



Potential Funding Options for Student Housing Project

March 13, 2019

PiperJaffray

Overview of Potential Funding Options

▪ **General Obligation Bonds**

- 55% voter approval required
- Secured by *ad valorem* property taxes
- Highest credit rating/lowest cost of borrowing

▪ **Lease Revenue Bonds/Certificates of Participation**

- No voter approval required
- Secured by District's General Fund
- Lower credit rating/higher cost of borrowing than General Obligation Bonds

▪ **Student Housing Revenue Bonds**

- No voter approval required
- Secured solely by student housing revenues (rental fees)
- Lowest credit rating/highest cost of borrowing

▪ **Public Private Partnership (P3) Project Financing**

- Developer Finances, Builds & Operates

General Obligation Bond Considerations

- **2020 Bond Election Schedule**

Election Date	Election Material Submission Deadline
March 3, 2020	January 4, 2020
November 3, 2020	August 7, 2020

- **Phasing and Timing of Individual Bond Issues**

- Delivery of bond funds to match project cash flow schedules

- **District Assessed Valuation and Projected Growth**

- Determines tax base and ability to issue bonds in the future

- **Municipal Bond Interest Rates**

- Market environment
- District credit ratings

- **Length of Bond Financing**

History of District Assessed Valuation

Fiscal Year	Assessed Valuation	Annual Change
2000-01	\$5,307,115,234	
2001-02	\$5,599,960,043	5.52%
2002-03	\$5,916,428,186	5.65%
2003-04	\$6,309,613,920	6.65%
2004-05	\$6,785,418,214	7.54%
2005-06	\$7,403,084,174	9.10%
2006-07	\$8,166,095,872	10.31%
2007-08	\$8,867,062,855	8.58%
2008-09	\$9,321,796,793	5.13%
2009-10	\$9,595,611,599	2.94%
2010-11	\$9,519,592,320	-0.79%
2011-12	\$9,492,071,724	-0.29%
2012-13	\$9,438,747,100	-0.56%
2013-14	\$9,514,938,385	0.81%
2014-15	\$9,646,312,009	1.38%
2015-16	\$9,890,668,776	2.53%
2016-17	\$10,195,058,689	3.08%
2017-18	\$10,584,645,059	3.82%
2018-19	\$10,999,872,324	3.92%

