

# Capistrano Unified School District



## Results of CFD Refinancings and Issuance of New CFD Bonds



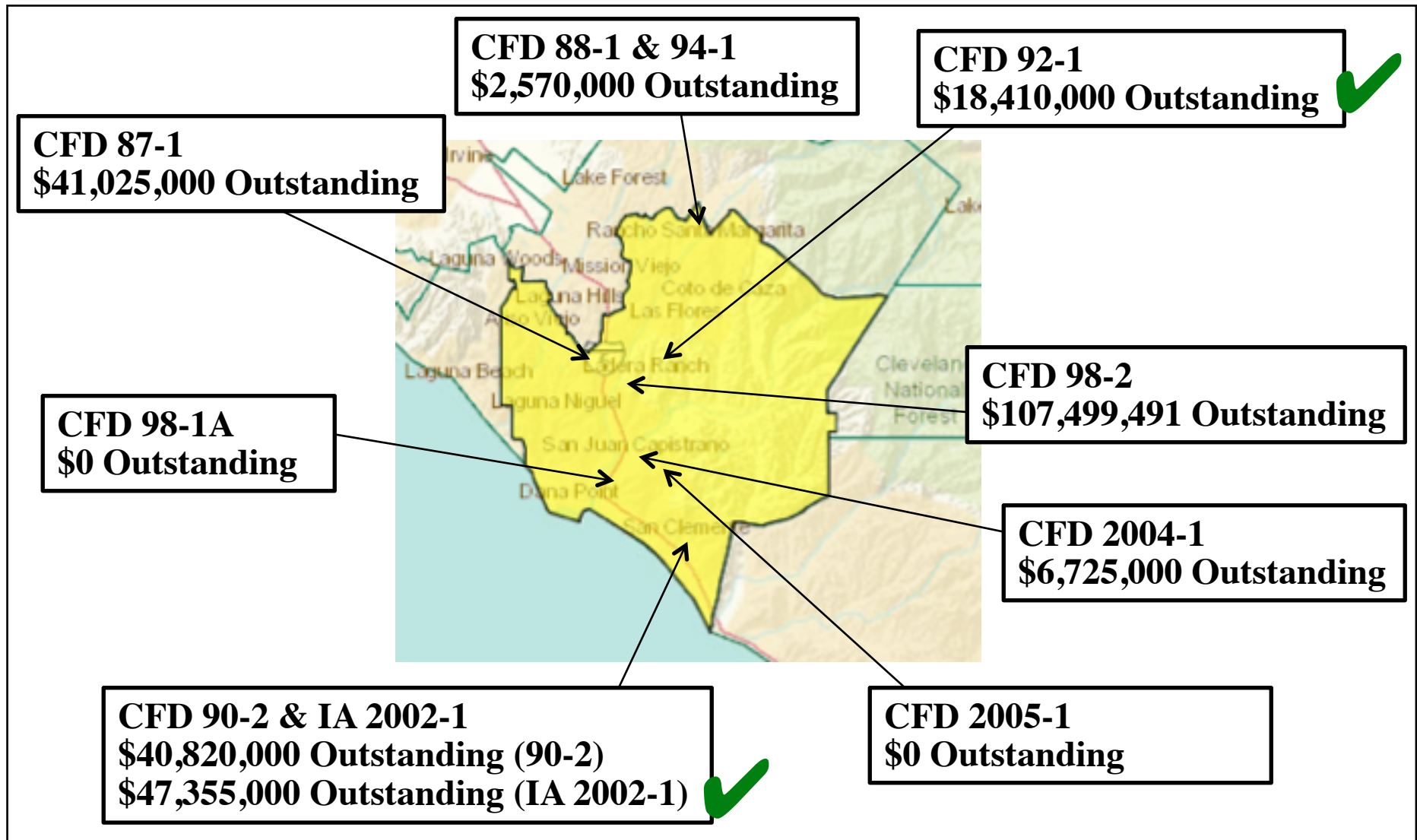
Presented by Lori Raineri  
August 28, 2013

