



Grossmont Union High School District

Proposition U Bond Financing Program Update

April 8, 2015



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A Division of Zions Public Finance, Inc.

Prop. U Authorization

- \$417 million of bonds authorized by voters:
 - \$60 million issued in April 2009
 - \$80 million issued in August 2010
 - \$40 million issued in May 2011
 - \$40 million issued in October 2013
- 56.65% voter approval on November 4, 2008:
 - Secured by general obligation (“G.O.”) property tax
 - \$27.90 / \$100,000 maximum tax rate
- Originally assumed phased issuances over 8 years
- Original model generated \$40 million annually, with larger final issuance
- Originally assumed all 25 year issuances, except for final 32 year issuance
- Originally assumed the use of both Current Interest Bonds (“CIBs”) and Capital Appreciation Bonds (“CABs”)

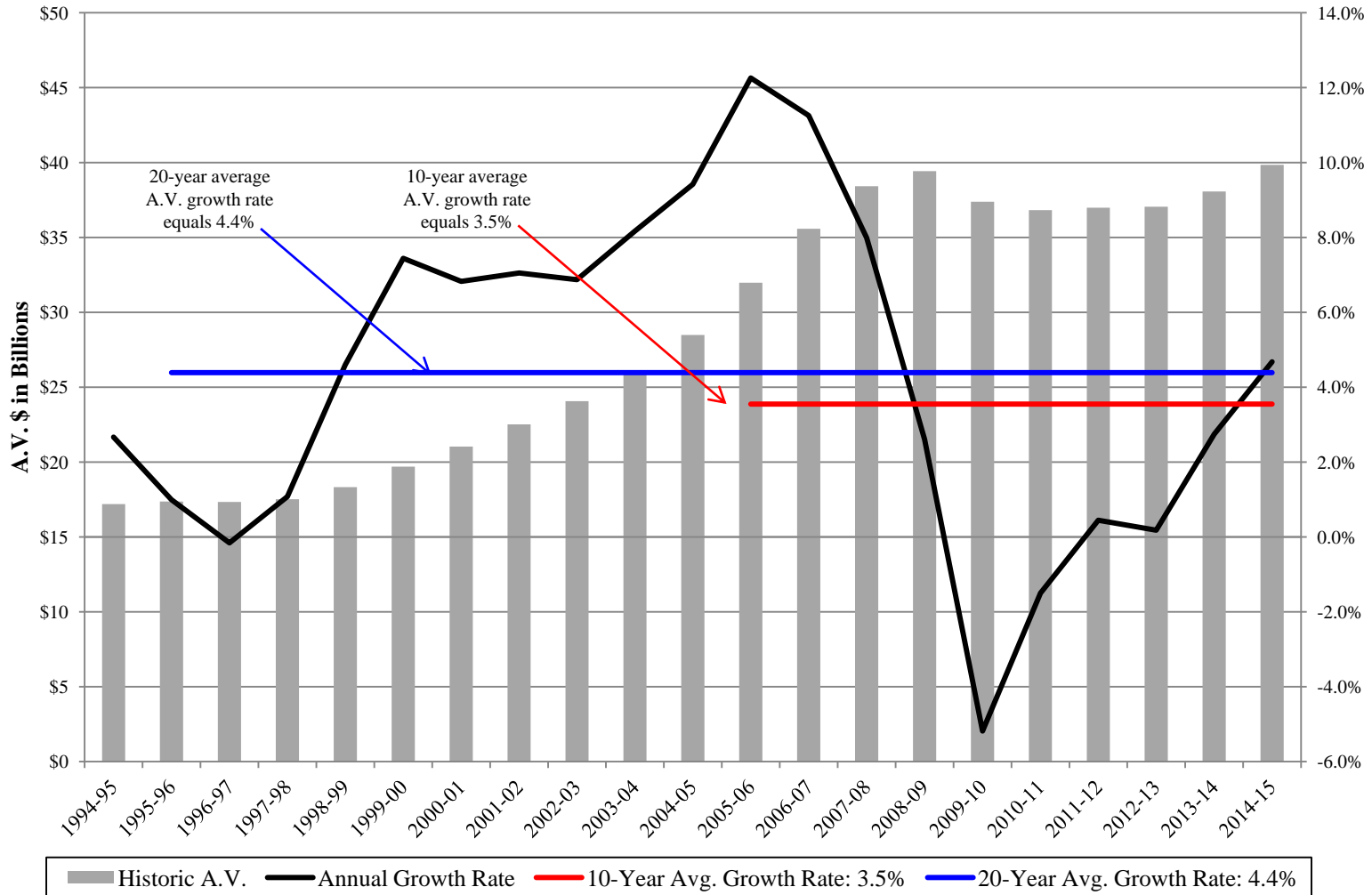
Borrowing Constraints

- Approved maximum tax rate of \$27.90 / \$100,000 of assessed valuation (“A.V.”)
- District A.V.:
 - Slower than expected A.V. growth has decreased the District’s ability to borrow
 - Program originally anticipated the following A.V. growth rates:
 - 2.0% in 2009/10
 - 2.0% in 2010/11
 - 3.0% in 2011/12
 - 4.0% in 2012/13
 - 5.0% in 2013/14 (and thereafter)
- Constraints:
 - Constrained early year revenues limit ability to issue current interest bonds
 - Higher future interest rates could further reduce ability to borrow
 - A.B. 182 limits the final maturity of CABs to 25 years and CIBs to 40 years (assuming certain useful life conditions are met), with each requiring a debt service to principal repayment ratio of 4:1, or less, limiting the size of future issuances