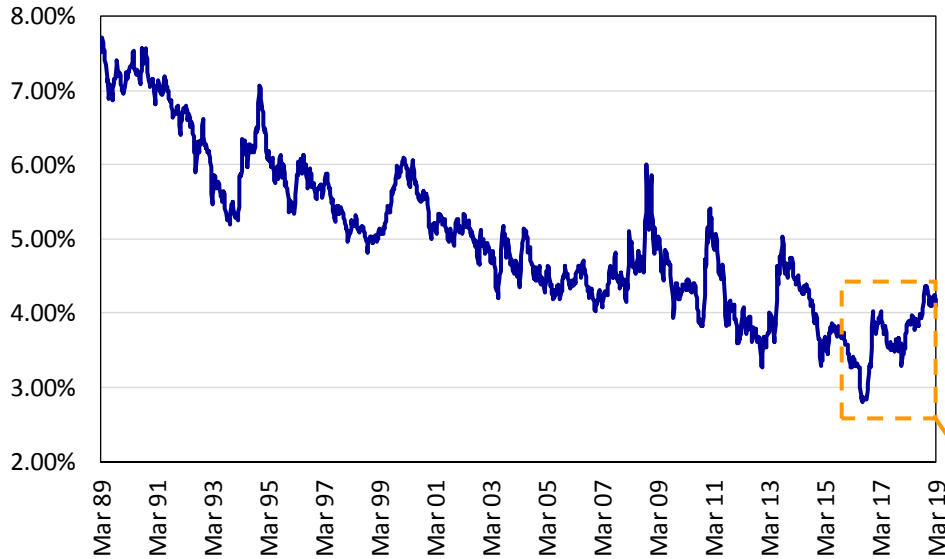
Highest
5-Year
Growth
Period

Lowest
5-Year
Growth
Period

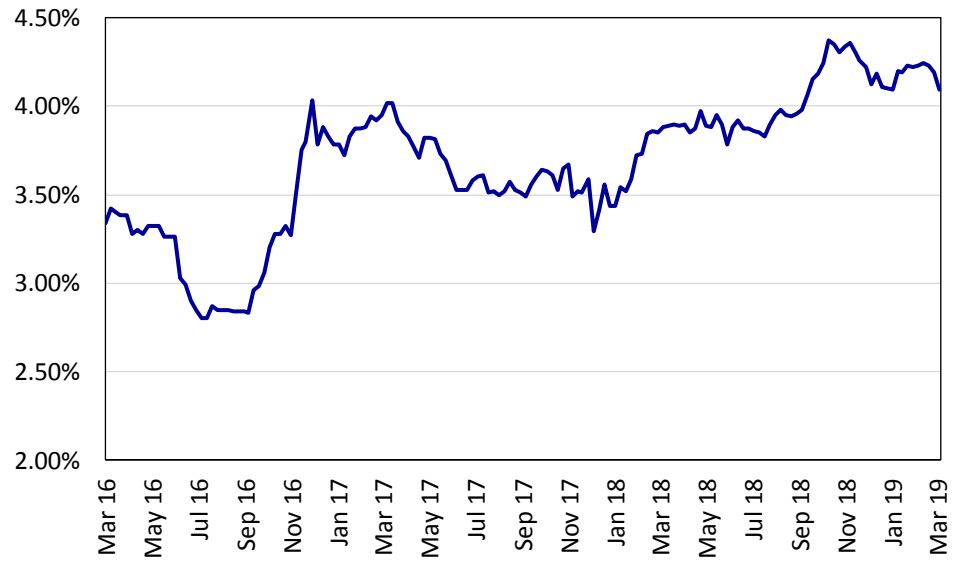
Annualized Average Growth Rates	
5-Year	2.94%
10-Year	1.67%
15-Year	3.77%
18-Year	4.13%
<i>Highest 5-Year Period (2003-2008)</i>	8.43%
<i>Lowest 5-Year Period (2010-2015)</i>	0.11%

History of General Obligation Bond Interest Rates

**Bond Buyer General Obligation Bond Index ⁽¹⁾
30-Year History**



**Bond Buyer General Obligation Bond Index ⁽¹⁾
3-Year History**



(1) Index tracks the average yields of 20 general obligation municipal bonds with 20-year maturities and average ratings of Aa2 by Moody's or AA by Standard & Poor's.

Bond Credit Rating Scale

	Moody's	S&P	Fitch	Rating Description	
	Aaa	AAA	AAA	Prime	Investment grade
	Aa1	AA+	AA+	High grade	
	Aa2	AA	AA		
	Aa3	AA-	AA-		
Current GO Rating ←	A1	A+	A+	Upper medium grade	
Expected LRB Rating ←	A2	A	A		
	A3	A-	A-		
	Baa1	BBB+	BBB+	Lower medium grade	
	Baa2	BBB	BBB		
Expected SHRB Rating ←	Baa3	BBB-	BBB-		
	Ba1	BB+	BB+	Speculative	Non-investment grade/ High-yield bonds/ Junk bonds
	Ba2	BB	BB		
	Ba3	BB-	BB-		
	B1	B+	B+	Highly speculative	
	B2	B	B		
	B3	B-	B-		
	Caa1 & below	CCC+ & below	CCC & below	Extremely speculative/ Default	

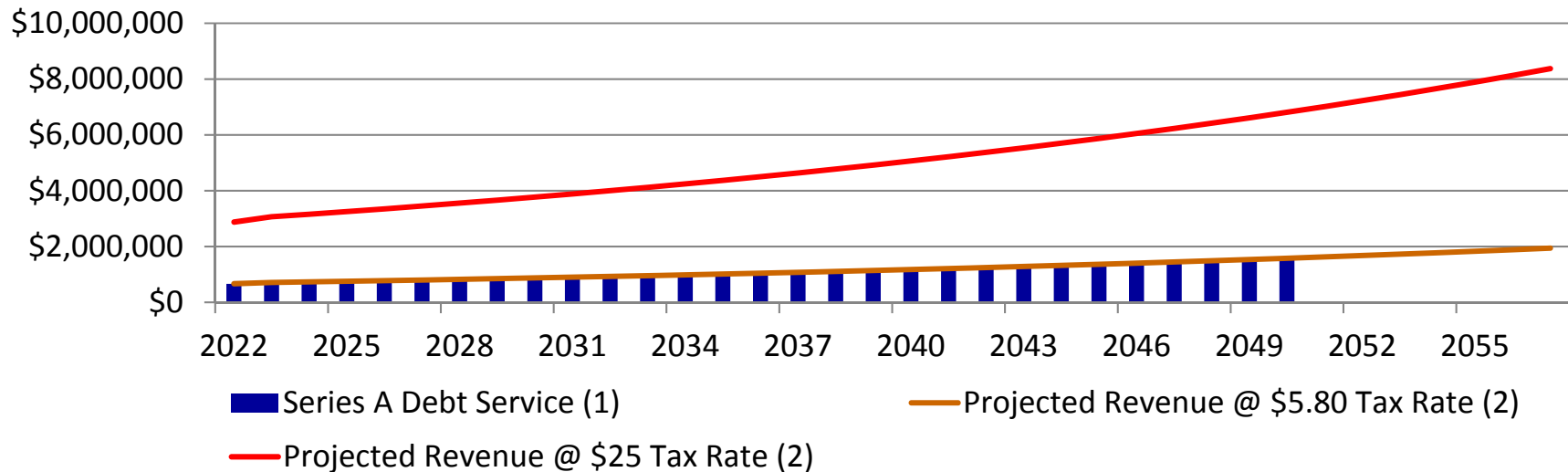
Funding Student Housing with General Obligation Bonds

