



San Juan Unified School District
BOND OVERSIGHT COMMITTEE

Mario Rodriguez, Chair
 Rebecca Kirk, Vice Chair
 Bronwyn Bateman

David Wolfe
 Debra Desrosiers
 Elizabeth Colgrove

Tom Follett
 Timothy Slape
 William Baker

A G E N D A

Tuesday, June 18th, 2019, 6:00 p.m.

Conference Room A, San Juan Unified School District
3738 Walnut Avenue, Carmichael, CA 95608

- | | | |
|-------|--|--------|
| I. | Roll Call and Quorum Count - | 6:00pm |
| II. | Approval of the March 19 th , 2019 minutes - | 6:05pm |
| III. | Public Comments - | 6:10pm |
| IV. | Announcements - Mario Rodriguez & Frank Camarda | 6:15pm |
| V. | Post Sales Recap – Kent Stephens & Jason List, Isom Advisors | 6:20pm |
| VI. | Financial Report - Cherie Chenoweth | 6:50pm |
| VII. | Project Construction Update – Nicholas Arps | 7:00pm |
| VIII. | Elections of Chair & Vice Chair – Mario Rodriguez | 7:15pm |
| IX. | Adjourn Meeting - | 7:30pm |



San Juan Unified School District

Measure N & Measure P – 2019 General Obligation Bond Sales

Post Sale Review

By Isom Advisors,
a Division of Urban Futures, Inc.



March 19, 2019

Measures N & P Bond Programs



Measures N & P combined to sell \$230 million of GO Bonds

San Juan Unified School District

- ❖ In November 2012, District voters approved Measure N which authorized the sale of \$350 million of GO bonds. Proceeds of Measure N have been used to modernize classrooms, upgrade technology, improve student safety and receive State matching dollars.
- ❖ In November 2016, District voters approved Measure P which authorized the sale of \$750 million of GO bonds. Proceeds of Measure P will be used to upgrade classrooms, plumbing, electrical, technology, to build and rehab labs, to add vocational classrooms, upgrade security and safety systems, and build and acquire school facilities and equipment.
- ❖ The 2019 Measure N and Measure P Bonds were sold during a two-day process. The structure and preliminary interest rates were established on the first day; the final structure and interest rates were set on the second day after the Bonds were offered to investors.
- ❖ The True Interest Cost (average borrowing cost, ("TIC")) of the Measure N Bonds is 2.81% and the debt ratio (net bond payments divided by par amount) is 1.24:1; the final maturity is August 2031.
- ❖ The TIC of the Measure P Bonds is 2.15% and the debt ratio is 1.09:1; the final maturity is August 2029.
- ❖ The transactions closed and the District received its funds on January 22, 2019.
- ❖ After sale of the Bonds, there remains \$30 million of unissued Measure N bonds and \$630.08 million of unissued Measure P bonds.

2019 Bond Sales



Credit Ratings

San Juan Unified School District

- ❖ Prior to the Bond sale, District staff and the finance team had meetings with credit analysts from Moody's Investors Service and Fitch Ratings to present the District's credit and receive ratings on the Bonds.
- ❖ Moody's gave the District's Bonds a rating of "Aa2," citing as strengths:
 - Exceptionally large AV;
 - Solid fiscal position;
 - Increases in enrollment over the next few years.
- ❖ Fitch assigned a "AAA" rating to the District's Bonds, citing:
 - Unlimited tax GO bond pledge;
 - Strong tax base with moderate debt;
 - Expenditure flexibility and ability to cut costs.
- ❖ Fitch is unique among the rating agencies in that it gives a credit benefit to GO bonds based on the unlimited tax revenue pledge.

