

# Capistrano Unified School District

## Continuing Our Financial Stewardship of Community Facilities Districts



Government  
Financial  
Strategies

Presented by Keith Weaver  
June 10, 2015

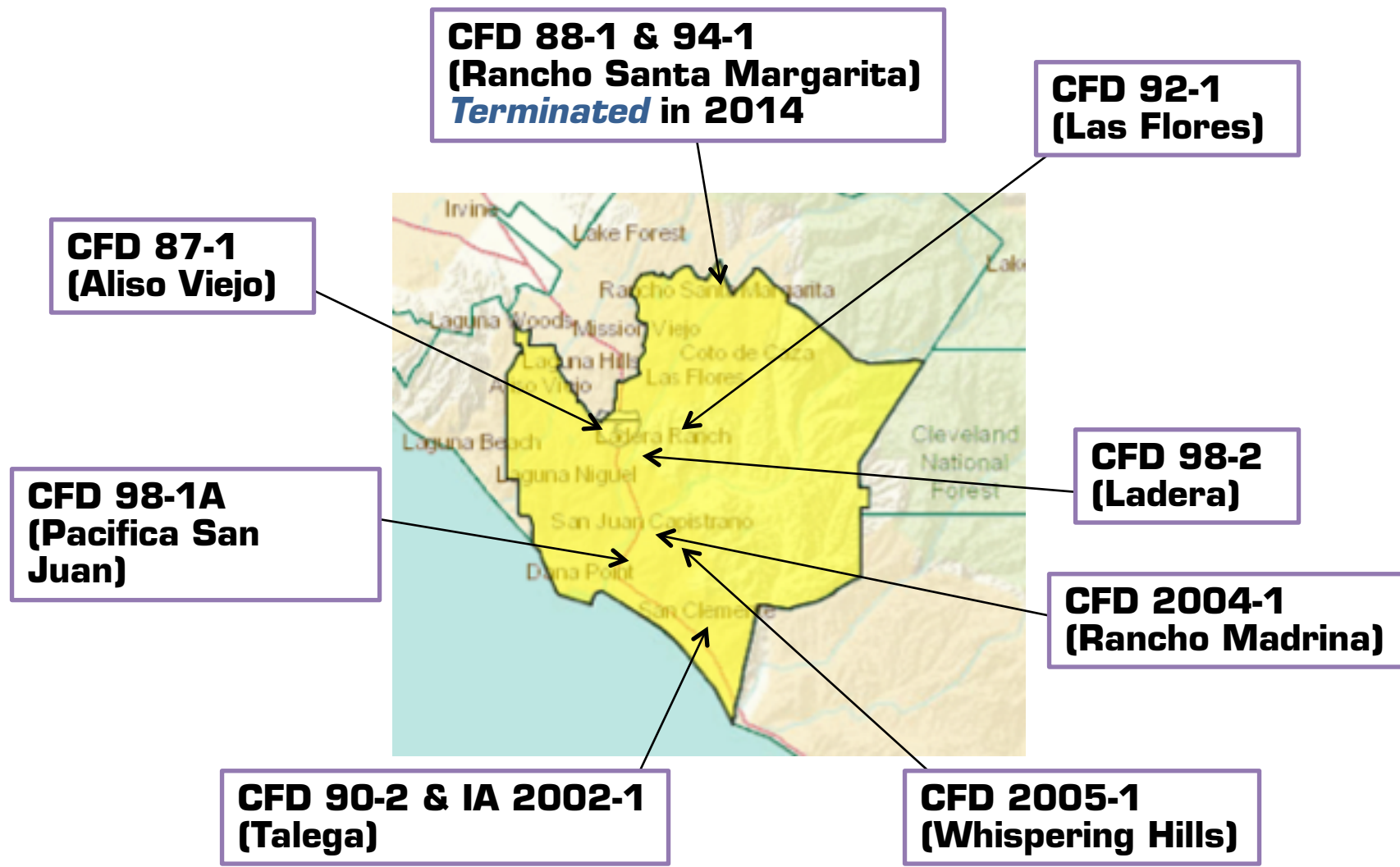