# Tonight's Agenda

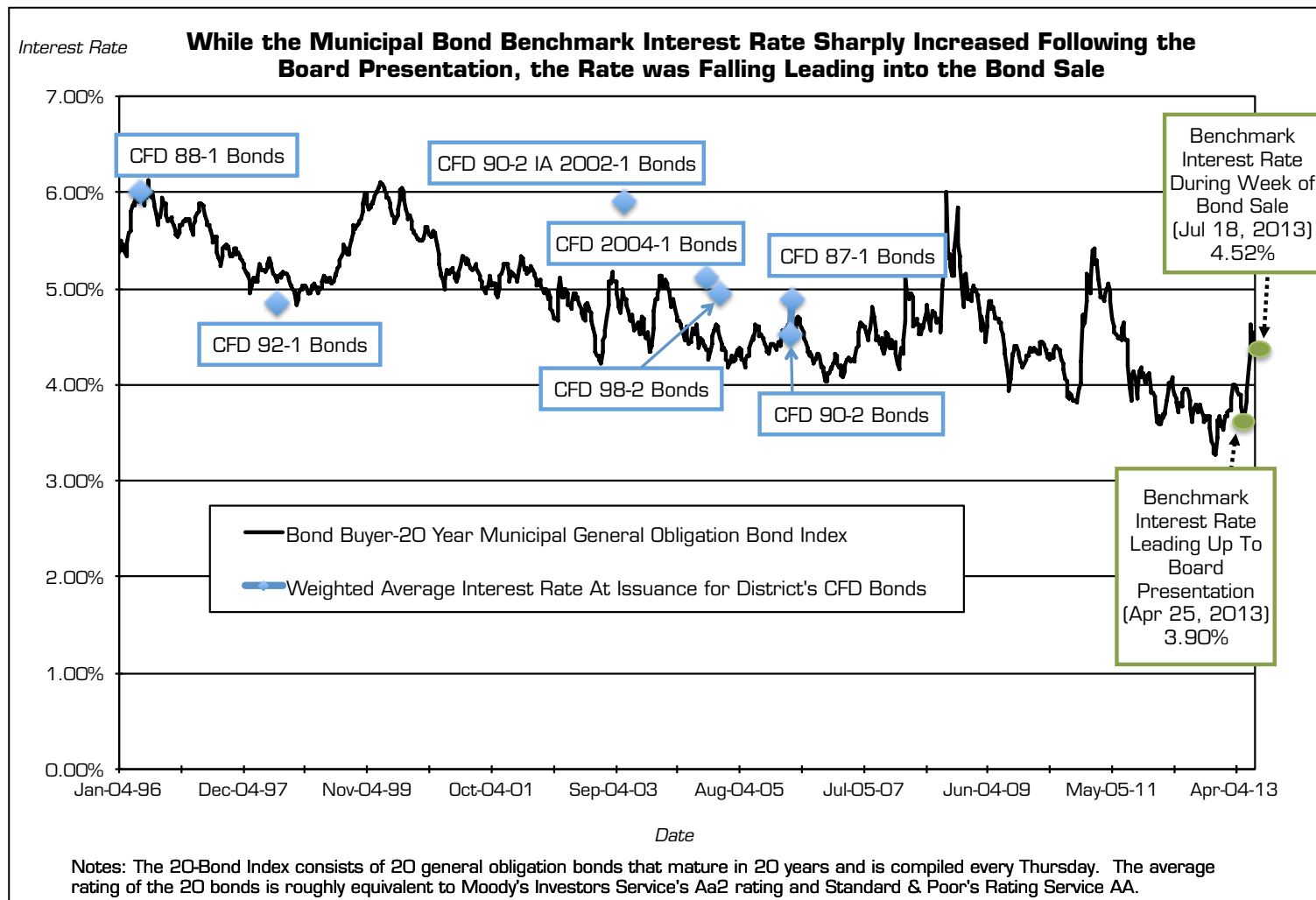
- **Brief review of Community Facilities District Bonds**
- **Results of Refinancing CFD 90-2 Improvement Area 2002-1 and CFD 92-1 Bonds**
- **New Bond Issuance for CFD 2005-1 Whispering Hills**
- **Next Steps**



