



# South San Francisco Unified School District

## 2021 General Obligation Bond Refunding Opportunity

by

Isom Advisors,  
a Division of Urban Futures, Inc.

November 18, 2021





# History of Bond Authorizations

District voters have approved two prior bond measures

South San Francisco USD

Election Date	Authorized Amount	% Support	Final Repayment
June 1997	\$40,000,000	74.6% (66.7% required)	2023
November 2010	\$162,000,000	77.5% (55.0% Required*)	2041

Source: Ed-Data

- \* Proposition 39 bonds can be approved with the support of 55.0% of voters on a regularly scheduled election date.
- \* Unified school districts must be able to project that tax rates under **each** Proposition 39 bond authorization will be at or below \$60 per \$100,0000 in assessed value.



# Outstanding Bonds

Approximately \$159.3 million in outstanding bonds

## South San Francisco USD

- ❖ The District currently has approximately \$159.3 million in general obligation bonds outstanding.

Dated Date	Series	Call Date	Original Par Amount	Outstanding (November 2021)
1/26/2006	School Facilities Financing Authority Revenue Bonds, Series 2006 [Final Maturity is 2023]	N/A	\$39,035,000.00	\$8,590,000.00
6/24/2015	2015 General Obligation Bonds (Measure J), Series B [Final Maturity is 2040]	9/1/2025	\$25,999,999.90	\$22,664,999.90
6/21/2016	2016 General Obligation Bonds (Measure J), Series C [Final Maturity is 2041]	9/1/2025	\$128,999,061.45	\$128,074,061.45

\*\*The District also issued seven series of bond anticipation notes (BANs) under the guidance of the prior financial advisor. The 2011 BANs, Series A and Series B were repaid from the proceeds of the 2012 General Obligation Bonds (Measure J), Series A and the 2012 BANs, Series C were repaid from the proceeds of the 2015 General Obligation Bonds (Measure J), Series B. The remaining four BANs were repaid from the proceeds of the 2016 General Obligation Bonds (Measure J), Series C.

# Refunding Opportunity



Approximately \$2.5 million in taxpayer savings

## South San Francisco USD

- ❖ In the current interest rate environment, there is an opportunity to refund the District’s 2015 Series B bonds for taxpayer savings.
  - Taxable refundings allows the District to refund bonds on an advance basis while complying with the requirements of the Tax Reform Bill of 2017.
  - Based on the current market environment, we estimate that a taxable refunding of **a portion** the 2015 Series B Bonds would generate taxpayer savings of approximately \$2.5 million over time, or 8.5% on a PV basis.
  - The refunding will also allow the District to convert **a portion** of its outstanding capital appreciation bonds (CABs) to traditional current interest bonds.

<b>Dated Date</b>	January 2022
<b>Par Amount of Refunding Bonds</b>	\$26,015,000
<b>Call Date of Prior Bonds</b>	March 1 and September 1, 2025
<b>Gross Savings</b>	<b>\$2,582,531</b>
<b>Present Value (PV) Savings</b>	<b>\$1,890,081</b>
<b>PV Savings as % of Refunded Par</b>	<b>8.50%</b>
<b>Negative Arbitrage</b>	\$1,606,948
<b>Savings Efficiency</b>	54.0%

\*Based on market interest rates as of October 22, 2021.

# Legal Documents (1)



Bond resolutions authorizing the issuance of bonds

South San Francisco USD

- ❖ **Resolution Authorizing the Sale of Refunding Bonds** – Board authorizes the issuance of Refunding bonds and sets a number of parameters:
  - Not to Exceed Par Amount: \$98 million\*
  - Maximum term: Final maturity of the prior bonds
  - Not to Exceed Underwriter's Discount: \$4.00 per bond
  - PV Savings Threshold: 6.0% *per series*

\*Based on current market interest rates, the refunding of the 2016 Series C bonds does not meet the savings and efficiency targets; however, the resolution allows for the flexibility to also refund the 2016 Series C bonds if it is able to meet the savings and efficiency targets based on the market interest rate environment at pricing.



# Legal Documents (2)

Bond resolutions will have a number of attachments

South San Francisco USD

- ❖ **Attachments** – The resolution has a number of attachments that will be approved in form. In the bond resolution, the board delegates the responsibility to execute these documents to the Superintendent & Assistant Superintendent of Business Services.
  - **Preliminary Official Statement (“POS”)** – Offering document which prospective purchasers of the bonds use to learn about the District and the bonds.
  - **Continuing Disclosure Certificate** – District covenants to file annual reports and material events notices to keep investor community up-to-date regarding District finances and tax base.
  - **Bond Purchase Agreement** – Agreement that gets executed at pricing between the District and underwriters establishing the terms of the bond sale.
  - **Escrow Agent Agreement** – A escrow agent holds and invests the refunding bond proceeds until the call date for the refunded bonds. This agreement provides US Bank with instructions during the escrow period.

# Financing Timeline



Pricing in January to Lock In Savings

South San Francisco USD

- ❖ Our current schedule assumes pricing and closing in January.

Financing Step	Target Dates
<b>Presentation to the Board and Bond Resolution Approval</b>	<b>November 18</b>
Meeting with Rating Agencies	Week of December 13
Receive Ratings	January 5
<b>Post Preliminary Official Statement</b>	<b>January 5</b>
<b>Pricing</b>	<b>January 12</b>
<b>Closing</b>	<b>January 26</b>

---

# Appendix

# District Bond & Assessed Value History



District's tax base has more than doubled since 2006

## South San Francisco USD

SSFUSD Historical Assessed Value		
Fiscal Year Ending	Total Value	% Change
2006	\$11,511,350,739	N/A
2007	12,622,770,658	9.65%
2008	13,787,630,184	9.23%
2009	16,369,087,299	18.72%
2010	15,311,131,760	-6.46%
2011	15,000,117,817	-2.03%
2012	15,184,957,969	1.23%
2013	15,365,519,350	1.19%
2014	15,726,422,339	2.35%
2015	16,397,682,567	4.27%
2016	17,053,125,802	4.00%
2017	17,990,024,388	5.49%
2018	18,866,885,252	4.87%
2019	20,926,216,480	10.92%
2020	22,522,715,424	7.63%
2021	24,604,780,845	9.24%
2022	25,844,006,834	5.04%
	<b>Average</b>	<b>5.33%</b>

- ❖ Combined 2021-22 tax rate for the district is \$35.20 per \$100,000 of assessed valuation
- ❖ District's gross bonding capacity is approximately \$646.1 million (2.50% x assessed value); District's outstanding G.O. bond debt is approximately \$159.3 million; District's net bonding capacity, or current debt limit, is approximately \$486.8 million

Source: California Municipal Statistics