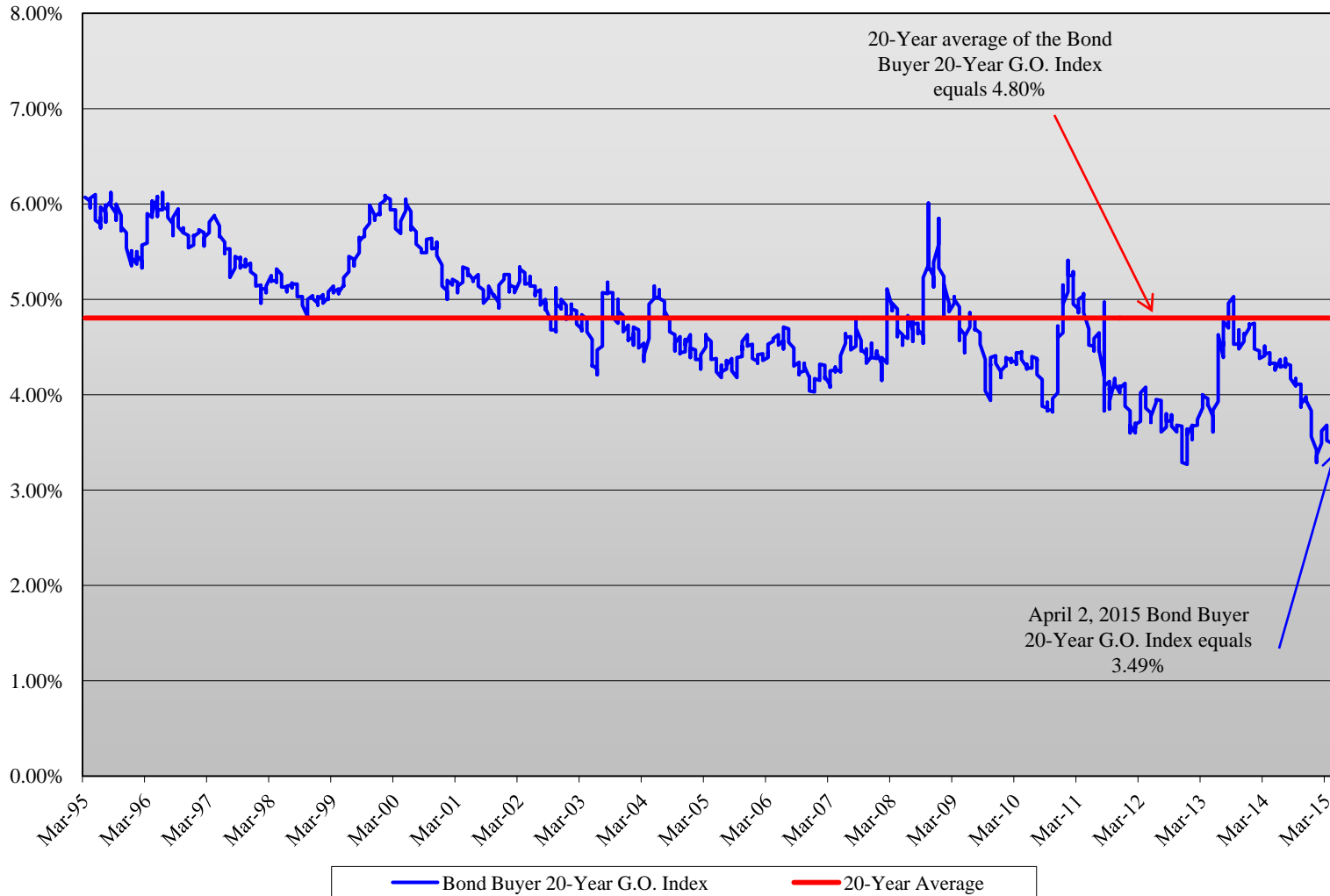
Assessed Valuation Growth

- A.V. growth is a key component of the District's ability to borrow
- Recent real estate turmoil severely impacted Prop. U
- Actual A.V. growth rates (secured + unsecured):
 - A.V. grew by 2.6% in 2008/09
 - A.V. **declined by 5.2%** in 2009/10
 - A.V. **declined by 1.5%** in 2010/11
 - A.V. grew by 0.5% in 2011/12
 - A.V. grew by 0.2% in 2012/13
 - A.V. grew by 2.7% in 2013/14 (prior forecast was 1.0%)
 - A.V. grew by 4.7% in 2014/15 (prior forecast was 3.0%)
- Future A.V. growth rate assumptions:
 - 3-Year Phased Growth Rate:
 - 3.0% in 2014/15
 - 4.0% in 2015/16
 - 4.3% in 2016/17 (and thereafter)

Historic District A.V. Growth (Secured + Unsecured)



