

**TEMPLE CITY UNIFIED SCHOOL DISTRICT  
SPECIAL MEETING/NEXT BOND ISSUANCE STUDY SESSION OF THE BOARD OF EDUCATION  
DISTRICT OFFICE BOARDROOM  
9700 LAS TUNAS DRIVE, TEMPLE CITY, CALIFORNIA**

**Approved Minutes of the Special Board Meeting of September 7, 2016**

Mr. Bell called the Regular Meeting to order at 5:20 p.m.

Call to Order

Board Members Present

Roll Call

Vinson Bell, President  
Larry Marston, Vice President  
George Gould, Member  
Kenneth Knollenberg, Member, arrived at 5:22pm.  
John Pomeroy, Member

Board Members Absent

Jessica Huang, Student Board Member

Administrators Present

Kathy Perini, Superintendent  
Art Cunha, Assistant Superintendent, Personnel Services  
Kate Franceschini, Assistant Superintendent, Educational Services  
Marianne Sarrail, Chief Business Official

Administrators Absent

None

There were no public comments.

Public Comments

Mr. Bell led the flag salute.

Flag Salute

Mark Epstein presented the Bond Series presentation to the Board:

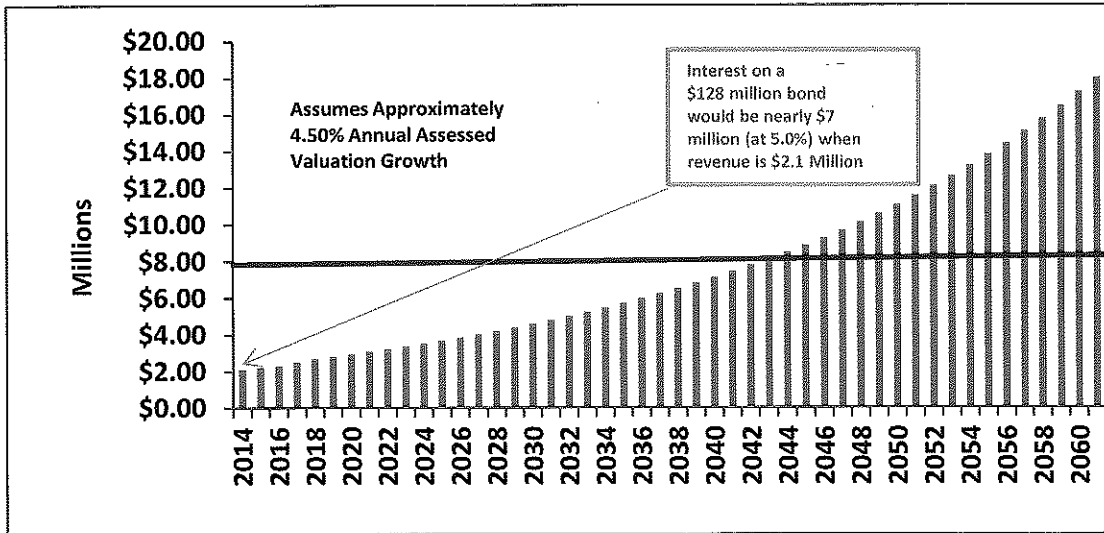
Next Bond  
Issuance Study  
Session

BOND BASICS

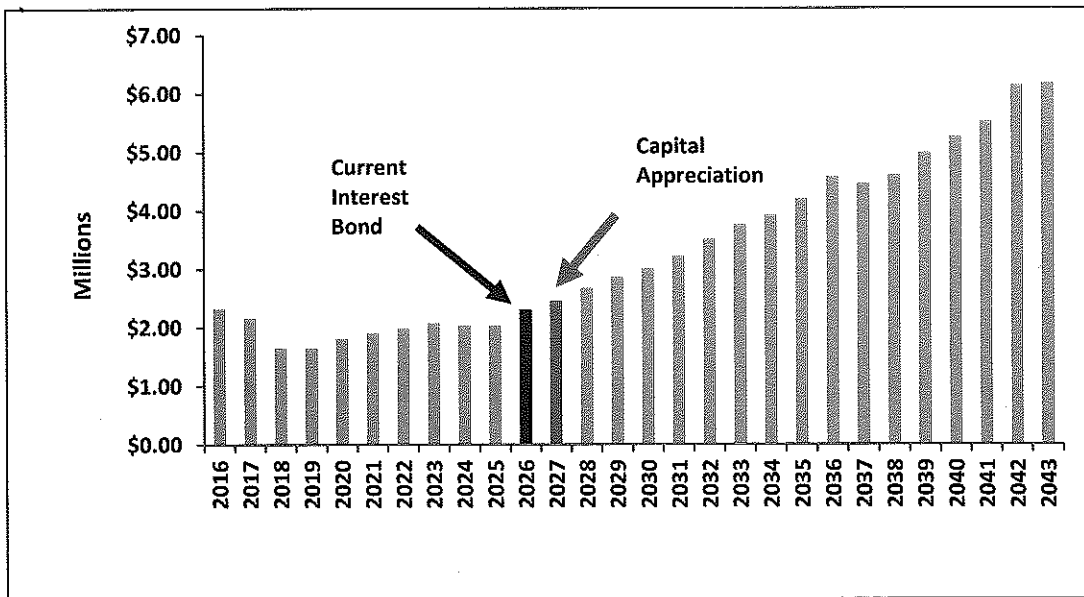
- Taxpayers Authorize a Maximum Bond Amount and Estimated Tax Rate (Not to Exceed \$60 per \$100,000 of Assessed Value (AV));
- District Estimates AV Growth Rates to Determine Tax Revenue Stream for Bonds;
- Tax Revenue Stream Constrains Bond Issuance Schedule and Amount of Each Bond Sale;
- Bond Investors Select a Year for Their Original Investment to be Returned (Maturity);
- Each Maturity has a Different Interest Rate – Rates Rise as the Maturity Date is Extended;
- Current Interest Bonds Make Interest Payments to Investors Every Six Months; and
- Capital Appreciation Bonds Accrue Interest Every Six Months but Pay Interest at Maturity.