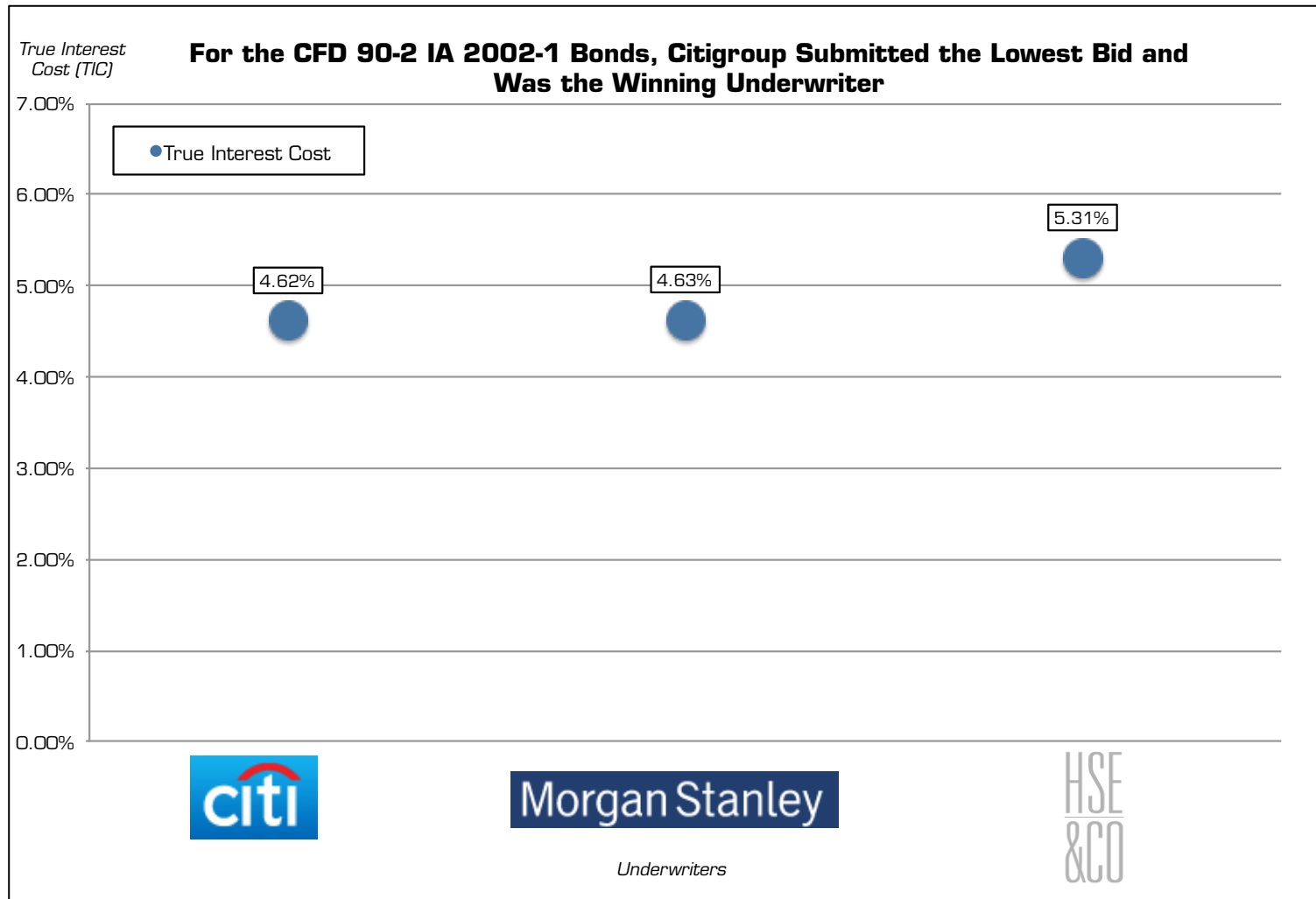
# Review of District's CFD Financings



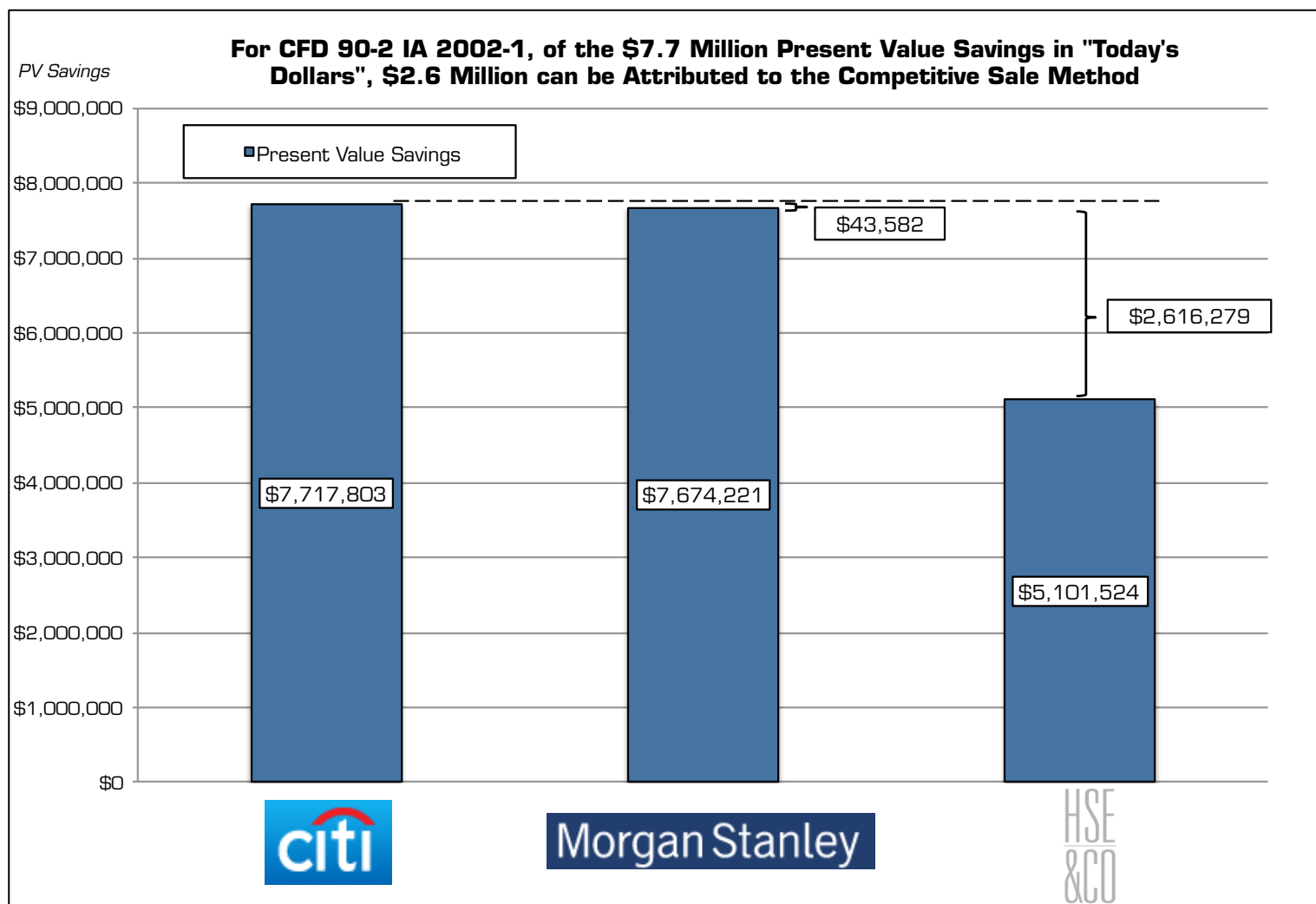
# Bond Market Conditions



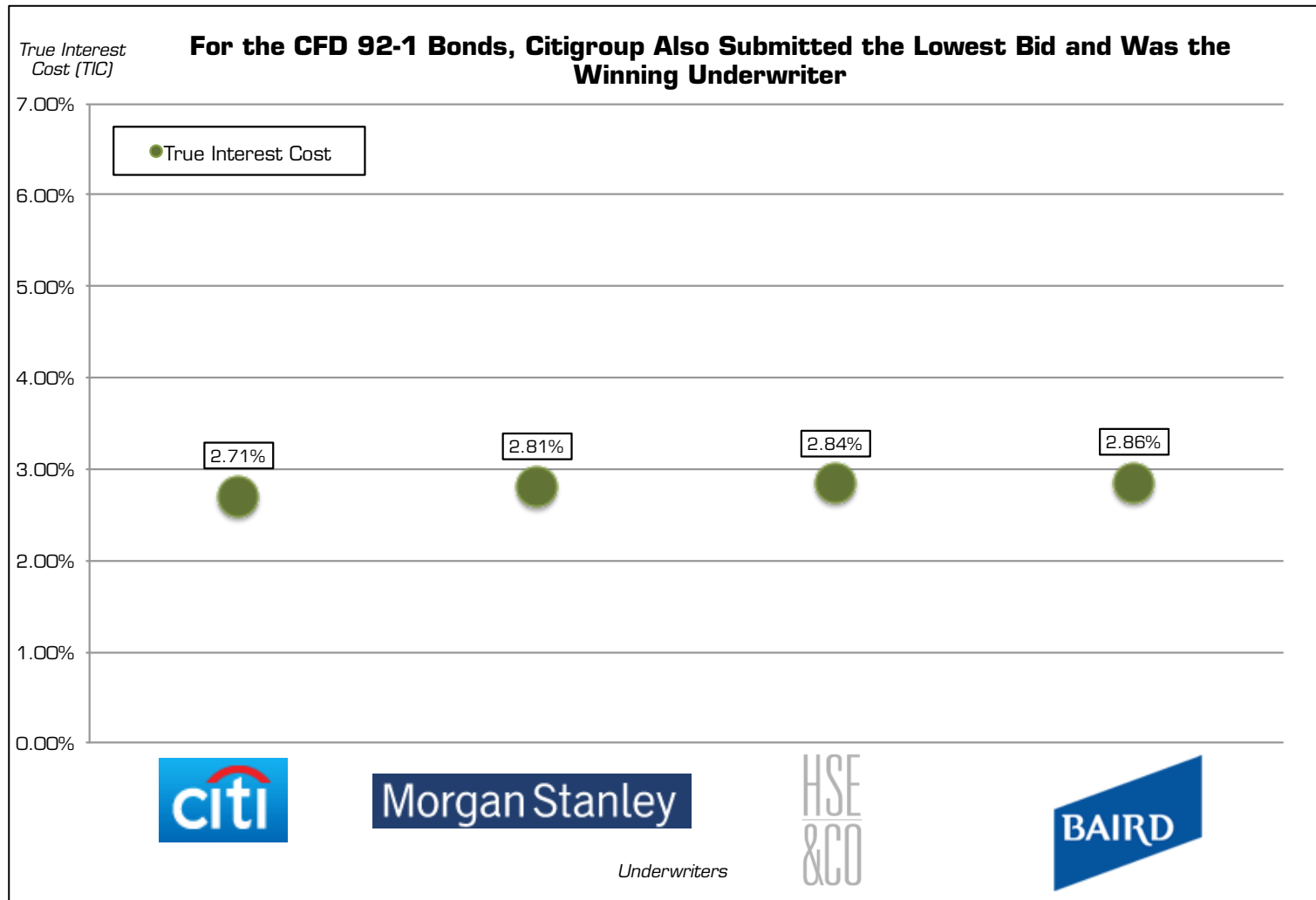
# CFD 90-2 IA 2002-1 Bond Sale Results



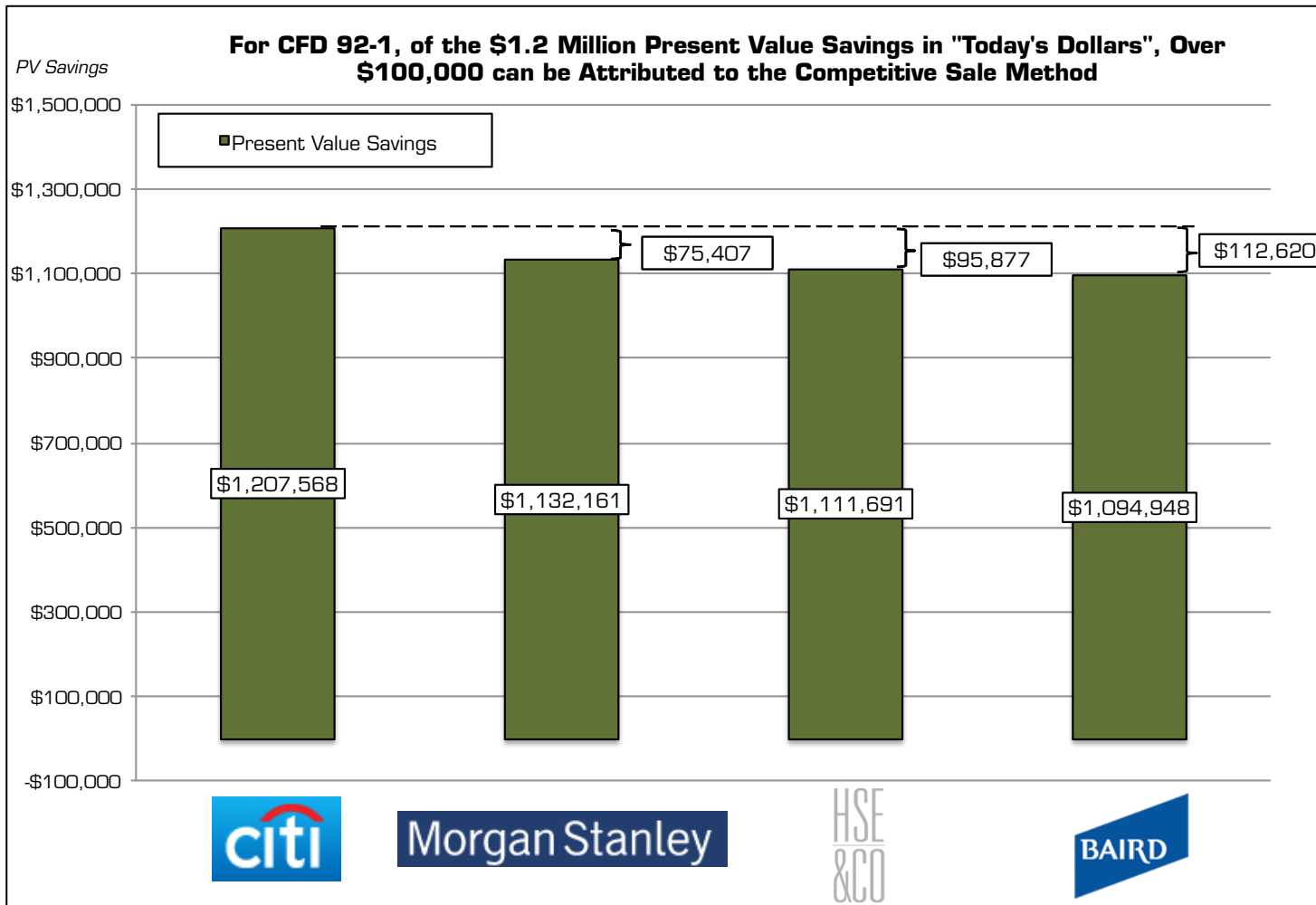