Rating (Moody's/Fitch)	Credit Outlook
Aaa/(AAA)	Rated as the highest quality and lowest credit risk.
Aa1/AA+	Rated as high quality and very low credit risk.
Aa2/AA	
Aa3/AA-	
A1/A+	Rated as upper-medium grade and low credit risk.
A2/A	
A3/A-	
Baa1/BBB+	Rated as medium grade, with some speculative elements and moderate credit risk.
Baa2/BBB	
Baa3/BBB-	



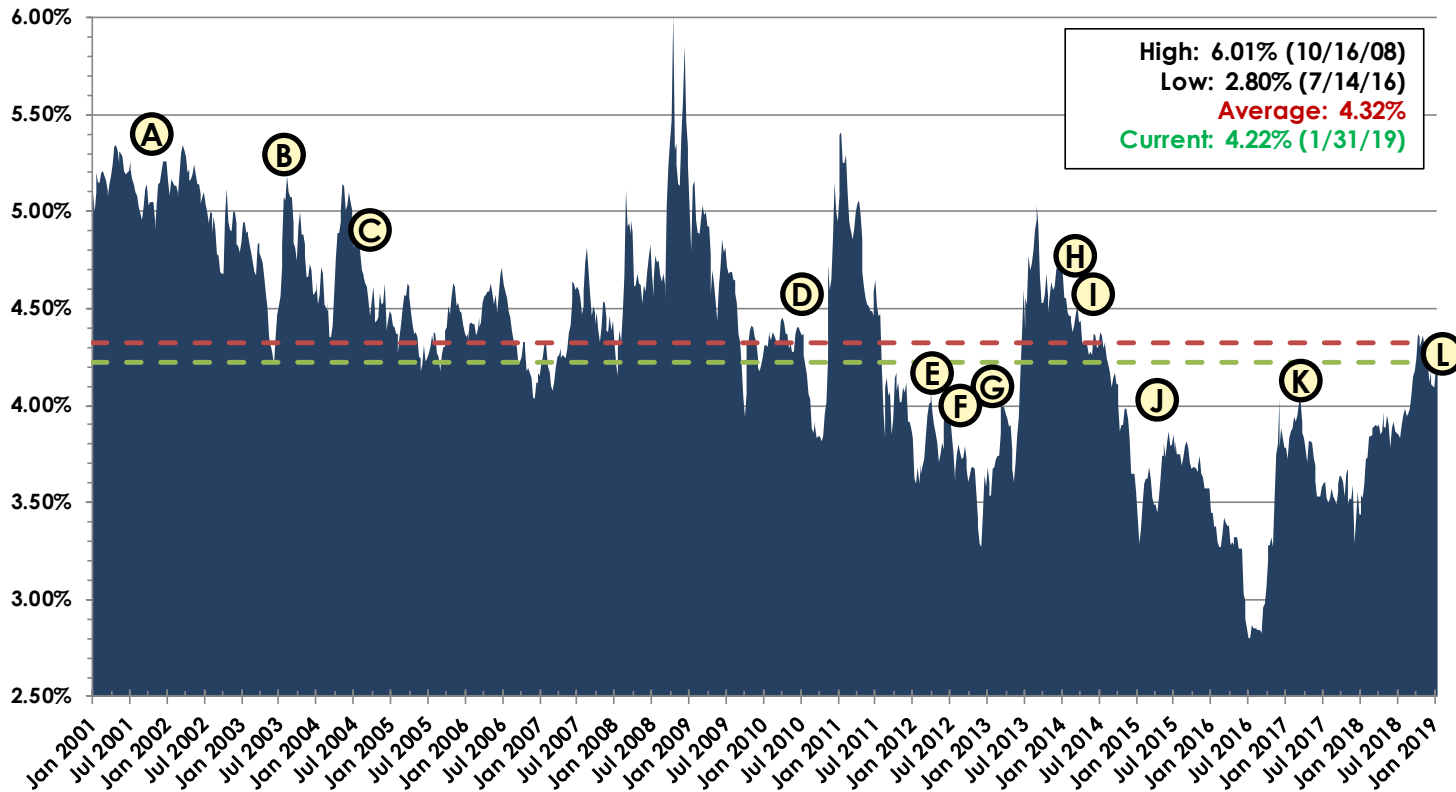
Interest Rate Environment



While trending up, interest rates are still historically low

San Juan Unified School District

Bond Buyer 20 Bond Index
(January 2001 to present)



District Sales (since 2001)

- A: Aug 2001, \$30.9mm
- B: Aug 2003, \$26.5mm
- C: Aug 2004, \$69mm
- D: Jul 2010, \$55mm
- E: Apr 2012, \$36.3mm
- F: Oct 2012, \$36.5mm
- G: Feb 2013, \$50mm
- H: May 2014, \$44.3mm
- I: July 2014, \$105.9mm
- J: May 2015, \$25.8mm
- K: Mar 2017, \$171.3mm
- L: Dec 2018, \$230mm