# Tonight's Agenda

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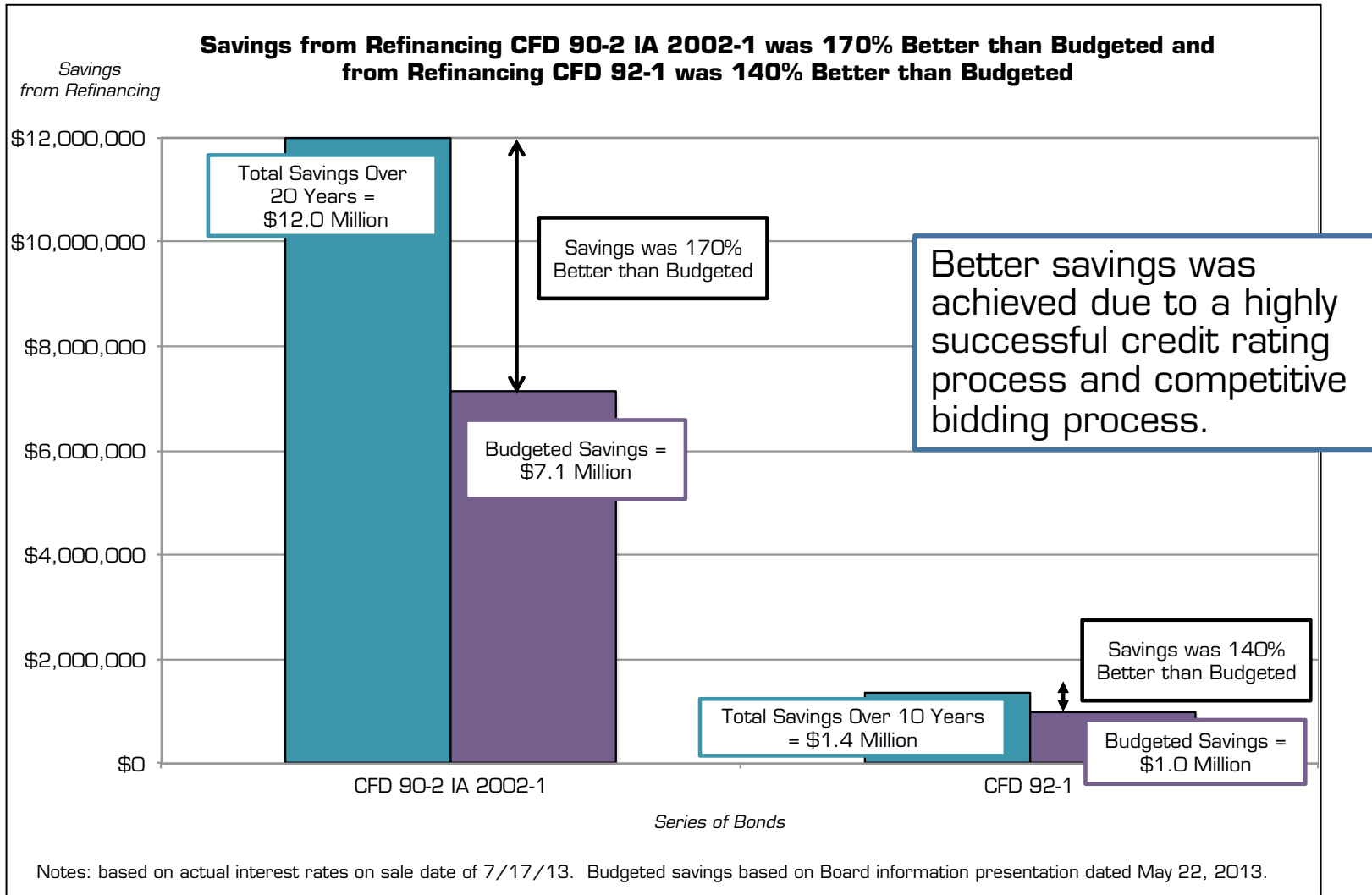
- ◆ Overview of Community Facilities District Bonds
- ◆ Potential Refinancing Opportunities
- ◆ Next Steps