Funding Date February 2021
 Proceeds **\$16,000,000**

Total Debt Repayment \$30,821,182

Annual Cost to District -
Annual Cost to Taxpayers **\$5.80 per \$100,000 of AV**

Projected Tax Revenue and General Obligation Bond Debt Service

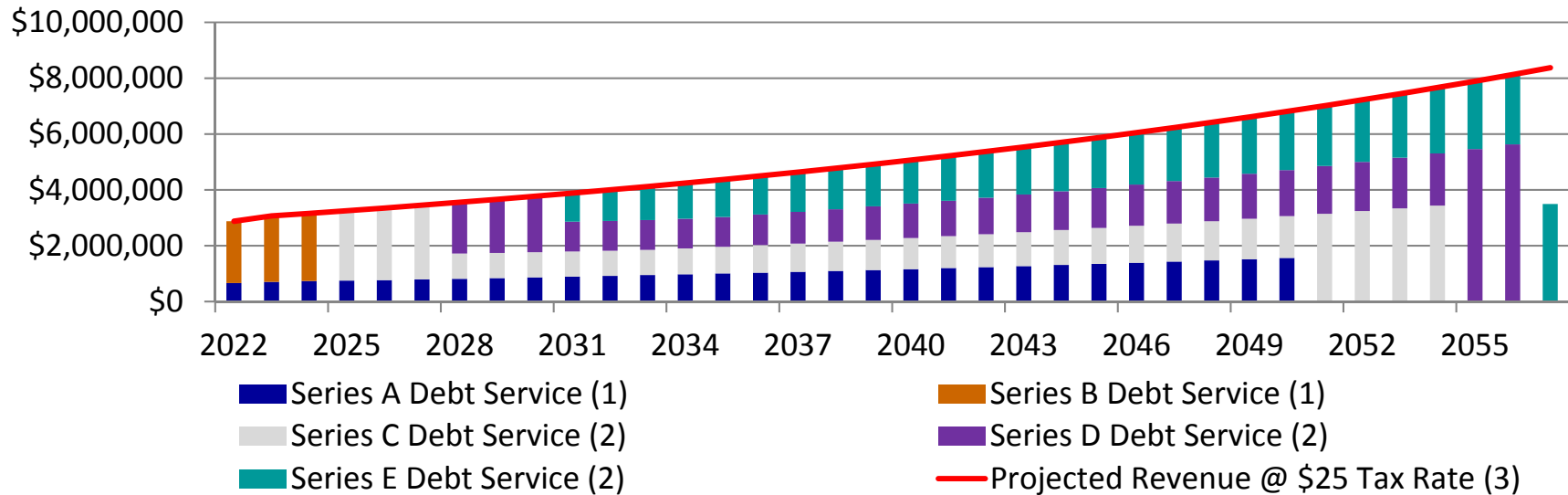


- (1) Series A Debt Service is calculated based on estimated market conditions as of 3/6/2019, assuming A1/A+ underlying ratings; preliminary, subject to change.
- (2) Projected Revenue is calculated based on 2018-19 assessed valuation, assuming 2.00% increase in assessed valuation from 2018-19 to 2019-20 and 3.00% annual increase in assessed valuation thereafter.