Source: The Bond Buyer

2019 Bond Sales



Investor Demand

San Juan Unified School District

- ❖ Strong credit ratings, desirable structures, and large “block” sizes (par amount per maturity) led to strong investor demand for the District’s Bonds.
- ❖ This competition from investors for the Bonds helped lower the overall borrowing cost.
- ❖ In the maturities where Bonds didn’t sell to outside investors, Raymond James and KeyBank “underwrote” the Bonds – or bought them for their own account with the expectation to sell them over the following weeks. This allowed the District to sell the entire \$230 million without any additional interest rate risk.
- ❖ Below is a partial list of investors who put in orders for the District’s Bonds.

Investor Name	Investor Type
Blackrock Financial	SMA ¹
PIMCO	Bond Fund
Neuberger Berman	Broker/Dealer
Capital Research	Bond Fund
Sanford Bernstein	Insurance
Dodge & Cox	SMA ¹

1. Separately managed account, often “professional retail” accounts.

2019 Bond Sales



Sales Results: December 18, 2018

San Juan Unified School District

- ❖ While US Treasury and municipal interest rates had increased during October and November, rates dropped significantly in the weeks leading up to the December sales.
- ❖ With its size and rating, the District was one of the marquee transactions that week; the large maturities brought in many of the top bond fund investors, as shown on the previous page.
 - ❖ Individual retail investors also participated in the sale.
- ❖ Several maturities were over-subscribed, having more investor interest than available bonds; the underwriters were able to lower interest rates in most of those maturities.
- ❖ At the end of the order period on December 18th, most of the bonds were sold, with the underwriters committing their capital purchase any remaining balances.
- ❖ The table below highlights the results of the Bond sales.

	Measure N Bonds	Measure P Bonds
Par Amount:	\$150 million	\$80 million
True Interest Cost¹:	2.81%	2.15%
Final Maturity:	August 2031	August 2029
Optional Call Date:	August 2026	August 2026
Repayment Ratio²:	1.24x	1.09x