# Overview of CFDs in the District

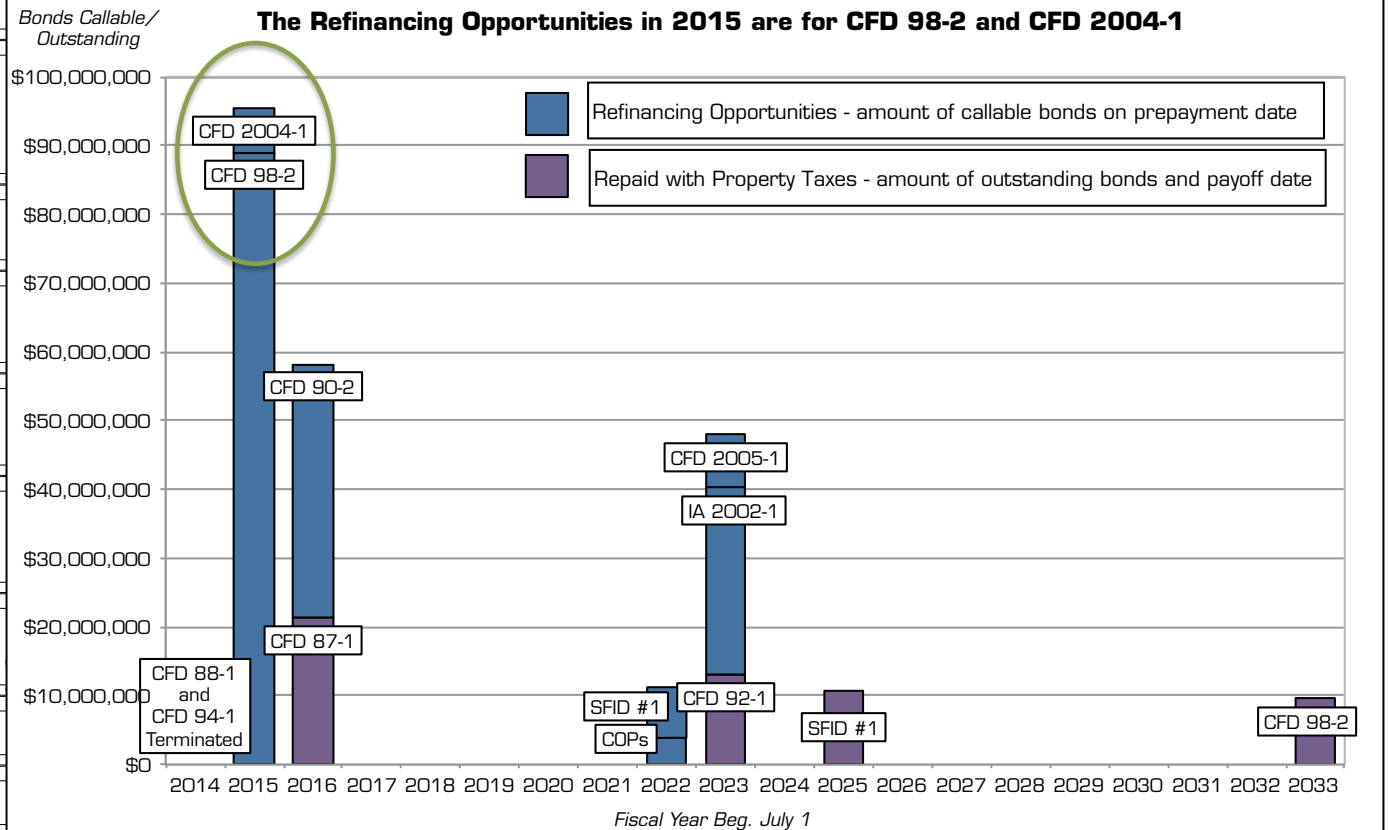


# Review of 2013 