Sample 2020 Bond Plan with \$25 per \$100K Tax Rate

	Funding Date	Proceeds	
Series A	February 2021	\$16,000,000	→ Student Housing Project
Series B	February 2021	\$6,575,000	} Other District Facility & Technology Projects
Series C	August 2024	\$22,600,000	
Series D	August 2027	\$22,600,000	
Series E	August 2030	\$22,600,000	
		\$90,375,000	

Projected Tax Revenue and General Obligation Bond Debt Service

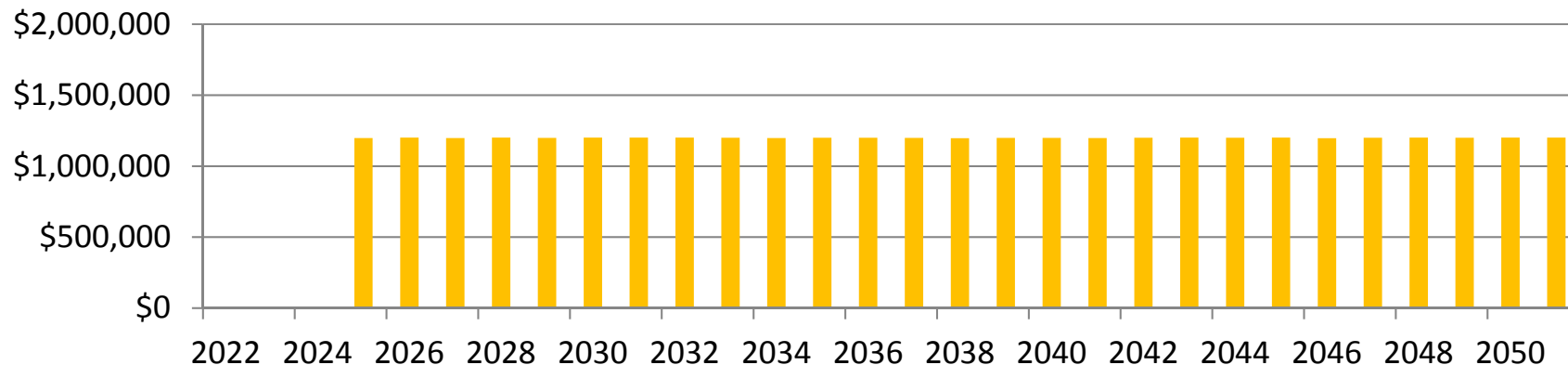


- (1) Series A and Series B Debt Service is calculated based on estimated interest rates as of 3/6/2019, assuming A1/A+ underlying ratings; preliminary, subject to change.
- (2) Series C, Series D and Series E Debt Service is calculated based on estimated interest rates as of 3/6/2019 (assuming A1/A+ underlying ratings) plus 1.00-1.50%; preliminary, subject to change.
- (3) Projected Revenue is calculated based on 2018-19 assessed valuation, assuming 2.00% increase in assessed valuation from 2018-19 to 2019-20 and 3.00% annual increase in assessed valuation thereafter.

Funding Student Housing with Lease Revenue Bonds

Funding Date	February 2021	
Proceeds	\$16,000,000	
Total Debt Repayment	\$32,384,100	
Annual Cost to District (Year 1-3)	-	
Annual Cost to District (Year 4-30)	\$1,201,250	Secured by District General Fund
Annual Cost to Taxpayers	-	

Estimated Lease Revenue Bond Debt Service⁽¹⁾

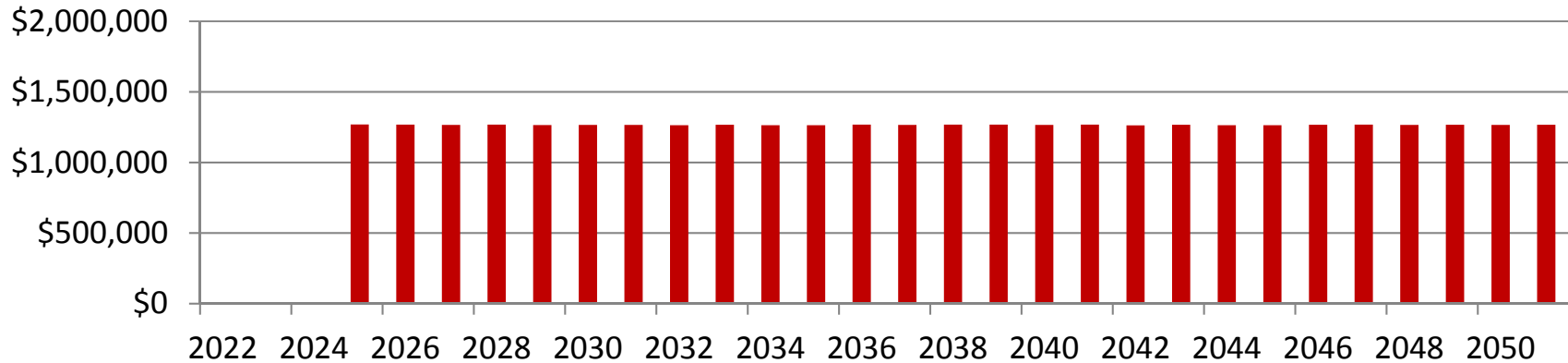


(1) Estimated Debt Service is calculated based on estimated market conditions as of 3/6/2019, assuming A underlying rating; preliminary, subject to change.

