



April 25, 2018

Portola Valley School District

Board Presentation: Bond Program Overview & Illustrative 2018 Bond Measure

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Bond Program Considerations

General obligation bond programs are generally structured based on:

- ◆ **Funding needs**

- District projects
 - Scope
 - Cost
 - Timing

- ◆ **Financing constraints**

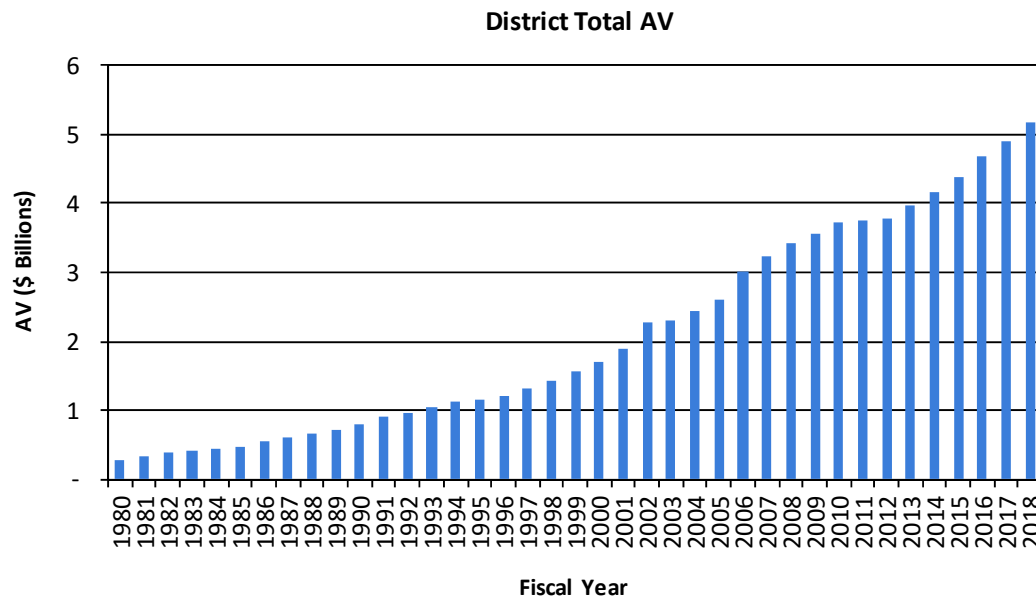
- District assessed value (“AV”)
- Interest rates
- Tax rates
- Legal parameters
 - State law
 - Federal law

School districts commonly seek multiple authorizations to meet their ongoing project needs

District AV

The District experienced 5.67% AV growth in 2017-18

- ◆ San Mateo County's AV tracker as of April 12, 2018 projects 4.54% growth for the District for 2018-19