Refinancing Results



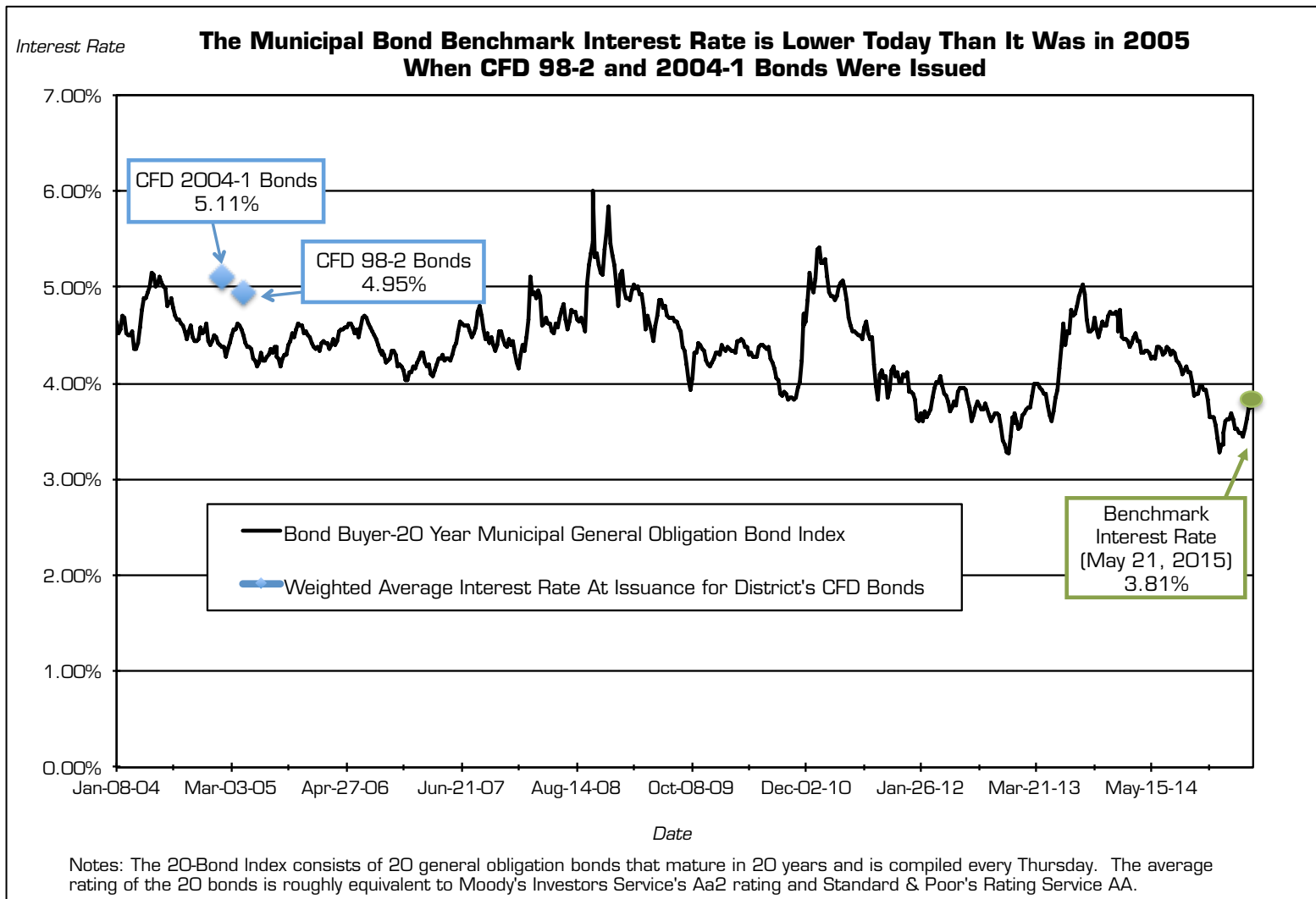
# Monitoring the District's Debt Portfolio