**Temple City USD Tax Revenue Stream Approved by Voters in 2012**

Next Bond Issuance Study Session (continued)



**District-wide G.O. Bonds -- First G.O. Bond Series of 2013**



**Mechanics and Cash Flow for Current Interest Bonds:  
2026 TCUSD CURRENT INTEREST BOND EXAMPLE**

2026 Bond Maturity	\$270,000	Total Interest:	\$175,500
Original 2013 Rate:	5.000%	Total Payment:	\$445,500
Semi-Annual Interest:	\$6,750	2013 Present Value	\$277,546
AB182 Permitted Ratio	4.00 to	Repayment Ratio	1.65 to 1.00
1.00			

**2027 TCUSD CAPITAL APPRECIATION BOND EXAMPLE**

Next Bond Issuance Study Session (continued)

2026 Bond Maturity	\$202,153	Total Interest:	\$237,847
Original 2013 Rate:	5.610%	Total Payment:	\$440,000
Semi-Annual Interest:	Not Applicable	2013 Present Value	\$229,297
AB182 Permitted Ratio	4.00 to 1.00	Repayment Ratio	2.17 to 1.00

Why Use Capital Appreciation?

1. Opportunity for Additional Projects and Reduction of Time Frame;
2. Minimize Construction Escalation and Reduce Potential Delays;
3. Minimize the Number of Bond Issuances Resulting in a Reduction of Related Costs;
4. Align Growing Revenue with Debt Service; and
5. Minimize Project Disruptions by Expediting Construction.

Scenario 5: Increase 2016 Issuance to \$37.2 Million

Debt Service Matches Revenue – There are no balloon payments to taxpayers

Escalation Assumptions:

2017 to 2018 = 4.00%  
2021 & After = 4.50%

Interest Rate Assumptions:

2013 Bond = .37% to 6.48%  
2016 Bond = TIC of 3.71%

Other Assumptions-Results

Tax Rate = \$58.80 per \$100,000  
Debt Service Ratio: 2.05 to 1  
Initial CIBs: \$31,145,000  
Initial CABs: \$5,996,601  
Med. SFH AV = \$654,800  
Avg. SFH Tax = \$444  
2016 Final Maturity = 31 years

