



## Issue Paper #5: Varying Bond Tax Rates

### 1. Background

At the first Bond Advisory Committee meeting, staff presented information on the expected amount of a future bond that continued the current tax rate and noted that:

*“...in terms of capacity and timing for assuming new debt, the District will have paid off a series of bonds with the result being a reduction of roughly \$1.23 in the District’s tax rate per \$1,000 assessed value from roughly \$2.23 to \$1.00 in 2018-19. If voters were to pass a bond measure that didn’t increase the tax rate beyond its current \$2.23 per \$1,000, early estimates are the District could finance roughly \$300 million in badly needed modernization, new construction and other capital projects to keep pace with anticipated enrollment growth.”*

Committee members asked staff to provide information at BAC Meeting #2 that considered increasing the overall tax rate to \$2.50, \$2.75, and \$3.00 and identified the bond amount that each of those rates would produce. Staff worked with Piper Jaffray to develop these three tax rate scenarios.

Staff and BAC members noted that going beyond the current tax rate for a future bond may prove difficult, but Committee members requested the information so it can be considered as bond program packages are developed.

Also included in this Issue Paper is a summary of the Average Real Market Value and Assessed Value of a typical residential property within the HSD for the years 2011/12 through 2016/17.

### 2. Conclusions

As can be seen from the following Summary of Bond Structuring Options, Piper Jaffray has determined that:

- A bond that continued the current tax rate of \$2.23 would generate \$324,915,000.
- A bond that increased the tax rate to \$2.50 would generate \$396,450,000.
- A bond that increased the tax rate to \$2.75 would generate \$460,325,000.
- A bond that increased the tax rate to \$3.00 would generate \$524,205,000.

The following tables present the conclusions of Piper Jaffray’s analysis for the Hillsboro School District.

## HILLSBORO SCHOOL DISTRICT NO. 1J

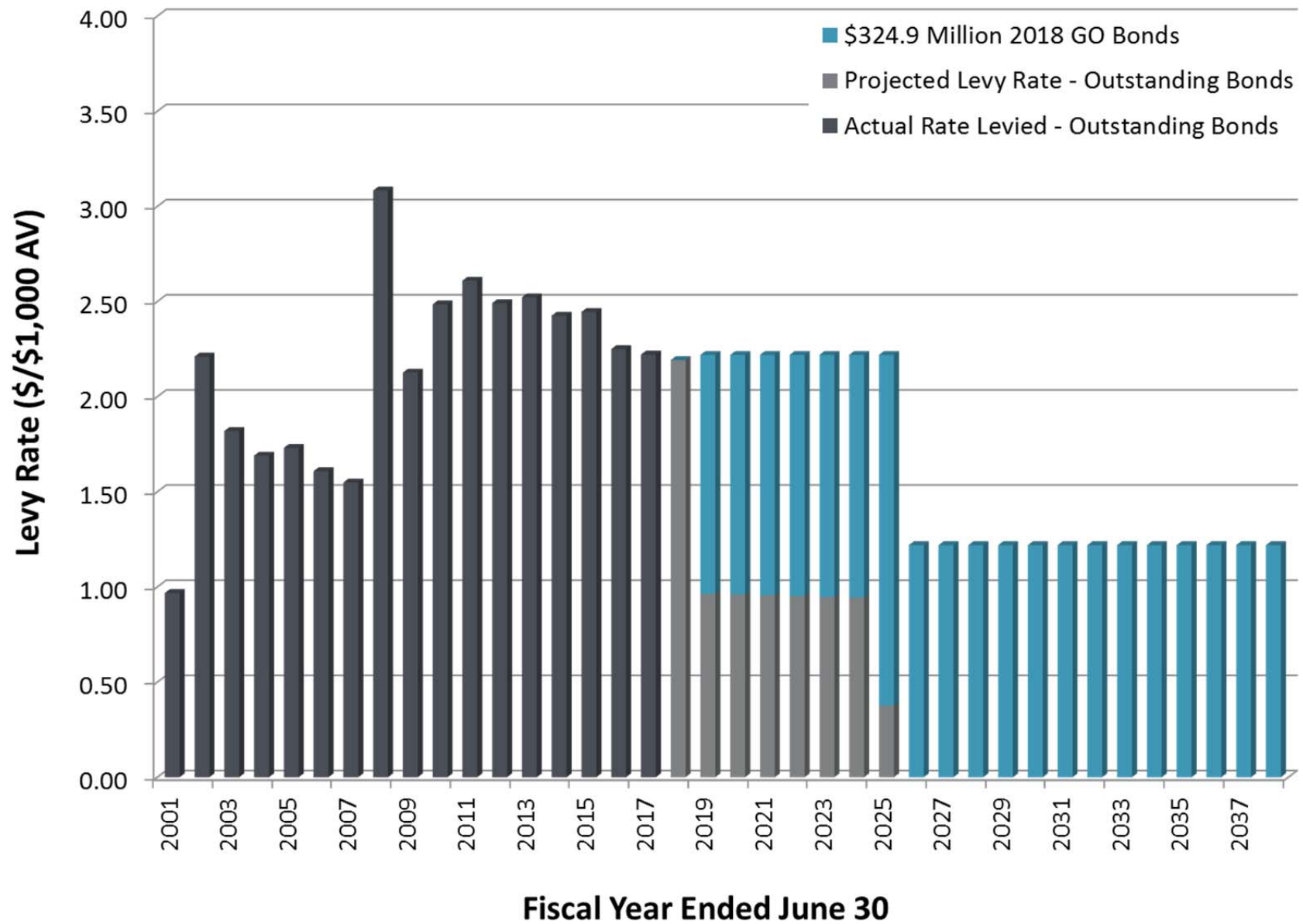
### General Obligation Bonds, Series 2018 – Summary of Structuring Options