General Obligation Bonds												
Bonds	Bond Structure	New Money Amount	Refunding Amount	Remaining Authorizations	Total Net Debt Service	Debt Service to Principal at Maturity	Original Maturity	Principal Paid to Date	Debt Service to Principal at Maturity	Actual Debt Service to Date	Outstanding Principal as of Dec. 1, 2024	Next Call Date
A	OBs	\$17,400,000	\$0	\$47,800,000	\$35,207,370	2.0 : 1	5.88%	\$3,900,000	\$15,614,613	4.0 : 1	\$0	n/a
B	OBs	\$17,675,000	\$0	\$29,795,000	\$24,175,504	1.9 : 1	4.36%	\$15,645,000	\$21,834,004	1.4 : 1	\$0	n/a
C	OBs	\$12,124,900	\$0	\$17,800,070	\$32,564,041	5.3 : 1	5.31%	\$12,124,900	\$32,564,041	2.7 : 1	\$10,871,818	n/a
2012 Rfg	OBs	\$17,600,000	\$0	\$70	\$34,361,388	1.8 : 1	5.01%	\$3,120,000	\$11,351,165	3.6 : 1	\$0	n/a
2012 Rfg	OBs	\$0	\$27,455,000	\$70	\$34,497,611	1.3 : 1	3.83%	\$27,455,000	\$34,497,611	1.3 : 1	\$21,845,000	Aug 1, 2032
		\$64,998,900	\$27,455,000					\$62,244,900	\$115,861,434	1.9 : 1	\$21,845,000	
											\$7,360,000	
											\$32,516,818	
Certificates of Participation												
Bonds	Bond Structure	New Money Amount	Refunding Amount	Remaining Authorizations	Total Net Debt Service	Debt Service to Principal at Maturity	Original Maturity	Principal Paid to Date	Debt Service to Principal at Maturity	Actual Debt Service to Date	Outstanding Principal as of Dec. 1, 2024	Next Call Date
1997	OBs	\$11,000,000	\$0	n/a	\$18,625,134	1.7 : 1	5.18%	n/a	n/a	n/a	n/a	n/a
2002	OBs	\$31,950,000	\$0	n/a	\$57,085,852	1.8 : 1	5.00%	\$7,435,000	n/a	n/a	\$19,838,000	n/a
2012 Rfg	OBs	\$0	\$19,633,000	n/a	\$22,616,304	1.2 : 1	2.30%	n/a	n/a	n/a	\$27,070,000	n/a
		\$43,950,000	\$19,633,000									
Community Facilities District 92-1												
Bonds	Bond Structure	New Money Amount	Refunding Amount	Remaining Authorizations	Total Net Debt Service	Debt Service to Principal at Maturity	Original Maturity	Principal Paid to Date	Debt Service to Principal at Maturity	Actual Debt Service to Date	Outstanding Principal as of Dec. 1, 2024	Next Call Date
1989	OBs	\$44,370,000	\$0	\$75,740,000	\$97,843,015	2.2 : 1	7.52%	\$3,580,000	n/a	n/a	\$3,580,000	n/a
1990	OBs	\$36,170,000	\$0	\$39,570,000	\$99,531,018	2.8 : 1	8.30%	\$1,260,000	n/a	n/a	\$1,260,000	n/a
1996A	OBs	\$0	\$64,285,000	\$39,570,000	\$115,612,689	1.8 : 1	5.82%	\$14,675,000	n/a	n/a	\$14,675,000	n/a
1996B	OBs	\$2,230,000	\$0	\$15,055,000	\$37,340,000	1.4 : 1	5.04%	\$10,975,000	n/a	n/a	\$10,975,000	n/a
2006 Rfg	OBs	\$17,295,000	\$0	\$20,045,000	\$38,515,917	1.4 : 1	4.89%	\$4,515,000	n/a	n/a	\$4,515,000	n/a
2012 Rfg	OBs	\$0	\$50,000,000	\$0	\$49,000,000	n/a	n/a	n/a	n/a	n/a	\$50,000,000	n/a
Cancelled		\$120,000,000	\$0	\$120,000,000	\$0	n/a	n/a	n/a	n/a	n/a	\$88,008,000	n/a
		\$120,000,000	\$50,000,000	\$120,000,000	\$120,000,000							
Community Facilities District 98-1												
Bonds	Bond Structure	New Money Amount	Refunding Amount	Remaining Authorizations	Total Net Debt Service	Debt Service to Principal at Maturity	Original Maturity	Principal Paid to Date	Debt Service to Principal at Maturity	Actual Debt Service to Date	Outstanding Principal as of Dec. 1, 2024	Next Call Date
1989	OBs	\$12,500,000	\$0	\$1,500,000	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
1996	OBs	\$678,513	\$12,076,487	\$621,487	\$21,978,733	1.7 : 1	6.00%	\$12,755,000	n/a	n/a	\$12,755,000	n/a
		\$13,178,513	\$12,076,487									
Community Facilities District 90-2 (Palmdale)												
Bonds	Bond Structure	New Money Amount	Refunding Amount	Remaining Authorizations	Total Net Debt Service	Debt Service to Principal at Maturity	Original Maturity	Principal Paid to Date	Debt Service to Principal at Maturity	Actual Debt Service to Date	Outstanding Principal as of Dec. 1, 2024	Next Call Date