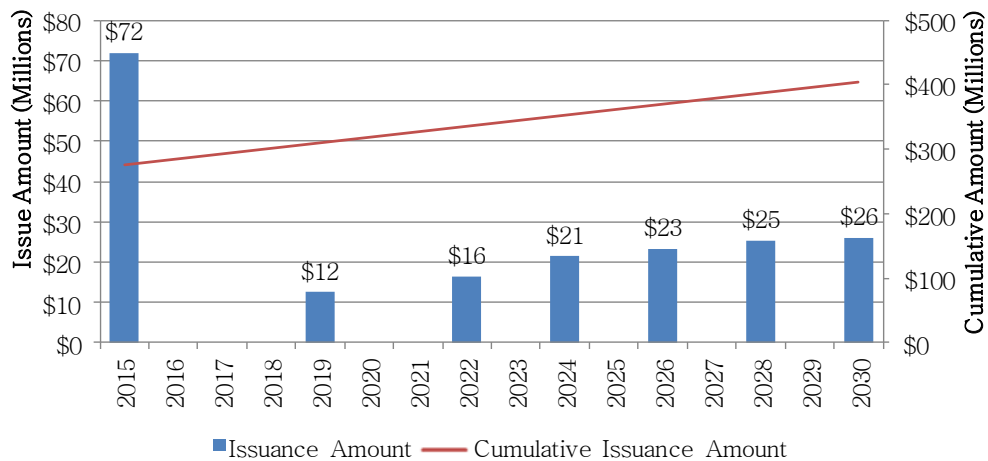
Historic Borrowing Rates



3-Year Phased Growth Model - 25-Year 2015 Issuance

Bond Issue	Term	Par Amount	Debt Service	Cumulative	Payback Ratio
Series 2009 A	20 Years	\$60,000,000	\$113,959,944	\$60,000,000	1.90x
Series 2010 B	32 Years	80,000,000	206,149,570	140,000,000	2.58x
Series 2011 C	23 Years	15,000,000	30,497,943	155,000,000	2.03x
Series 2011 D	13 Years	25,000,000	26,592,079	180,000,000	1.06x
Series 2013 E	30 Years	40,000,000	95,926,216	220,000,000	2.40x
Series F (2015)	25 Years	71,917,000	172,915,000	291,917,000	2.40x
Series G (2019)	25 Years	12,482,000	49,805,000	304,399,000	3.99x
Series H (2022)	24 Years	16,397,000	65,535,000	320,796,000	4.00x
Series I (2024)	24 Years	21,439,000	85,185,000	342,235,000	3.97x
Series J (2026)	24 Years	23,326,000	92,685,000	365,561,000	3.97x
Series K (2028)	24 Years	25,380,000	100,845,000	390,941,000	3.97x
Series L (2030)	24 Years	26,059,000	103,540,000	417,000,000	3.97x
Total:		\$417,000,000	\$1,143,635,752		2.74x

Issuance Schedule



2015 Issuance – Series F Debt Service

		Bond Payment Date	Principal	Coupon	Yield	Compounded Interest	Debt Service	Annual Debt Service
Sources:		8/1/2016	\$95,858.70	8.00%	0.94%	\$9,141.30	\$105,000.00	\$105,000.00
Par Amount	\$71,917,030.25	8/1/2017	113,948.10	8.00%	1.50%	21,051.90	135,000	135,000
Premium	706,598.15	8/1/2018	214,604.50	8.00%	1.90%	60,395.50	275,000	275,000
	<u>\$72,623,628.40</u>	8/1/2019	303,034.20	8.00%	2.24%	116,965.80	420,000	420,000
Uses:		8/1/2020	246,819.60	8.00%	2.51%	123,180.40	370,000	370,000