# 30% of Savings from Competitive Sale



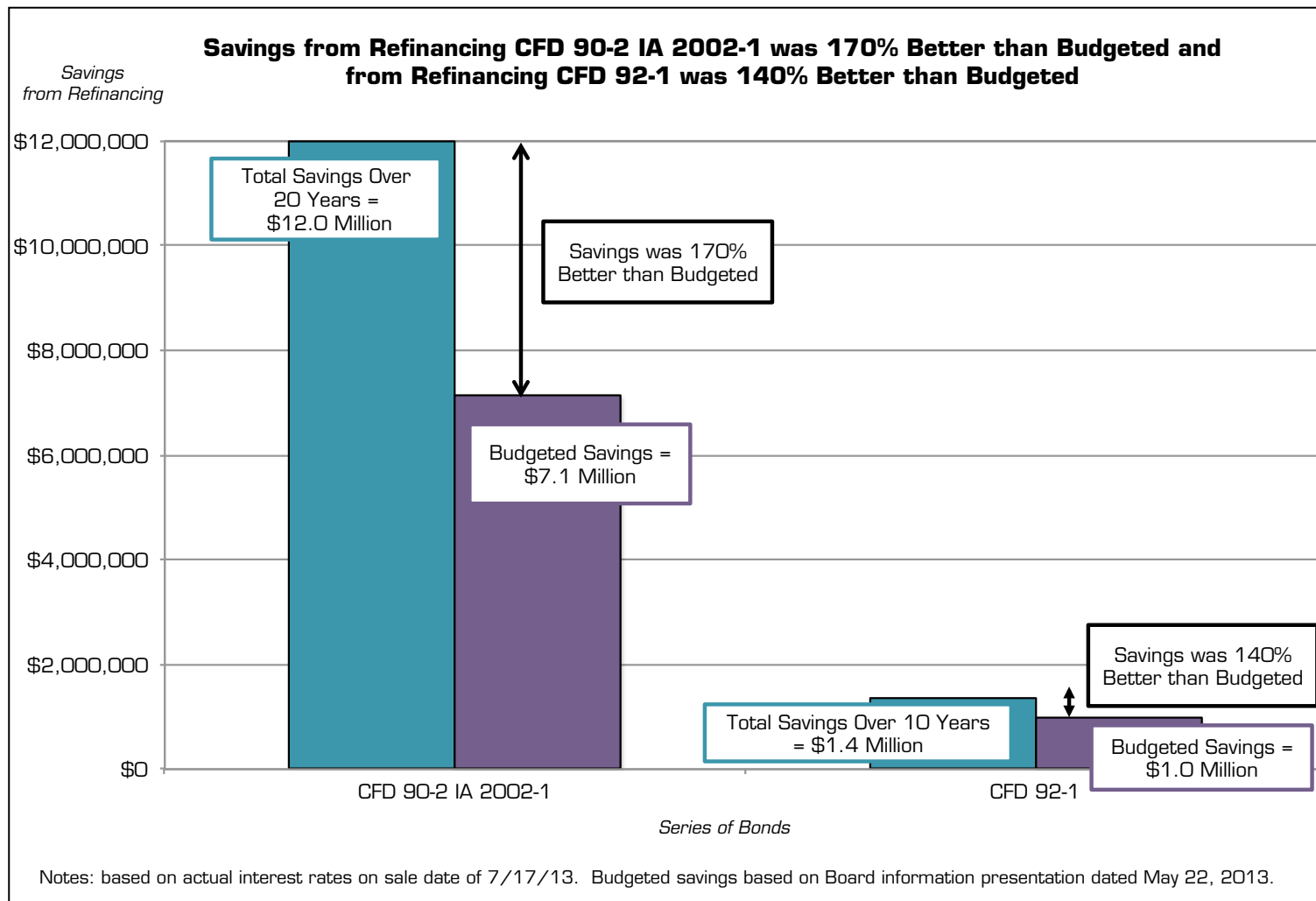
# CFD 92-1 Bond Sale Results



# 10% of Savings from Competitive Sale



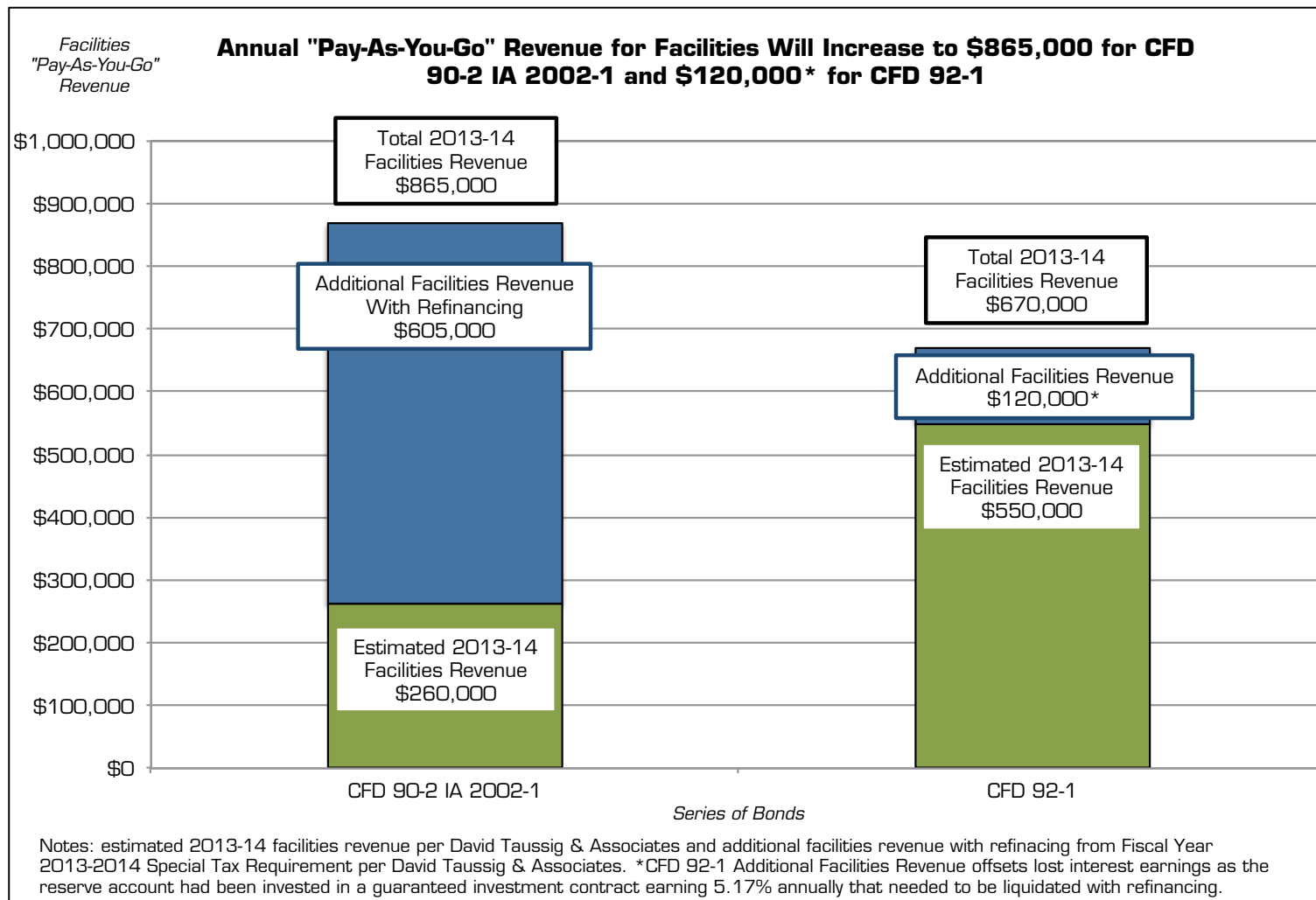
# Savings Better Than Budgeted



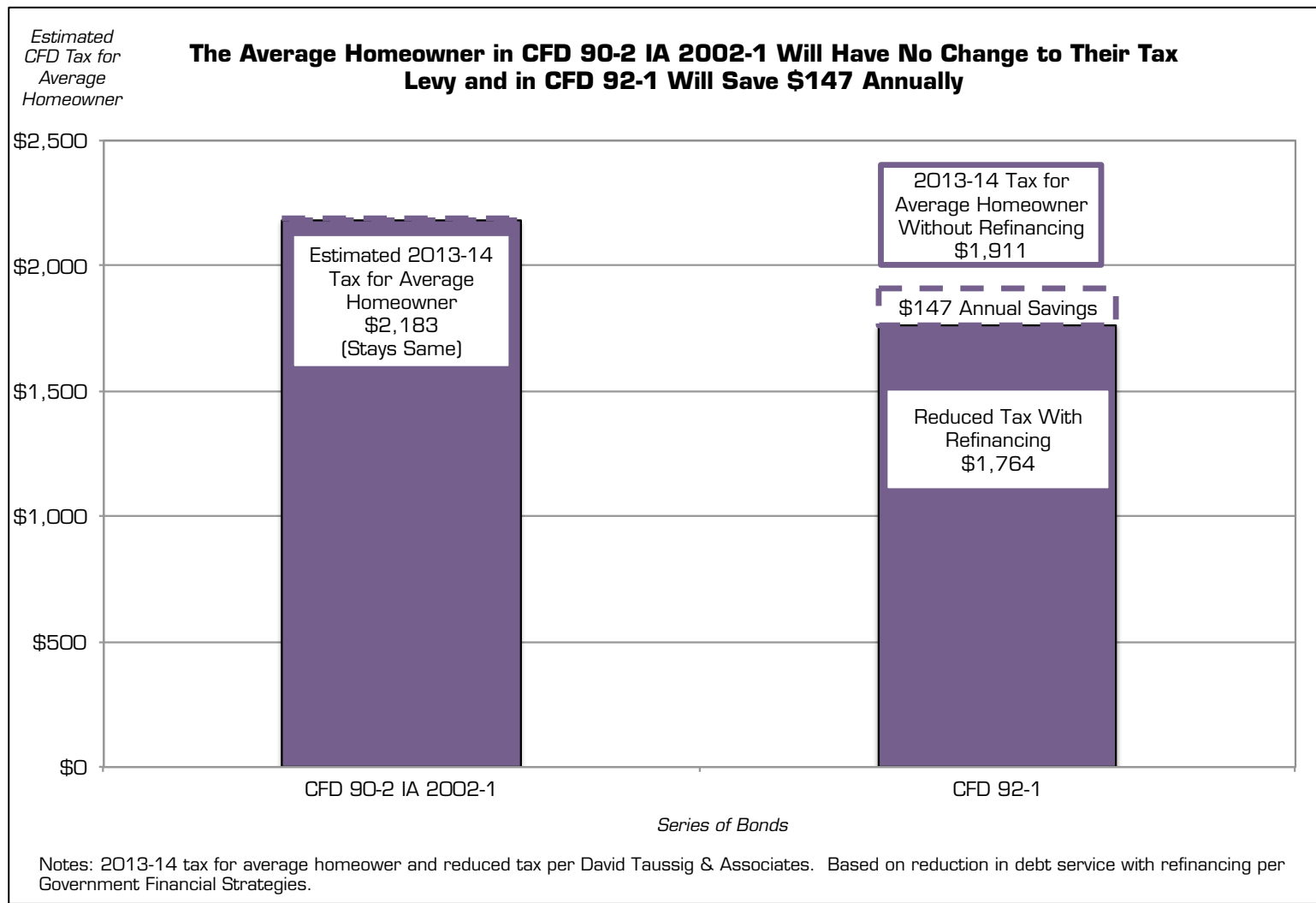
# Reasons Better Savings Achieved

- **Highly successful credit rating process.**