Refunding

- A "Refunding" in the Tax-Exempt Bond Market is the Term for the Refinancing of Existing Higher Interest Rate GO Bonds Funded by Selling Lower Interest Rate GO Bonds to New Investors to:
- Advance Refund Debt by Providing Funds to Purchase Escrow Securities that Will Make All Future Payments to the Old Investors -- including "Buying Back" Refunded Bonds on the First Possible Prepayment Date (August 1, 2023);
- Current Refund Bonds by Providing Funds to "Buy Back" and Retire Outstanding Bonds within 90 days of the Refunding Bond Closing; and
- Provide Funds to Pay for ALL Costs of Issuance, Interest Owed on the 2013 Bonds Through the Escrow and Accrued Interest on the Refinancing Bonds.

Refunding Savings are Calculated Based on the Difference in Debt Service Payments Each Bond Year Comparing the Refunding and Refunded Bond Repayment Schedules, as follows:

- Costs of Issuance (including bond insurance), Prepayment Premiums (if any), Escrow Purchase Costs and All Related Expenses are Included and Amortized in the Principal/Premium Component of the Refunding Bonds;
- Savings are Calculated Annually on a Bond Year Basis and Cumulatively on both a Gross Dollar Basis and a Present Value Basis that Converts Gross Savings to Amounts Stated in 2016 Dollars; and
- On a Maturity-by-Maturity Basis to Ensure that Each Individual Refunded Bond is Individually Augmenting Savings.

Next Bond Issuance Study Session (continued)

**PROJECTED Savings and Debt Service Summary**

<b>PROJECTED Rate:</b>	<b>3.308%</b>	<b>Refunded Bonds:</b>	<b>\$37,705,000</b>
<b>Original 2013 Rate:</b>	<b>5.452%</b>	<b>Refunding Proceeds:</b>	<b>\$42,997,710</b>
<b>Annual Savings:</b>	<b>\$150,605</b>	<b>Escrow Cost:</b>	<b>\$42,634,498</b>
<b>Total Savings:</b>	<b>\$4,066,346</b>	<b>Issuance Costs:</b>	<b>\$317,057</b>
<b>Total Savings %:</b>	<b>9.82%</b>	<b>Prepay Premium:</b>	<b>0</b>
<b>PV Savings:</b>	<b>\$2,700,355</b>		
<b>PV Savings %:</b>	<b>10.79%</b>		

**Exposure to Changes that Might Impact These Estimates and Projections**

Factors that May Impact the 2016 Bond Projections	Impact
1. Interest Rates Rise More than .25% in the Next 60 days	Reduce Size, Increase CABs, Delay Future Issuances
2. Confirmation of Final 2016-17 AV Estimate Provided by County	Reduce Size, Increase CABs, Delay Future Issuances
3. District Rating Falls Below Current A2/AA-	Reduce Size, Increase CABs, Delay Future Issuances
4. Bond Insurance is not Available (Less Impact without CABs)	Reduce Size, Increase CABs, Delay Future Issuances
5. Legislative Changes (No Known Initiatives)	Unknown
6. Political Climate Changes (Use of CABs & Use of Premium)	Unknown
7. County Treasurer Policy Concerns	May Impact How Some Costs of Issuance are Funded

On motion of Member Bell, seconded by Member Marston, and on a 4-0-1 vote (Aye: Bell, Goold, Knollenberg, Marston; Nay: None; Abstain: Pomeroy), the meeting was adjourned at 6:48 p.m.

Adjournment

Member Pomeroy excused himself at 6:20 p.m.

Minutes of the Regular Meeting of the Temple City Unified School District Board of Education of  
September 7, 2016



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Vinson Bell, President of the Board of Education

Future Board of Education Meetings

Future Board  
Meetings

September 14 and 28, 2016  
October 19, 2016  
November 16, 2016  
December 7, 2016  
(Annual Organizational and  
Regular Meetings)

January 11 and 25, 2017  
February 8 and 22, 2017  
March 8 and 22, 2017  
April 19, 2017  
May 10 and 24, 2017  
June 14 and 28, 2017