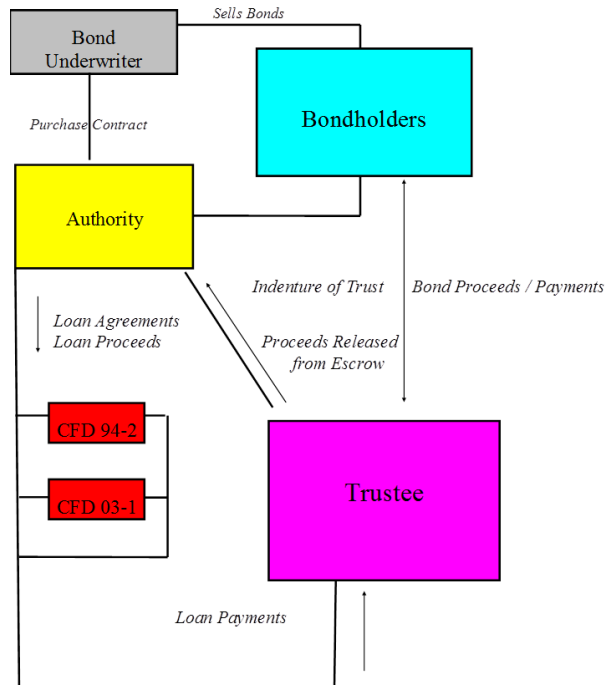
Community Facilities Districts

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- 1998 Bond Offering
 - ▣ Created San Dieguito Public Financing Authority
 - ▣ \$41,854,000 issued
- 2004 Bond Offering
 - ▣ \$26,058,762 issued
- 2006 Bond Refunding
 - ▣ \$10,452,725 additional proceeds
- 2008 Bond Remarketing
 - ▣ Converted bonds from a synthetic fixed rate to a traditional fixed rate structure to provide security in the midst of the Great Recession
 - ▣ Three series of bonds:
 - Series A and B are eligible to be called in 2018
 - Series C is eligible to be called at this time

Community Facilities Districts

CFD Funding is More Complex



CFD Funding Explained

- The Authority issues the 2016 Bonds
 - The Authority enters into an *Indenture of Trust* with the Trustee for the benefit of the Bondholders
- The Bond proceeds are held by the Trustee
- The Authority lends the bond proceeds to the CFDs to build facilities
 - The CFDs make loan payments with special tax revenue
 - The Authority uses such loan payments to make payments on the Bonds
 - The loan payments from the CFDs are secured by the special tax revenues

Community Facilities Districts

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Proposed CFD Projects

- Supplement Prop AA
 - CCA B Building
 - TPHS Performing Arts Center
 - Special Ed Adult Transition Classrooms
- School Safety
 - Safe paths to school-joint project with Solana Beach
 - Traffic circulation at TPHS
 - Perimeter security
 - Diegueño MS
 - Oak Crest MS
 - Torrey Pines HS
 - La Costa Canyon HS

Proposed CFD Projects

- Solar Projects
 - Oak Crest MS
 - Diegueño MS
 - Earl Warren MS
 - Pacific Trails (Prop AA)
- Shared Use
 - Field lighting at Canyon Crest Academy
 - Field lighting at Pacific Trails MS
 - Field renovation at Carmel Valley MS

Community Facilities Districts

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- Financing Options
 - ▣ Issue \$18.3 million in new CFD bonds
 - Bonds issued against CFD 94-2 and CFD 03-1 where most growth has occurred since 2006
 - Call 2008 Series C to refinance at lower interest rate
 - ▣ 2008 Series A & B are callable in 2018
 - Decision to call and refinance will be made based on market conditions and additional bonding capacity at that time

Community Facilities Districts

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- Timeline and Next Steps
 - Prop AA Series C Bonds
 - Board Resolution May Board Meeting
 - Pricing Mid-June
 - CFD Bonds
 - Board Resolution June Board Meeting
 - Pricing July