  - District staff explained to credit rating agency Standard & Poor's the strength and stability of the CFD areas.
  - CFD 90-2 IA 2002-1 was changed from unrated to “BBB+”
  - CFD 92-1 was changed from unrated to “A-”
  - Ratings were at the very best end of the range we expected.
  - Especially important given headwinds of what had long been a poor interest rate environment.
- **The relatively high credit ratings meant the CFD bonds could be insured, and with the insurance, interest rates were reduced even further.**

# Facilities Revenue ↑ 3X for CFD 90-2 IA



# Taxes ↓ Nearly \$150 Annually in CFD 92-1



# CFD 2005-1 “Whispering Hills”

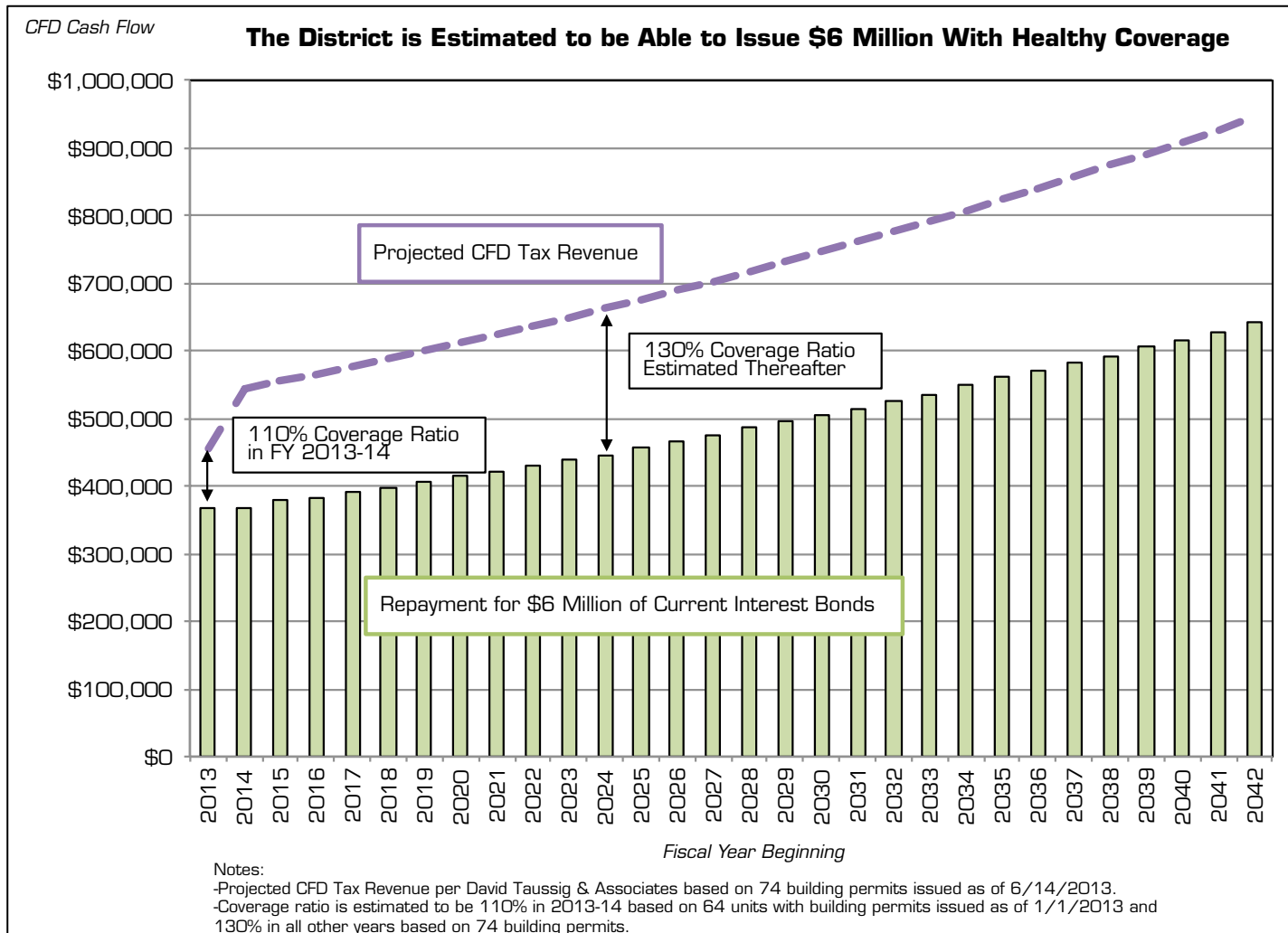
- **Rancho San Juan Development**
- **272 acres**
- **South of San Juan Hills High**
  
- **140 SF homes planned**
- **15 custom lots planned**
- **74 permits issued as of 8/8**
- **66 homes sold**
- **53 homes closed escrow**
  