Growth Statistics

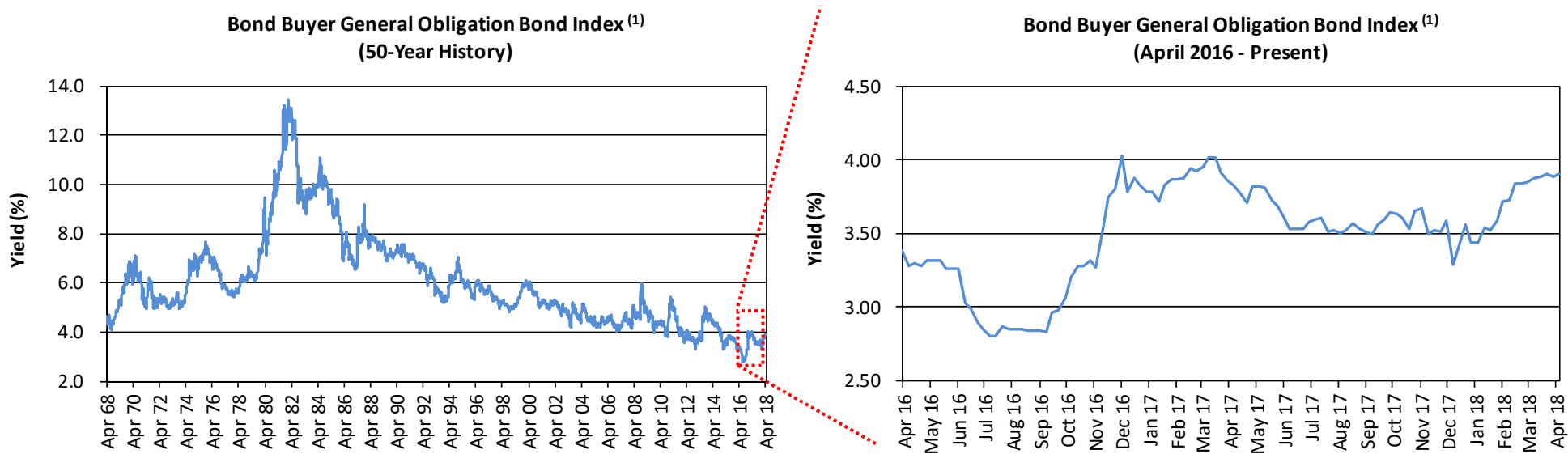
Annualized Growth Rates:		Lowest Rolling Averages:	
1-year:	5.67 %	3-year:	1.96 %
5-year:	5.46	5-year:	2.91
10-year:	4.18	10-year:	4.18
15-year:	5.55	15-year:	5.26
20-year:	6.70	20-year:	6.70
25-year:	6.62	25-year:	6.62
30-year:	7.10	30-year:	7.10
35-year:	7.46	35-year:	7.46

FY	Total AV ⁽¹⁾	Annual % Change
1980	\$ 283,871,612	
1981	328,577,104	15.75 %
1982	381,636,822	16.15
1983	417,421,810	9.38
1984	445,883,110	6.82
1985	480,048,596	7.66
1986	539,134,084	12.31
1987	597,302,755	10.79
1988	660,864,017	10.64
1989	713,325,578	7.94
1990	806,943,065	13.12
1991	896,461,918	11.09
1992	966,216,782	7.78
1993	1,042,318,209	7.88
1994	1,112,049,225	6.69
1995	1,157,460,825	4.08
1996	1,216,768,921	5.12
1997	1,307,595,076	7.46
1998	1,414,081,862	8.14
1999	1,561,006,098	10.39
2000	1,703,646,452	9.14
2001	1,902,289,126	11.66
2002	2,269,379,277	19.30
2003	2,299,100,682	1.31
2004	2,447,972,072	6.48
2005	2,611,654,275	6.69
2006	3,000,733,435	14.90
2007	3,233,867,219	7.77
2008	3,433,222,522	6.16
2009	3,563,387,880	3.79
2010	3,738,648,491	4.92
2011	3,750,499,501	0.32
2012	3,791,754,054	1.10
2013	3,963,264,410	4.52
2014	4,176,510,892	5.38
2015	4,393,030,584	5.18
2016	4,683,187,829	6.60
2017	4,893,664,498	4.49
2018	5,171,072,056	5.67

(1) Source: California Municipal Statistics, Inc. and San Mateo County.

Interest Rates

Municipal bond interest rates have experienced significant volatility but remain near historic lows



(1) Index reflects average yield to maturity of 20 general obligation bonds with 20-year maturities rated 'Aa2' by Moody's Investors Service and 'AA' by Standard and Poor's. Source: The Bond Buyer & Bloomberg.