1. Blended or average interest rate of the bonds.
2. Total net debt payments divided by par amount.

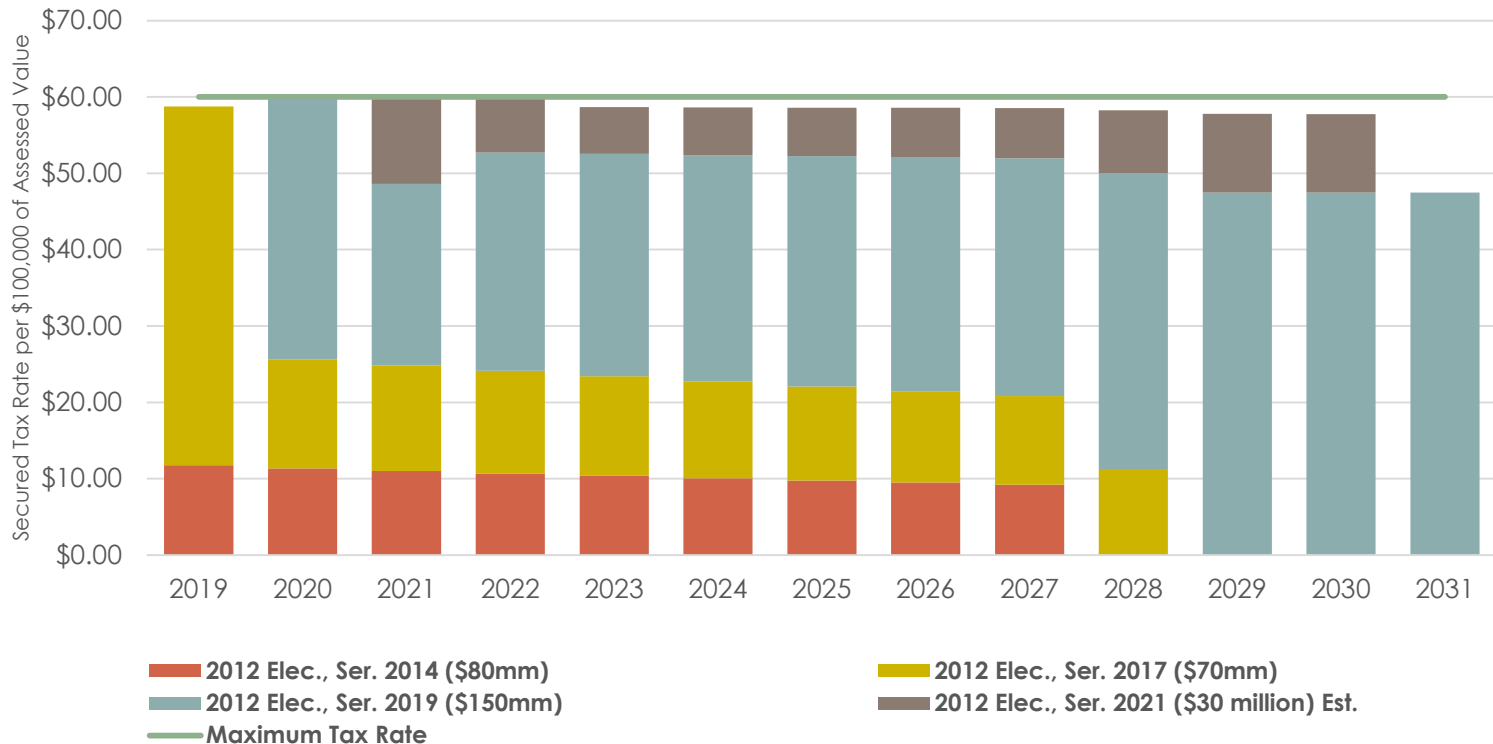
Measures N Bond Program



Plan of Finance: 2012 Election (Measure N)

San Juan Unified School District

- ❖ The table below presents the District's current and expected outstanding general obligation bond debt service for it's 2012 Election bond program.