2001	OBs	\$20,000,000	\$0	\$24,980,000	\$52,828,979	2.3 : 1	5.77%	\$165,000	n/a	n/a	\$165,000	n/a
2002	OBs	\$17,600,000	\$0	\$9,345,000	\$42,521,519	2.4 : 1	5.66%	\$0	n/a	n/a	\$0	n/a
2006	OBs	\$0	\$44,980,000	\$9,345,000	\$81,094,862	1.8 : 1	4.53%	\$44,980,000	n/a	n/a	\$44,980,000	n/a
		\$40,680,000	\$44,980,000								\$45,145,000	n/a
Community Facilities District 90-2 (Improvement Area No. 2000-1)												
Bonds	Bond Structure	New Money Amount	Refunding Amount	Remaining Authorizations	Total Net Debt Service	Debt Service to Principal at Maturity	Original Maturity	Principal Paid to Date	Debt Service to Principal at Maturity	Actual Debt Service to Date	Outstanding Principal as of Dec. 1, 2024	Next Call Date
2003	OBs	\$43,808,000	\$0	\$6,396,000	\$100,915,247	2.3 : 1	5.91%	\$2,110,000	n/a	n/a	\$2,110,000	n/a
2003	OBs	\$6,070,000	\$0	\$305,000	\$14,132,021	2.3 : 1	5.88%	\$210,000	n/a	n/a	\$210,000	n/a
2013 Rfg	OBs	\$0	\$43,110,000	\$305,000	\$86,600,850	1.5 : 1	4.49%	\$43,110,000	n/a	n/a	\$43,110,000	n/a
		\$49,878,000	\$43,110,000								\$43,320,000	n/a
Community Facilities District 98-1 (San Fancisco)												
Bonds	Bond Structure	New Money Amount	Refunding Amount	Remaining Authorizations	Total Net Debt Service	Debt Service to Principal at Maturity	Original Maturity	Principal Paid to Date	Debt Service to Principal at Maturity	Actual Debt Service to Date	Outstanding Principal as of Dec. 1, 2024	Next Call Date
1993	OBs	\$5,515,000	\$0	\$21,485,000	\$18,127,308	2.1 : 1	6.86%	\$520,000	n/a	n/a	\$520,000	n/a
1997	OBs	\$12,500,000	\$0	\$8,985,000	\$27,071,178	2.2 : 1	7.07%	\$0	n/a	n/a	\$0	n/a
1998	OBs	\$8,747,089	\$29,612,911	\$237,911	\$55,181,869	1.8 : 1	4.85%	\$12,860,000	n/a	n/a	\$12,860,000	n/a
2013 Rfg	OBs	\$0	\$14,430,000	\$237,911	\$17,326,091	1.2 : 1	3.79%	\$14,430,000	n/a	n/a	\$14,430,000	n/a
		\$29,762,089	\$14,430,000								\$27,690,000	n/a
Community Facilities District 98-2 (General)												
Bonds	Bond Structure	New Money Amount	Refunding Amount	Remaining Authorizations	Total Net Debt Service	Debt Service to Principal at Maturity	Original Maturity	Principal Paid to Date	Debt Service to Principal at Maturity	Actual Debt Service to Date	Outstanding Principal as of Dec. 1, 2024	Next Call Date
1999	OBs	\$106,330,000	\$0	\$9,670,000	\$244,893,887	2.3 : 1	5.71%	\$250,000	n/a	n/a	\$250,000	n/a
2006 Rfg	OBs	\$6,411,252	\$1,011,018,768	\$1,258,768	\$300,537,014	2.0 : 1	4.95%	\$101,018,768	n/a	n/a	\$101,018,768	n/a
		\$113,741,252	\$1,011,018,768								\$101,268,768	n/a
Community Facilities District 2004-1 (Piedmont Medical)												
Bonds	Bond Structure	New Money Amount	Refunding Amount	Remaining Authorizations	Total Net Debt Service	Debt Service to Principal at Maturity	Original Maturity	Principal Paid to Date	Debt Service to Principal at Maturity	Actual Debt Service to Date	Outstanding Principal as of Dec. 1, 2024	Next Call Date
2005	OBs	\$7,085,000	\$0	\$415,000	\$14,853,821	2.1 : 1	5.11%	\$7,085,000	n/a	n/a	\$7,085,000	n/a
		\$7,085,000	\$0								\$7,085,000	n/a
Community Facilities District 2005-1 (Whispering Hills)												
Bonds	Bond Structure	New Money Amount	Refunding Amount	Remaining Authorizations	Total Net Debt Service	Debt Service to Principal at Maturity	Original Maturity	Principal Paid to Date	Debt Service to Principal at Maturity	Actual Debt Service to Date	Outstanding Principal as of Dec. 1, 2024	Next Call Date
2013	OBs	\$6,190,000	\$0	\$21,810,000	\$17,668,903	2.2 : 1	5.31%	\$6,190,000	n/a	n/a	\$6,190,000	n/a
		\$6,190,000	\$0								\$6,190,000	n/a