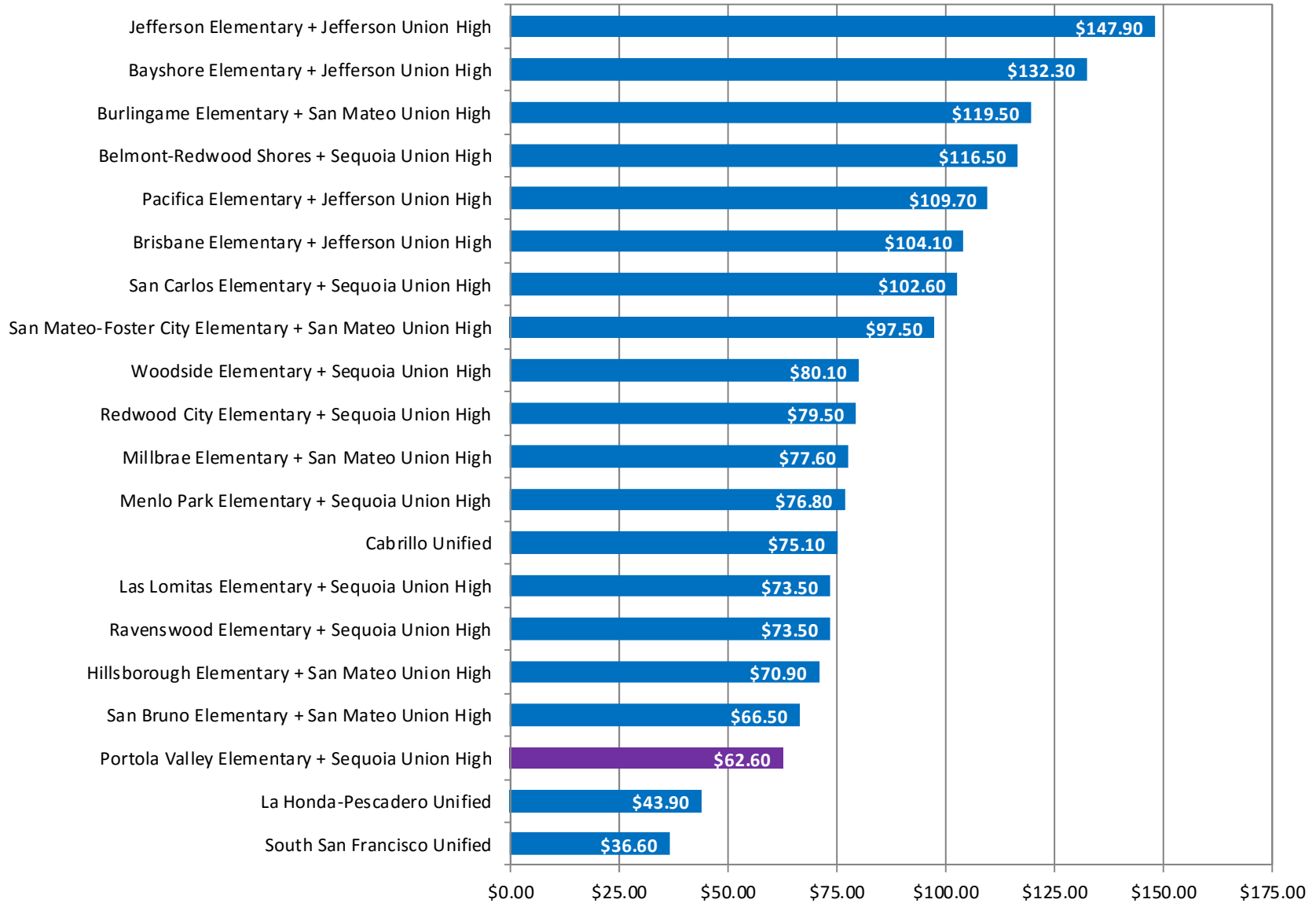
San Mateo County 2017-18 K-12 Bond Tax Rates

District	Elementary & High School District Tax Rates ⁽¹⁾	Aggregate K-12 Tax Rates ⁽¹⁾
Cabrillo Unified	-	\$75.10
La Honda-Pescadero Unified	-	\$43.90
South San Francisco Unified	-	\$36.60
Jefferson Union High	\$81.60	
Bayshore Elementary	\$50.70	\$132.30
Brisbane Elementary	\$22.50	\$104.10
Jefferson Elementary	\$66.30	\$147.90
Pacifica Elementary	\$28.10	\$109.70
San Mateo Union High	\$43.30	
Burlingame Elementary	\$76.20	\$119.50
Hillsborough Elementary	\$27.60	\$70.90
Millbrae Elementary	\$34.30	\$77.60
San Bruno Elementary	\$23.20	\$66.50
San Mateo-Foster City Elementary	\$54.20	\$97.50
Sequoia Union High	\$38.30	
Belmont-Redwood Shores	\$78.20	\$116.50
Las Lomas Elementary	\$35.20	\$73.50
Menlo Park Elementary	\$38.50	\$76.80
<i>Portola Valley Elementary</i>	\$24.30	\$62.60
Ravenswood Elementary	\$35.20	\$73.50
Redwood City Elementary	\$41.20	\$79.50
San Carlos Elementary	\$64.30	\$102.60
Woodside Elementary	\$41.80	\$80.10