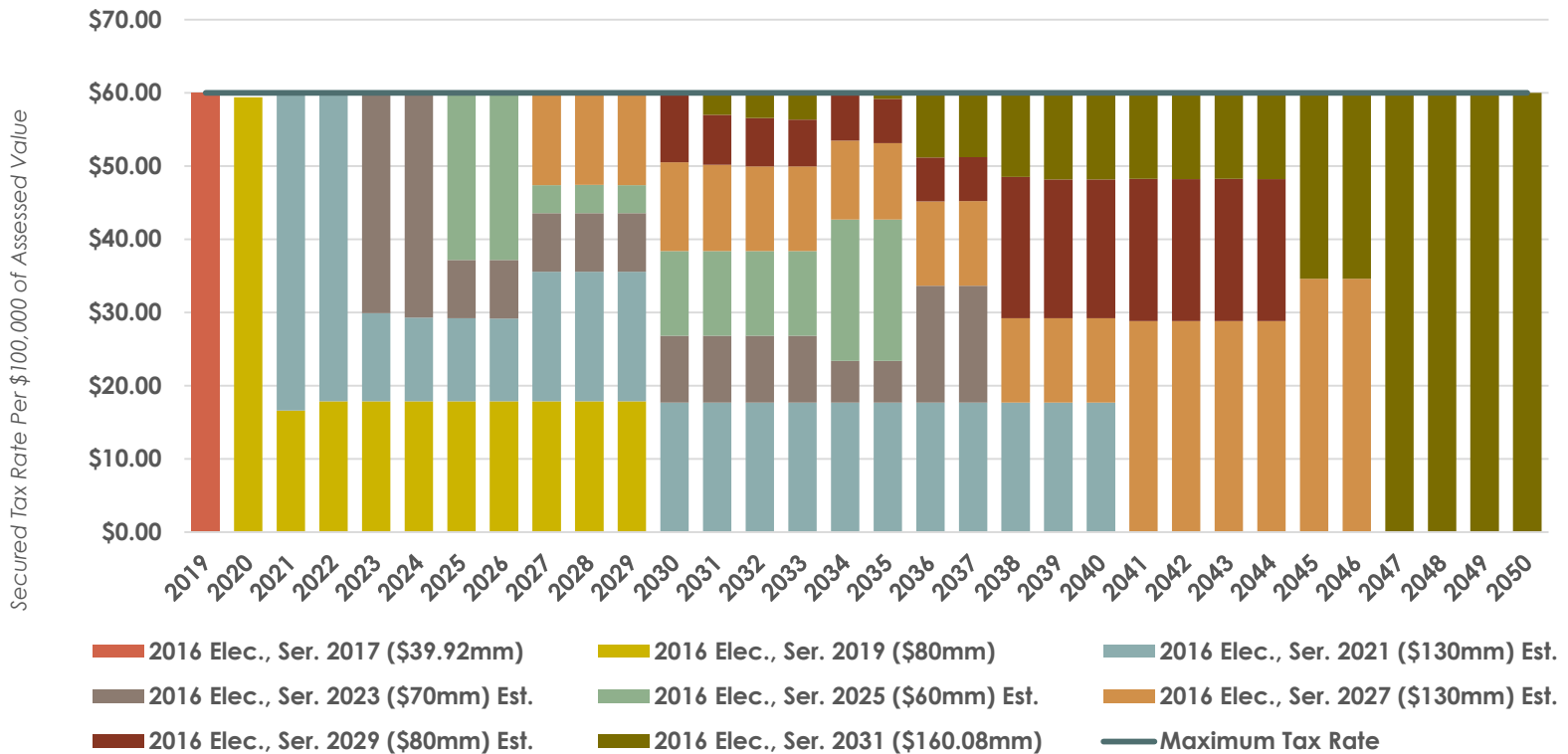
Measures P Bond Program



Plan of Finance: 2016 Election (Measure P)

San Juan Unified School District

- ❖ The table below presents the District's current and expected outstanding general obligation bond debt service for it's 2016 Election program.



Appendix A

Municipal Market Conditions and Comparable Transactions

Comparable Sales



Comparison of Similar Transactions

San Juan Unified School District

Final Scale					
Par	\$150,000,000				
Issuer	San Juan Unified SD				
Sale Date	12/18/18				
Bond Type	GO, 2012 Election Measure N, Series 2019				
Tax Status	Tax-Exempt				
Ratings	Aa2/NR/AAA				
Insurance	n/a				
Final Mat.	8/1/31				
Call	8/1/26	Call Price 100%			
Closing	1/22/19				
Maturity	Par (1,000s)	Coupon	Stated Yield	Maturity (YTM)	Spread to MMD Stated/YTM
2019					
2020	12,400	4.000%	1.570%		-0.21%
2021	10,850	4.000%	1.610%		-0.21%
2022	5,930	4.000%	1.690%		-0.20%
2023	6,665	4.000%	1.750%		-0.21%
2024	7,495	4.000%	1.840%		-0.19%
2025	8,370	4.000%	1.970%		-0.14%
2026	9,300	4.000%	2.130%		-0.07%
2027	10,290	4.000%	2.280%	2.45%	0.00% / 0.17%
2028	14,580	4.000%	2.450%	2.73%	0.09% / 0.37%
2029	19,895	4.000%	2.650%	2.98%	0.21% / 0.54%
2030	21,340	4.000%	2.800%	3.16%	0.29% / 0.65%
2031	14,385	3.000%	3.270%		0.70%
2031	8,500	4.000%	2.950%	3.31%	0.38% / 0.74%

Final Scale					
Par	\$80,000,000				
Issuer	San Juan Unified SD				
Sale Date	12/18/18				
Bond Type	GO, 2016 Election Measure P, Series 2019				
Tax Status	Tax-Exempt				
Ratings	Aa2/NR/AAA				
Insurance	n/a				
Final Mat.	8/1/29				
Call	8/1/26	Call Price 100%			
Closing	1/22/19				
Maturity	Par (1,000s)	Coupon	Stated Yield	Maturity (YTM)	Spread to MMD Stated/YTM
2019					
2020	22,000	4.000%	1.570%		-0.21%
2021	21,520	4.000%	1.610%		-0.21%
2022	6,130	4.000%	1.690%		-0.20%
2023	6,600	4.000%	1.750%		-0.21%
2024	4,415	4.000%	1.840%		-0.19%
2025	4,755	4.000%	1.970%		-0.14%
2026	3,685	4.000%	2.130%		-0.07%
2027	3,960	4.000%	2.280%	2.45%	0.00% / 0.17%
2028	3,345	4.000%	2.450%	2.73%	0.09% / 0.37%
2029	3,590	4.000%	2.650%	2.98%	0.21% / 0.54%