Project Fund	\$71,917,030.25	8/1/2021	360,798.75	8.00%	2.77%	224,201.25	585,000	585,000
Cost of Issuance	347,013.00	8/1/2022	262,301.20	8.00%	3.06%	197,698.80	460,000	460,000
Underwriter's Discount	359,585.15	8/1/2023	450,756.00	8.00%	3.24%	404,244.00	855,000	855,000
	<u>\$72,623,628.40</u>	8/1/2024	878,316.80	3.80%	3.41%	361,683.20	1,240,000	1,240,000
		8/1/2025	1,147,080.00	3.61%	3.61%	502,920.00	1,650,000	1,650,000
		8/1/2026	3,285,727.20	3.87%	3.87%	1,754,272.80	5,040,000	5,040,000
		8/1/2027	2,948,895.25	4.09%	4.09%	1,876,104.75	4,825,000	4,825,000
		8/1/2028	3,017,421.00	4.26%	4.26%	2,237,579.00	5,255,000	5,255,000
		8/1/2029	3,100,471.90	4.34%	4.34%	2,594,528.10	5,695,000	5,695,000
		8/1/2030	3,171,741.75	4.41%	4.41%	2,973,258.25	6,145,000	6,145,000
		8/1/2031	3,235,330.60	4.47%	4.47%	3,374,669.40	6,610,000	6,610,000
		8/1/2032	3,287,810.40	4.52%	4.52%	3,792,189.60	7,080,000	7,080,000
		8/1/2033	3,335,635.45	4.56%	4.56%	4,229,364.55	7,565,000	7,565,000
		8/1/2034	6,478,149.75	4.60%	4.60%	9,006,850.25	15,485,000	15,485,000
		8/1/2035	6,461,561.40	4.63%	4.63%	9,798,438.60	16,260,000	16,260,000
		8/1/2036	5,702,284.90	4.66%	4.66%	9,412,715.10	15,115,000	15,115,000
		8/1/2037	6,009,980.50	4.69%	4.69%	10,780,019.50	16,790,000	16,790,000
		8/1/2038	5,966,932.60	4.71%	4.71%	11,573,067.40	17,540,000	17,540,000
		8/1/2039	5,919,041.70	4.73%	4.73%	12,395,958.30	18,315,000	18,315,000
		6/1/2040	5,922,528.00	4.74%	4.74%	13,177,472.00	19,100,000	19,100,000
		Total	\$71,917,030.25			\$100,997,969.75	\$172,915,000.00	\$172,915,000.00