(1) Tax rate per \$100,000 of AV.

San Mateo County Tax Rate Chart

2017-18 San Mateo County K-12 Tax Rates



Election Scenario A: No CABs

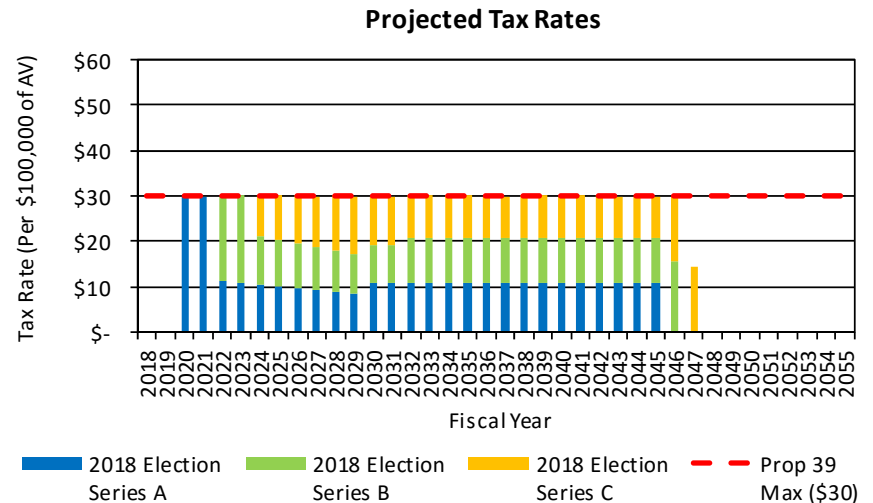
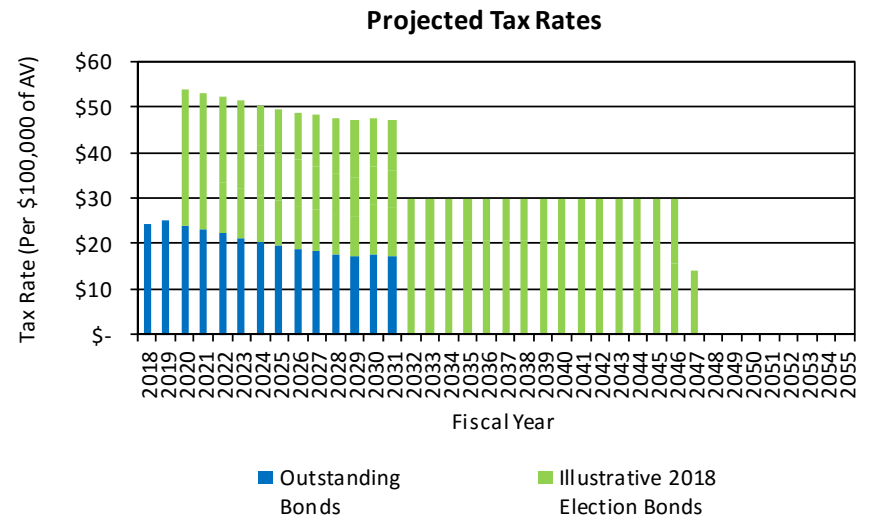
Summary: Request voters to authorize a new tax in an amount of \$30 per \$100,000 of AV (Prop 39 max) to generate \$42.3 million of AV (Prop 39 max) to generate \$42.3 million