Funding Student Housing with Student Housing Revenue Bonds

Funding Date	February 2021	
Proceeds	\$16,000,000	
Total Debt Repayment	\$34,181,146	
Annual Cost to District (Year 1-3)	-	
Annual Cost to District (Year 4-30)	\$1,268,500	Secured by Student Housing Revenue (Rental Fees)
Annual Cost to Taxpayers	-	

Estimated Student Housing Revenue Bond Debt Service⁽¹⁾

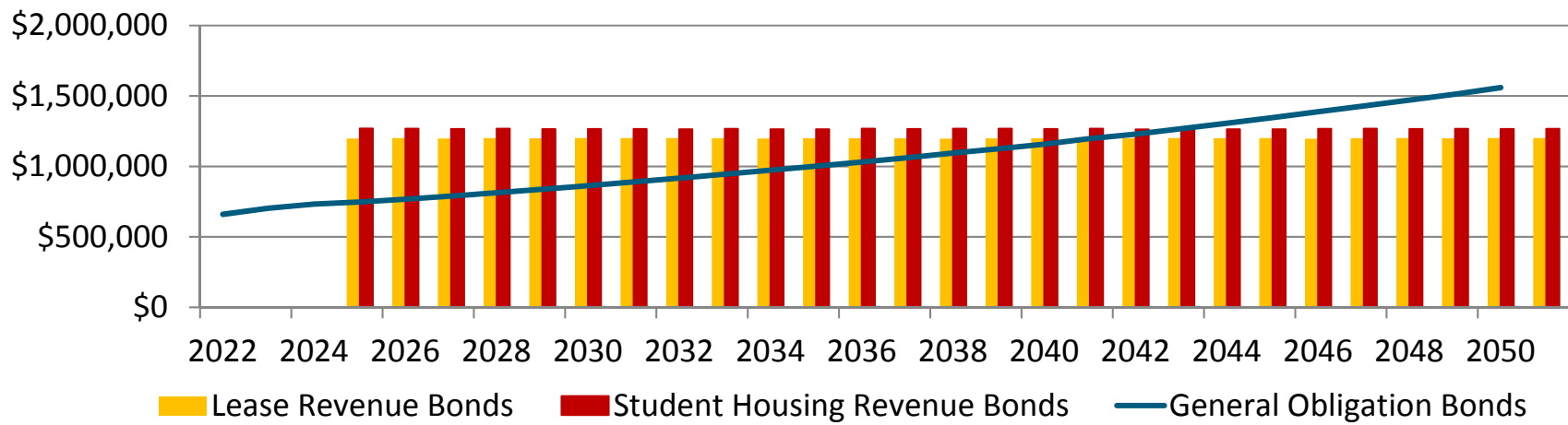


(1) Estimated Debt Service is calculated based on estimated market conditions as of 3/6/2019, assuming BBB- underlying rating; preliminary, subject to change.

Comparison of Funding Options⁽¹⁾

	General Obligation Bonds	Lease Revenue Bonds	Student Housing Revenue Bonds
Voter Approval Required	Yes	No	No
Security	<i>Ad Valorem</i> Property Taxes	District General Fund	Student Housing Revenues
Expected Bond Rating	A+	A	BBB-
Cost of Borrowing	Low	—————> High	
Funding Date	February 2021	February 2021	February 2021
Proceeds	\$16,000,000	\$16,000,000	\$16,000,000
Total Debt Repayment	\$30,821,182	\$32,384,100	\$34,181,146
<i>Annual Cost to District (Year 1-3)</i>	-	-	-
<i>Annual Cost to District (Year 4-30)</i>		\$1,201,250	\$1,268,500
<i>Annual Cost to Taxpayers</i>	\$5.80 per \$100,000 of AV	-	-

Estimated Debt Service⁽¹⁾



(1) Calculations are based on estimated market conditions as of 3/6/2019; preliminary, subject to change.

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