2015 Issuance – Series F Cost of Issuance

Grossmont School District 2015 General Obligation Bonds ESTIMATED Costs Related to Bond Issuance		
Costs of Issuance	Consultant	Total
Bond/Disclosure Counsel	Orrick Herrington & Sutcliffe	\$185,000
Financial Advisor	KNN Public Finance	75,000
Paying Agent	County of San Diego	1,500
Rating	Standard & Poor's	40,000
Rating	Moody's	35,000
COI Custodian	MUFG Union Bank	1,035
Printing	TBD	4,000
Misc.*		5,478
Total Costs of Issuance		\$347,013

* To be returned to Debt Service Fund after all costs have been paid

A.B. 182 Restrictions

New Requirement	Requirement Satisfied
CABs are limited to a term of 25 years	✓
Maximum interest rate: 8%	✓
CABs with a term longer than 10 years must have a call feature no later than 10 years after issuance	✓
The ratio of total debt service to principal limited to no more than 4:1 on each bond series	✓
If the bond sale is to include CABs, then the board resolution approving the sale must be presented to the school board at two consecutive meetings	✓
Additional public disclosure regarding the CABs planned to be sold	✓
Additional detail in the Board agenda should the bond sale include CABs	✓

3-Year Phased Growth Model - 25-Year 2015 Issuance

FISCAL YEAR ENDING	FUNDS AVAILABLE FOR NEW PROP. U/D/S	Hypothetical CIB Issuance	MAXIMUM 2015 ISSUANCE	MAXIMUM 2019 ISSUANCE	MAXIMUM 2022 ISSUANCE	MAXIMUM 2024 ISSUANCE	MAXIMUM 2026 ISSUANCE	MAXIMUM 2028 ISSUANCE	MAXIMUM 2030 ISSUANCE	CAPACITY REMAINING AFTER D/S	TOTAL ANNUAL PROP. U/D/S
6/30/2015	163,057									163,057	0
6/30/2016	163,599	4,480,000	105,000							58,599	105,000
6/30/2017	212,597	4,482,800	135,000							77,597	135,000
6/30/2018	288,097	4,482,800	275,000							13,097	275,000
6/30/2019	430,200	4,480,000	420,000							10,200	420,000
6/30/2020	380,597	4,479,400	370,000							10,597	370,000
6/30/2021	596,517	4,480,800	585,000							11,517	585,000
6/30/2022	471,431	4,479,000	460,000							11,431	460,000
6/30/2023	867,008	4,479,000	855,000							12,008	855,000
6/30/2024	1,252,108	4,480,600	1,240,000							12,108	1,240,000
6/30/2025	1,661,791	4,478,600	1,650,000							11,791	1,650,000
6/30/2026	5,098,403	4,483,000	5,040,000							58,403	5,040,000
6/30/2027	4,927,183	4,478,400	4,825,000							102,183	4,825,000