◆ **Assumptions:**

- Maximum term: 27 years
- Interest rates: 5.25% - 5.50%
- 100% current interest bonds (“CIBs”)
- 0% capital appreciation bonds (“CABs”)
- Annual AV growth rates:
 - 2018-19: 3.75%
 - Thereafter: 4.00%

Illustrative Issuance Schedule ⁽¹⁾

Issue	Issue Date	Proceeds	Estimated Debt Service	Estimated Repayment Ratio	Estimated % CABs
Series A	February 2019	\$ 14,100,000	\$ 28,666,750	2.03 to 1	0.0 %
Series B	August 2021	14,100,000	29,305,170	2.08 to 1	0.0
Series C	August 2023	14,100,000	31,480,224	2.23 to 1	0.0
Total		\$ 42,300,000	\$ 89,452,144	2.11 to 1	0.0 %



(1) Issuance schedule for illustrative purposes only. Actual amounts and dates will be tailored to the District’s project needs.

Election Scenario B: CABs Included

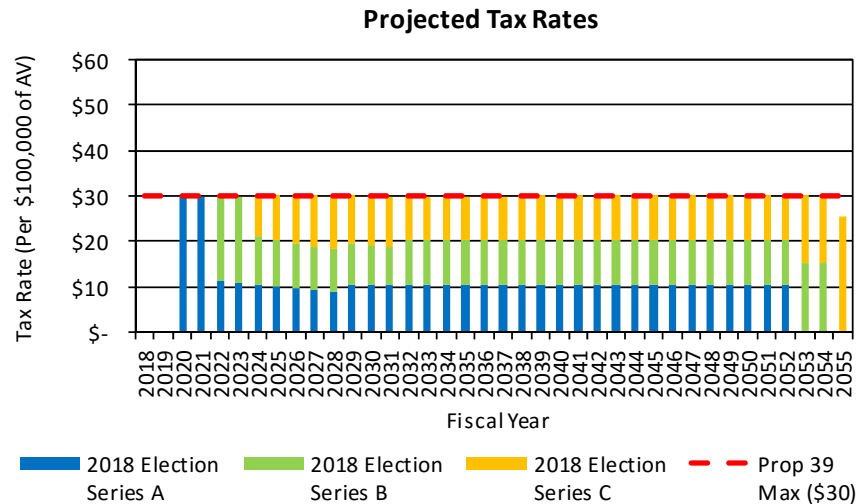
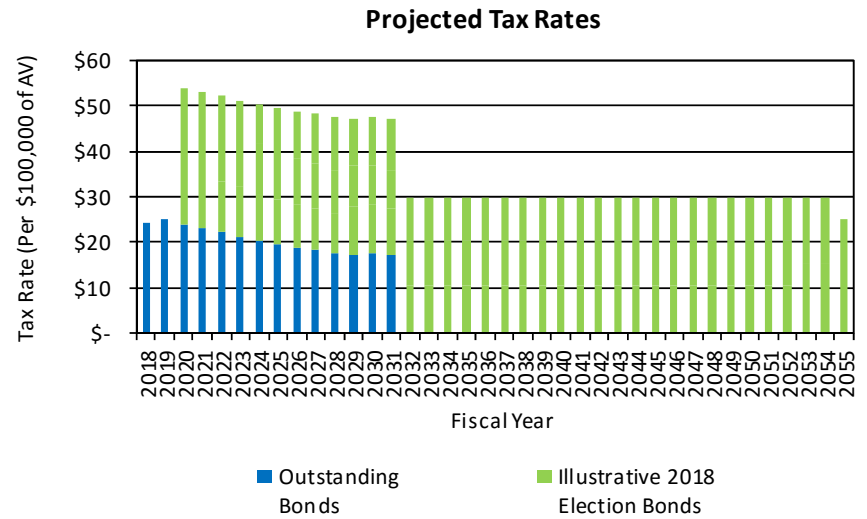
Summary: Request voters to authorize a new tax in an amount of \$30 per \$100,000 of AV (Prop 39 max) to generate \$48.3 million of AV (Prop 39 max) to generate \$48.3 million