- **\$30 million bonds authorized**
- **No bonds issued to date**



# **First Issuance of Bonds**

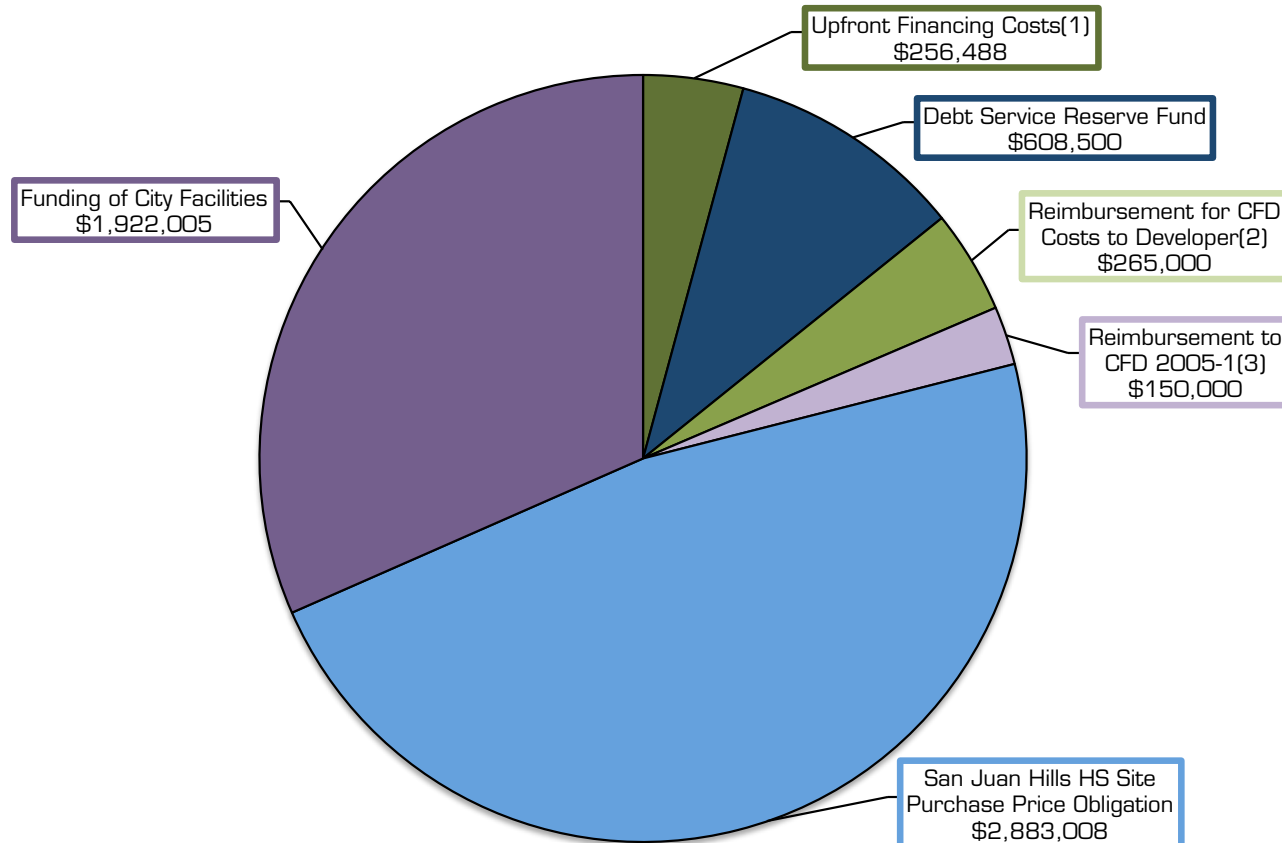
- **Will require taxation from developed property only.**
  - **64 units for FY 2013-14 (permits pulled by 1/1)**
  - **74 units thereafter (permits pulled by 6/14)**
  - **Taxes will escalate 2% annually**
- **Proceeds from the bonds are to be allocated as follows:**
  - **Upfront costs, reimbursements, and reserve fund**
  - **60% of remainder goes to Developer as partial payment for portion of purchase price for San Juan Hills High School site (\$6 million interest-free obligation)**
  - **40% remaining goes to City of San Juan Capistrano for City Facilities**
- **Expect second issuance of bonds next year once more development has occurred.**

# \$6 Million of Bonds Estimated



# Estimated Allocation of Bond Funds

## Nearly Half of the Funds from the Bonds will Go Toward the San Juan Hills High School Site Purchase Price Obligation



Notes: (1) Upfront financing costs include conservatively estimated underwriter's discount and costs of issuance. Includes \$75,000 Developer deposit for costs of issuance. (2) Reimbursement for CFD costs to developer includes \$250,000 of not-to-exceed amounts and \$15,000 fixed amount, (3) Reimbursement to CFD 2005-1 is a not-to-exceed amount. Allocations per David Taussig & Associates based on First Amended Mitigation Agreement.

# **Recommended Method of Sale**

- **Financing best practices as published by the Government Finance Officers Association recommends a negotiated sale to set interest rates in this case due to the following reasons:**
  - **Credit rating will likely be lower than “A-”**
  - **Bonds not repaid by strong, known & long-standing revenue**
  - **Bond insurance is expected to be unavailable**
  
- **For the negotiated sale process:**
  - **We will follow recommended best practices by the Government Finance Officer’s Association.**
    - » **Including, injecting competition via an RFP process.**
    - » **RFP process will follow best practices.**

# Next Steps

## ■ Board Meeting on September 25, 2013

- Board reviews final appraisal report of development and considers resolution authorizing sale of bonds and distribution of preliminary official statement.

## ■ October 16

- Pricing of bonds and interest rates determined.

## ■ October 31

- Bonds closed and funds disbursed.

## ■ Questions?