6/30/2028	5,357,722	4,480,000	5,255,000							102,722	5,255,000
6/30/2029	5,795,241	4,482,400	5,695,000							100,241	5,695,000
6/30/2030	6,247,648	4,480,400	6,145,000							102,648	6,145,000
6/30/2031	6,710,311	4,479,000	6,610,000							100,311	6,610,000
6/30/2032	7,182,661	4,483,000	7,080,000							102,661	7,080,000
6/30/2033	7,665,411	4,482,000	7,565,000							100,411	7,565,000
6/30/2034	15,586,230	4,481,000	15,485,000							101,230	15,485,000
6/30/2035	16,364,771	4,479,800	16,260,000							104,771	16,260,000
6/30/2036	15,215,910	4,483,200	15,115,000							100,910	15,115,000
6/30/2037	16,891,644	4,480,800	16,790,000							101,644	16,790,000
6/30/2038	17,640,784	4,482,600	17,540,000							100,784	17,540,000
6/30/2039	18,418,370	4,483,200	18,315,000							103,370	18,315,000
6/30/2040	19,224,272	4,482,400	19,100,000							124,272	19,100,000
6/30/2041	20,063,689			19,960,000						103,689	19,960,000
6/30/2042	2,978,881			2,875,000						103,881	2,875,000
6/30/2043	2,489,748			2,385,000						104,748	2,385,000
6/30/2044	24,689,359			24,585,000						104,359	24,585,000
6/30/2045	25,667,517				25,565,000					102,517	25,565,000
6/30/2046	40,073,818				39,970,000					103,818	39,970,000
6/30/2047	41,796,866					41,695,000				101,866	41,695,000
6/30/2048	43,594,003					43,490,000				104,003	43,490,000
6/30/2049	45,468,413						45,365,000			103,413	45,365,000
6/30/2050	47,423,421						47,320,000			103,421	47,320,000
6/30/2051	49,462,492							49,360,000		102,492	49,360,000
6/30/2052	51,589,239							51,485,000		104,239	51,485,000
6/30/2053	53,807,435								50,680,000	3,127,435	50,680,000
6/30/2054	56,121,009								52,860,000	3,261,009	52,860,000
6/30/2055	58,534,065									58,534,065	0
6/30/2056	61,050,879									61,050,879	0
6/30/2057	63,675,913									63,675,913	0
Total:	\$865,824,774	\$112,024,200	\$172,915,000	\$49,805,000	\$65,535,000	\$85,185,000	\$92,685,000	\$100,845,000	\$103,540,000	\$192,867,876	\$670,510,000
Principal:		\$70,000,000	\$71,917,030	\$12,481,870	\$16,396,506	\$21,438,784	\$23,326,318	\$25,379,986	\$26,059,259		\$196,999,753
Repayment Ratio:		1.60x	2.40x	3.99x	4.00x	3.97x	3.97x	3.97x	3.97x	Previously Issued	\$220,000,000
Maturity:		25	25	25	24	24	24	24	24	Total	\$416,999,753