		Maintain 2017 Levy Rate		Increase Levy Rate to \$2.50		Increase Levy Rate to \$2.75		Increase Levy Rate to \$3.00	
<b>Structure</b>									
<b>Par Amount</b>		<b>\$324,915,000</b>		<b>\$396,450,000</b>		<b>\$460,325,000</b>		<b>\$524,205,000</b>	
Dated Date		6/15/2018		6/15/2018		6/15/2018		6/15/2018	
Final Maturity		6/15/2038		6/15/2038		6/15/2038		6/15/2038	
Amortization Period		20 Years		20 Years		20 Years		20 Years	
<b>Levy Rates*</b>									
	Prior Debt	New Bonds	Combined	New Bonds	Combined	New Bonds	Combined	New Bonds	Combined
2017.....	\$ 2.22	\$ -	\$ 2.22	\$ -	\$ 2.22	\$ -	\$ 2.22	\$ -	\$ 2.22
2018.....	2.19	-	2.19	-	2.19	-	2.19	-	2.19
2019-2024.....	0.95	1.27	2.22	1.55	2.50	1.80	2.75	2.05	3.00
2025.....	0.38	1.84	2.22	2.12	2.50	2.37	2.75	2.62	3.00
2026-2038.....	-	1.22	1.22	1.50	1.50	1.75	1.75	2.00	2.00
<b>Interest</b>									
Current Interest Rates		+ 1.50%		+ 1.50%		+ 1.50%		+ 1.50%	
True Interest Cost (TIC)		4.46%		4.46%		4.47%		4.47%	
Total Interest Cost		\$189,111,365		\$231,902,302		\$270,114,991		\$308,325,073	
Total Interest Cost % of Par		58%		58%		59%		59%	

\* Projected levy rates are based on a variety of assumptions regarding AV growth, tax collections & interest rates. Debt service will be fixed when bonds are sold but levy rates are preliminary until the assessor certifies values each year.