Final Scale					
Par	\$17,000,000				
Issuer	Healdsburg USD				
Sale Date	12/12/18				
Issue	GO				
Tax Status	Tax-Exempt				
Ratings	Aa2/AA+/NR				
Insurance	n/a				
Final Mat.	8/1/43				
Call	8/1/26	Call Price 100%			
Closing	1/9/19				
Maturity	Par (1,000s)	Coupon	Stated Yield	Maturity (YTM)	Spread to MMD Stated/YTM
2019					
2020	1,110	4.000%	1.540%		-0.27%
2021					
2022					
2023					
2024					
2025					
2026					
2027					
2028	350	4.000%	2.390%	2.68%	0.00% / 0.29%
2029	245	4.000%	2.570%	2.92%	0.10% / 0.45%
2030	330	5.000%	2.520%	3.23%	-0.01% / 0.70%
2031	410	5.000%	2.610%	3.40%	0.02% / 0.81%
2032	495	5.000%	2.700%	3.54%	0.06% / 0.90%
2033	635	5.000%	2.800%	3.67%	0.10% / 0.97%
2034	740	4.000%	3.250%	3.58%	0.49% / 0.82%
2035	890	4.000%	3.360%	3.66%	0.54% / 0.84%
2036	1,000	4.000%	3.460%	3.72%	0.59% / 0.85%
2037	1,120	4.000%	3.520%	3.76%	0.60% / 0.84%
2038	1,245	4.000%	3.580%	3.80%	0.61% / 0.83%
2039	1,375	5.000%	3.140%	4.10%	0.12% / 1.08%
2040	1,530	5.000%	3.170%	4.14%	0.12% / 1.09%
2041	1,700	5.000%	3.200%	4.17%	0.12% / 1.09%
2042	1,825	5.000%	3.240%	4.21%	0.14% / 1.11%
2043	2,000	5.000%	3.260%	4.237%	0.15% / 1.13%

Comparable Sales



Comparison of Similar Transactions

San Juan Unified School District

Final Scale						Final Scale						Final Scale								
Par \$150,000,000						Par \$80,000,000						Par \$3,365,000								
Issuer San Juan Unified SD						Issuer San Juan Unified SD						Issuer Oak Grove SD								
Sale Date 12/18/18						Sale Date 12/18/18						Sale Date 12/11/18								
Bond Type GO, 2012 Election Measure N, Series 2019						Bond Type GO, 2016 Election Measure P, Series 2019						Issue GO								
Tax Status Tax-Exempt						Tax Status Tax-Exempt						Tax Status Tax-Exempt								
Ratings Aa2/NR/AAA						Ratings Aa2/NR/AAA						Ratings Aa2(neg)/NR/NR								
Insurance n/a						Insurance n/a						Insurance n/a								
Final Mat. 8/1/31						Final Mat. 8/1/29						Final Mat. 8/1/24								
Call 8/1/26 Call Price 100%						Call 8/1/26 Call Price 100%						Call n/a Call Price 100%								
Closing 1/22/19						Closing 1/22/19						Closing 12/20/18								
Maturity		Par (1,000s)	Coupon	Yield	Stated Maturity (YTM)	Spread to MMD Stated/YTM	Maturity		Par (1,000s)	Coupon	Yield	Stated Maturity (YTM)	Spread to MMD Stated/YTM	Maturity		Par (1,000s)	Coupon	Yield	Stated Maturity (YTM)	Spread to MMD Stated/YTM
2019							2019							2019						
2020		12,400	4.000%	1.570%		-0.21%	2020		22,000	4.000%	1.570%		-0.21%	2020		670	4.000%	1.660%		-0.15%
2021		10,850	4.000%	1.610%		-0.21%	2021		21,520	4.000%	1.610%		-0.21%	2021		700	4.000%	1.710%		-0.15%
2022		5,930	4.000%	1.690%		-0.20%	2022		6,130	4.000%	1.690%		-0.20%	2022		780	4.000%	1.790%		-0.14%
2023		6,665	4.000%	1.750%		-0.21%	2023		6,600	4.000%	1.750%		-0.21%	2023		680	4.000%	1.860%		-0.14%
2024		7,495	4.000%	1.840%		-0.19%	2024		4,415	4.000%	1.840%		-0.19%	2024		535	4.000%	1.940%		-0.13%
2025		8,370	4.000%	1.970%		-0.14%	2025		4,755	4.000%	1.970%		-0.14%							
2026		9,300	4.000%	2.130%		-0.07%	2026		3,685	4.000%	2.130%		-0.07%							
2027		10,290	4.000%	2.280%	2.45%	0.00% / 0.17%	2027		3,960	4.000%	2.280%	2.45%	0.00% / 0.17%							
2028		14,580	4.000%	2.450%	2.73%	0.09% / 0.37%	2028		3,345	4.000%	2.450%	2.73%	0.09% / 0.37%							
2029		19,895	4.000%	2.650%	2.98%	0.21% / 0.54%	2029		3,590	4.000%	2.650%	2.98%	0.21% / 0.54%							
2030		21,340	4.000%	2.800%	3.16%	0.29% / 0.65%														
2031		14,385	3.000%	3.270%		0.70%														
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Comparable Sales