G.O. Bond Debt Capacity

3-Year Phased Growth Model - 25-Year 2015 Issuance

FISCAL YEAR ENDING	1.25% OF TOTAL A.V. DEBT LIMIT	Prop. H Outstanding Bond Balance	Remaining Prop. U Debt Capacity	Estimated Prop. U Bond Balance	Estimated Remaining Debt Capacity
6/30/2015	505,347,347	221,825,095	283,522,252	281,887,030	1,635,221
6/30/2016	525,271,431	213,940,095	311,331,336	281,592,030	29,739,306
6/30/2017	547,546,558	204,965,095	342,581,463	280,856,172	61,725,292
6/30/2018	570,779,515	194,900,095	375,879,420	280,497,223	95,382,197
6/30/2019	595,011,490	183,600,095	411,411,395	279,842,619	131,568,776
6/30/2020	620,285,439	170,925,095	449,360,344	291,371,454	157,988,890
6/30/2021	646,646,168	156,755,095	489,891,073	290,239,635	199,651,438
6/30/2022	674,140,408	143,420,851	530,719,557	288,738,836	241,980,721
6/30/2023	702,816,901	128,711,277	574,105,625	303,208,041	270,897,584
6/30/2024	732,726,483	112,544,376	620,182,107	300,777,285	319,404,823
6/30/2025	763,922,177	104,275,670	659,646,507	318,992,752	340,653,755
6/30/2026	796,459,286	96,029,302	700,429,984	290,110,672	410,319,312
6/30/2027	830,395,490	87,434,297	742,961,193	306,211,263	436,749,931
6/30/2028	865,790,952	78,865,626	786,925,325	298,787,368	488,137,958
6/30/2029	902,708,418	70,314,714	832,393,704	316,089,933	516,303,771
6/30/2030	941,213,335	61,775,733	879,437,602	307,284,461	572,153,141
6/30/2031	981,373,964	52,703,650	928,670,314	323,765,978	604,904,336
6/30/2032	1,023,261,499	43,591,868	979,669,631	313,360,648	666,308,983
6/30/2033	1,066,950,199	34,718,290	1,032,231,909	302,067,837	730,164,072
6/30/2034	1,112,517,513	-	1,112,517,513	289,832,202	822,685,311
6/30/2035	1,160,044,221	-	1,160,044,221	280,909,052	879,135,169
6/30/2036	1,209,614,578	-	1,209,614,578	271,622,491	937,992,087
6/30/2037	1,261,316,460	-	1,261,316,460	260,725,206	1,000,591,254
6/30/2038	1,315,241,523	-	1,315,241,523	249,810,225	1,065,431,298
6/30/2039	1,371,485,363	-	1,371,485,363	238,268,293	1,133,217,071
6/30/2040	1,430,147,689	-	1,430,147,689	226,049,251	1,204,098,438
6/30/2041	1,491,332,495	-	1,491,332,495	213,041,723	1,278,290,772
6/30/2042	1,555,148,248	-	1,555,148,248	199,621,525	1,355,526,722
6/30/2043	1,621,708,077	-	1,621,708,077	172,056,124	1,449,651,953
6/30/2044	1,691,129,980	-	1,691,129,980	141,353,254	1,549,776,726
6/30/2045	1,763,537,024	-	1,763,537,024	124,729,853	1,638,807,171
6/30/2046	1,839,057,572	-	1,839,057,572	105,971,616	1,733,085,956
6/30/2047	1,917,825,502	-	1,917,825,502	96,203,347	1,821,622,155
6/30/2048	1,999,980,454	-	1,999,980,454	85,393,085	1,914,587,369
6/30/2049	2,085,668,069	-	2,085,668,069	74,764,564	2,010,903,505
6/30/2050	2,175,040,251	-	2,175,040,251	63,002,780	2,112,037,471
6/30/2051	2,268,255,437	-	2,268,255,437	51,438,245	2,216,817,192
6/30/2052	2,365,478,876	-	2,365,478,876	38,640,678	2,326,838,198
6/30/2053	2,466,882,923	-	2,466,882,923	26,058,259	2,440,824,664
6/30/2054	2,572,647,344	-	2,572,647,344	12,918,455	2,559,728,888
6/30/2055	2,682,959,635	-	2,682,959,635	0	2,682,959,635
6/30/2056	2,798,015,354	-	2,798,015,354	0	2,798,015,354
6/30/2057	2,918,018,470	-	2,918,018,470	-	2,918,018,470
6/30/2058	0	-	0	-	0

* Debt Limit is equal to 1.25% of total District assessed valuation plus unitary for any given fiscal year

** Accrued interest is not included in bond balances

*** Bond Balances are calculated based on debt outstanding as of 6/30 of each fiscal year