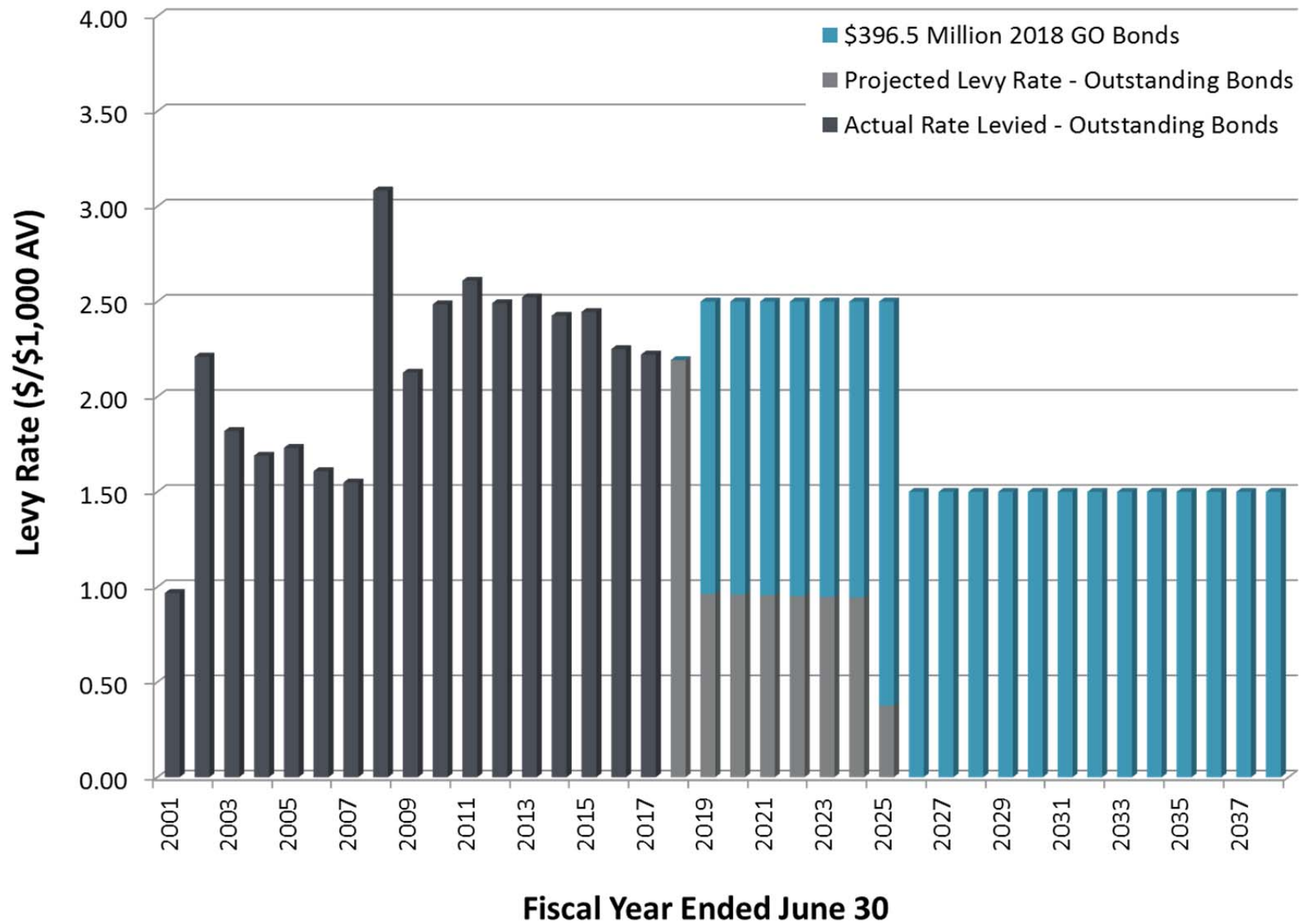
## HILLSBORO SCHOOL DISTRICT NO. 1J

### General Obligation Bonds, Series 2018 – Maintain 2017 Levy Rate



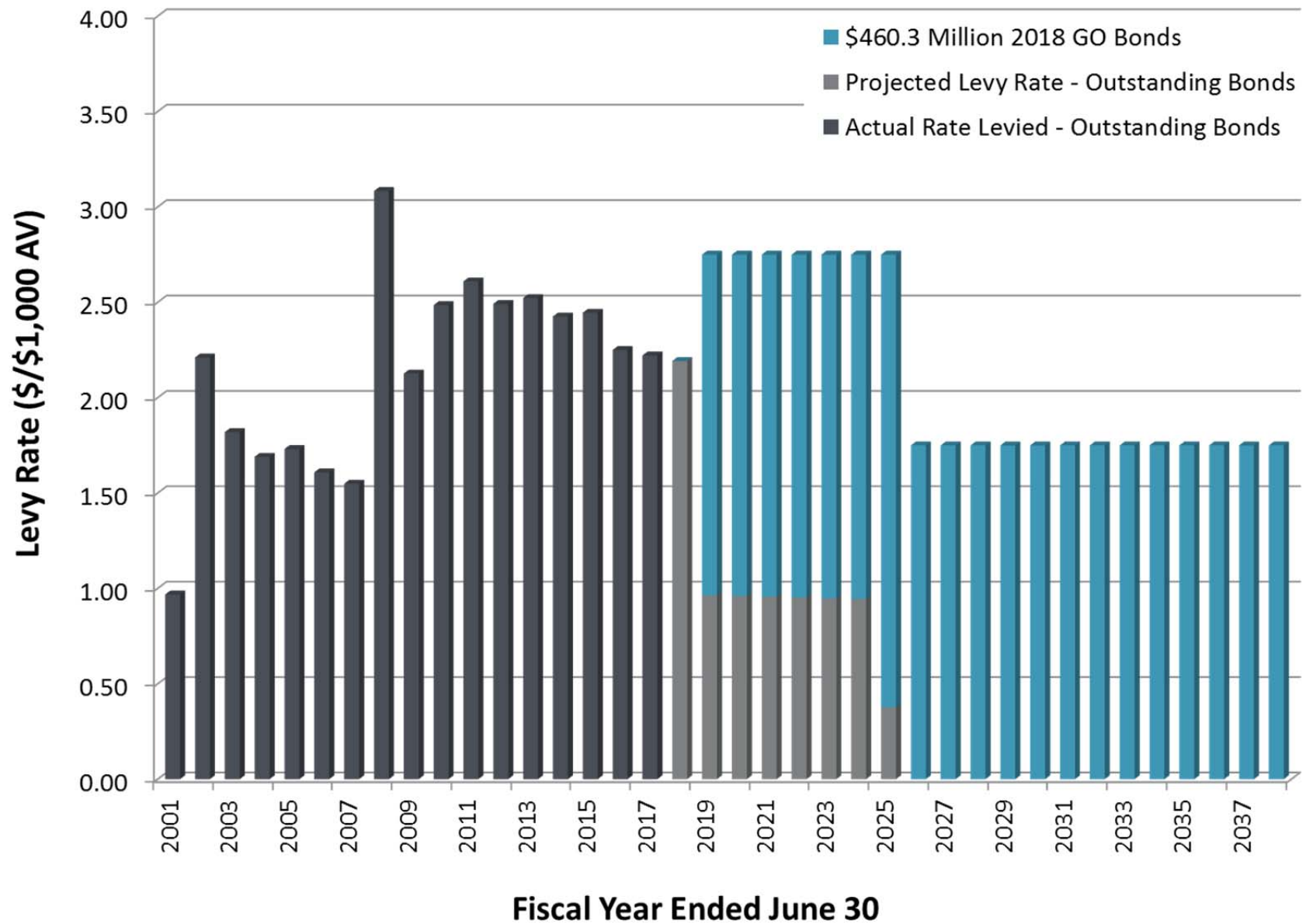
## HILLSBORO SCHOOL DISTRICT NO. 1J

General Obligation Bonds, Series 2018 – Increase Levy Rate to \$2.50



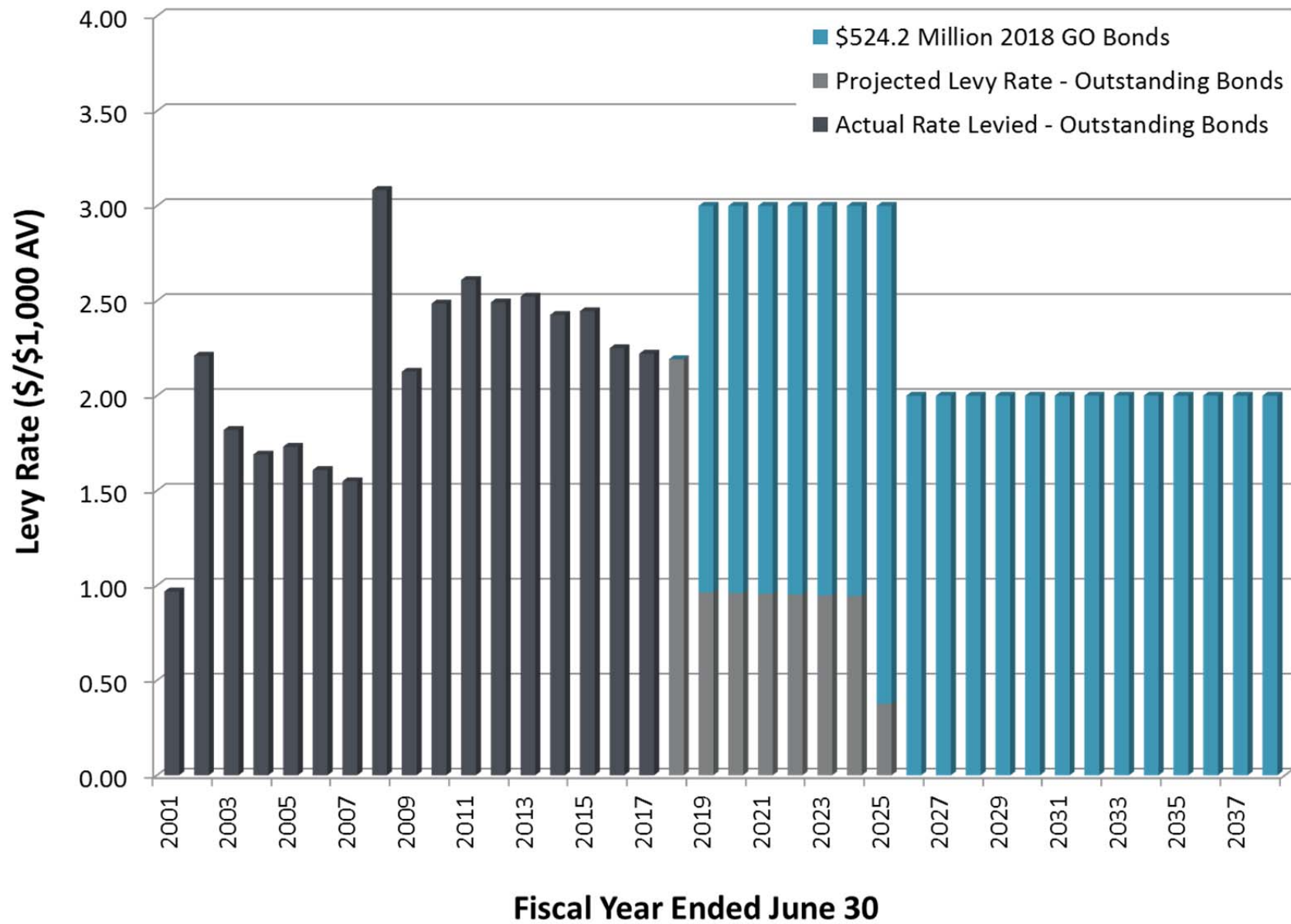
## HILLSBORO SCHOOL DISTRICT NO. 1J

General Obligation Bonds, Series 2018 – Increase Levy Rate to \$2.75



## HILLSBORO SCHOOL DISTRICT NO. 1J

General Obligation Bonds, Series 2018 – Increase Levy Rate to \$3.00



**Average Real Market Value (RMV) and Assessed Value (AV) of a typical residential property\* in the Hillsboro District - District 28**

<b>Tax Year</b>	<b>RMV</b>	<b>AV</b>
16-17	\$301,373	\$206,205
15-16	\$268,922	\$199,553
14-15	\$255,894	\$193,108
13-14	\$223,694	\$187,018
12-13	\$208,791	\$181,025
11-12	\$222,486	\$176,332

\* Typical residential properties are used to calculate the averages for Real Market Value, and Assessed Value year. These are improved residential properties with a living area greater than 100 sq. ft. that are in residential neighborhoods. This list excludes properties with partial construction, exempt property, code-split accounts, property with special use value, rural property, tract property, condominiums, and plots.