Comparison of Similar Transactions

San Juan Unified School District

Final Scale					
Par	\$150,000,000				
Issuer	San Juan Unified SD				
Sale Date	12/18/18				
Bond Type	GO, 2012 Election Measure N, Series 2019				
Tax Status	Tax-Exempt				
Ratings	Aa2/NR/AAA				
Insurance	n/a				
Final Mat.	8/1/31				
Call	8/1/26	Call Price 100%			
Closing	1/22/19				
Maturity	Par (1,000s)	Coupon	Yield Stated	Yield to Maturity (YTM)	Spread to MMD Stated/YTM
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2029	19,895	4.000%	2.800%	3.16%	0.29% / 0.65%
2030	21,340	4.000%	3.000%		0.70%
2031	14,385	4.000%	2.950%	3.31%	0.38% / 0.74%

Final Scale					
Par	\$80,000,000				
Issuer	San Juan Unified SD				
Sale Date	12/18/18				
Bond Type	GO, 2016 Election Measure P, Series 2019				
Tax Status	Tax-Exempt				
Ratings	Aa2/NR/AAA				
Insurance	n/a				
Final Mat.	8/1/29				
Call	8/1/26	Call Price 100%			
Closing	1/22/19				
Maturity	Par (1,000s)	Coupon	Yield Stated	Yield to Maturity (YTM)	Spread to MMD Stated/YTM
2019			1.570%		-0.21%
2020	22,000	4.000%	1.610%		-0.21%
2021	21,520	4.000%	1.690%		-0.20%
2022	6,130	4.000%	1.750%		-0.21%
2023	6,600	4.000%	1.840%		-0.19%
2024	4,415	4.000%	1.970%		-0.14%
2025	4,755	4.000%	2.130%		-0.07%
2026	3,685	4.000%	2.280%	2.45%	0.00% / 0.17%
2027	3,960	4.000%	2.450%	2.73%	0.09% / 0.37%
2028	3,345	4.000%	2.650%	2.98%	0.21% / 0.54%
2029	3,590	4.000%			

Final Scale					
Par	\$53,905,000				
Issuer	San Ramon Valley USD				
Sale Date	12/6/18				
Bond Type	GO				
Tax Status	Tax-Exempt				
Ratings	Aa1/AA+/NR				
Insurance	n/a				
Final Mat.	8/1/26				
Call	n/a	Call Price 100%			
Closing	12/20/18				
Maturity	Par (1,000s)	Coupon	Yield Stated	Yield to Maturity (YTM)	Spread to MMD Stated/YTM
2019	9,140	5.000%	1.480%		-0.26%
2020	4,820	5.000%	1.560%		-0.25%
2021	5,230	5.000%	1.600%		-0.26%
2022	5,915	5.000%	1.670%		-0.26%
2023	6,735	5.000%	1.730%		-0.27%
2024	7,300	5.000%	1.820%		-0.25%
2025	7,805	5.000%	1.920%		-0.22%
2026	6,960	5.000%	2.000%		-0.21%