◆ **Assumptions:**

- Maximum term: 34 years
- Interest rates: 5.50% - 5.75%
- Estimated 87.4% CIBs and 12.6% CABs
- Annual AV growth rates:
 - 2018-19: 3.75%
 - Thereafter: 4.00%

Illustrative Issuance Schedule ⁽¹⁾

Issue	Issue Date	Proceeds	Estimated Debt Service	Estimated Repayment Ratio	Estimated % CABs
Series A	February 2019	\$ 16,100,000	\$ 41,211,463	2.56 to 1	12.6 %
Series B	August 2021	16,100,000	42,466,440	2.64 to 1	14.7
Series C	August 2023	16,100,000	45,869,650	2.85 to 1	10.9
Total		\$ 48,300,000	\$ 129,547,553	2.68 to 1	12.7 %



(1) Issuance schedule for illustrative purposes only. Actual amounts and dates will be tailored to the District's project needs.

Two Bond Elections

The District may place two bonds measures on the same ballot in order to generate more funds for projects

- ◆ Increases the total proceeds to \$84.6 million for Scenario A and \$96.6 million for Scenario B with an aggregate new tax rate of \$60
- ◆ The two bonds are typically marketed separately, e.g. “middle school bond” and “elementary school bond” or “academic projects” and “co-curricular” projects
- ◆ The voter opinion survey will be helpful in determining voter support for two measures

Tax Rate Sensitivity

The amount of proceeds that can be accessed is dependent on the tax rate approved by voters

Tax Rate per \$100,000 of AV	Scenario A Sensitivity		Scenario B Sensitivity	
	Proceeds	Estimated Total Debt Service	Proceeds	Estimated Total Debt Service
\$20.00	\$28,200,000	\$59,634,763	\$32,200,000	\$86,365,035
30.00	42,300,000	89,452,144	48,300,000	129,547,553
40.00	56,400,000	119,269,525	64,400,000	172,730,071
50.00	70,500,000	149,086,907	80,500,000	215,912,588
60.00	84,600,000	178,904,288	96,600,000	259,095,106

Note: A tax rate above \$30 would require either i) two simultaneous Proposition 39 bond elections or ii) a Proposition 46 bond election

Impact to Median and Average Homeowners

The District's bond tax rate currently constitutes ~2.3% of the total property taxes assessed against homeowners (within a typical tax rate area #019-000):

	2017-18 Tax Rate (%)	2017-18 Tax Rate (per \$100,000 of AV)	Estimated Taxes for Median Single Family Home in District ⁽¹⁾	Estimated Taxes for Average Single Family Home in District ⁽²⁾
General Tax Rate	1.00000 %	\$1,000.00	\$14,242.91	\$20,281.69
Midpeninsula Regional Open Space District	0.00090	0.90	12.82	18.25
Portola Valley Elementary School District	0.02430	24.30	346.10	492.85
Sequoia Union High School District	0.04330	43.30	616.72	878.20
San Mateo Community College District	0.02350	23.50	334.71	476.62
Total Tax Rate	1.09200 %	\$1,092.00	\$15,553.26	\$22,147.61

Below are estimates of the annual tax bill increase for homeowners assuming various new tax rates for 2018 District election bonds

2018 Election Bond Tax Rate (per \$100,000 of AV)	Estimated New Taxes for Median Single Family Home ⁽¹⁾	Estimated New Taxes for Average Single Family Home ⁽²⁾
\$30.00	\$427.29	\$608.45
\$40.00	\$569.72	\$811.27
\$50.00	\$712.15	\$1,014.08
\$60.00	\$854.57	\$1,216.90

(1) AV of median single family home as of 2017-18: \$1,424,291.

(2) AV of average single family home as of 2017-18: \$2,028,169.

Deadline for County Registrar of Voters

The District (or its bond counsel) must submit certain items to the County Registrar of Voters in order to get on the ballot for the November 6, 2018 election:

- ◆ August 10, 2018: Deadline to submit Board-adopted resolution calling for a bond election and tax rate statement
- ◆ August 17, 2018: Deadline to submit arguments for and against the ballot measure
- ◆ August 27, 2018: Deadline to submit rebuttals & impartial analysis