Notes: CFD 88-1 was repaid Sept. 1, 2014. CFD 87-1 will be prepaid on call date of September 1, 2016 with pay-as-you-go funds. CFD 90-2 was an advanced refinancing and cannot be advanced refinanced again. CFD 92-1 is non-callable and repaid Sept. 1, 2023. SFID #1 has \$12.1 million non-callable and repaid Aug. 1, 2025 plus \$7.4 million callable on Aug. 1, 2022. CFD 98-2 is non-callable and repaid Sept. 1, 2033.

# Interest Rates are Lower Today

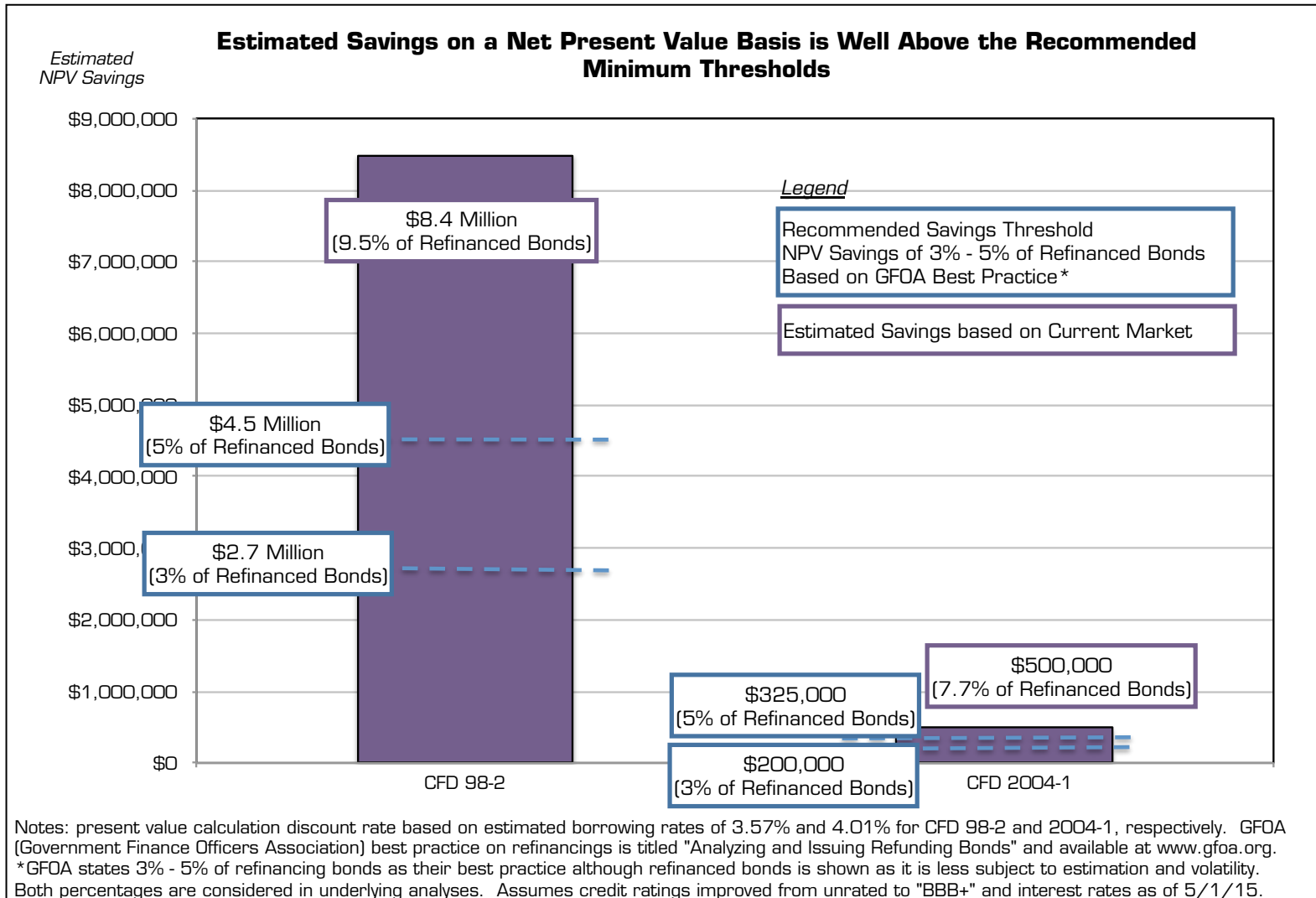


# Establishment of Minimum Savings

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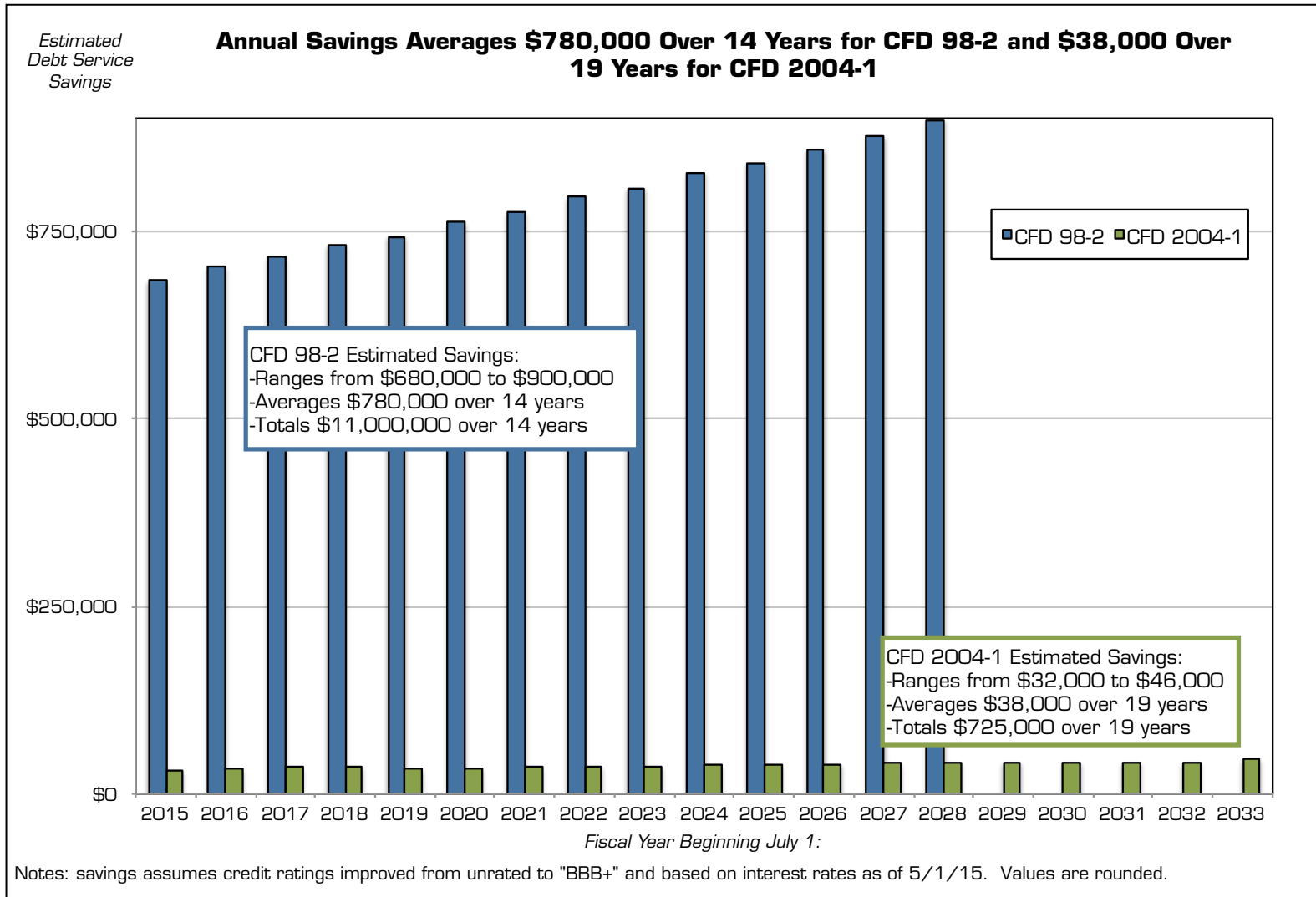
- ◆ Since interest rates could increase or the reception to the CFD credit could be lower than expected, we recommend a minimum present value savings threshold to complete the refinancing.
- ◆ Based on Government Finance Officers Association (GFOA) Best Practices, we suggest a minimum present value savings threshold of 3% of the principal amount refinanced:
  - ▶ If the savings threshold cannot be achieved, the refinancing will be placed on hold.
- ◆ Almost all of the estimated upfront costs would only be paid if and when the refinancing is completed.

# NPV Savings "In Today's Dollars"





# Annual Savings Over Time



# Recommended Method of Sale

## ◆ Two methods of selling bonds to underwriters/banks:

### ▶ Competitive



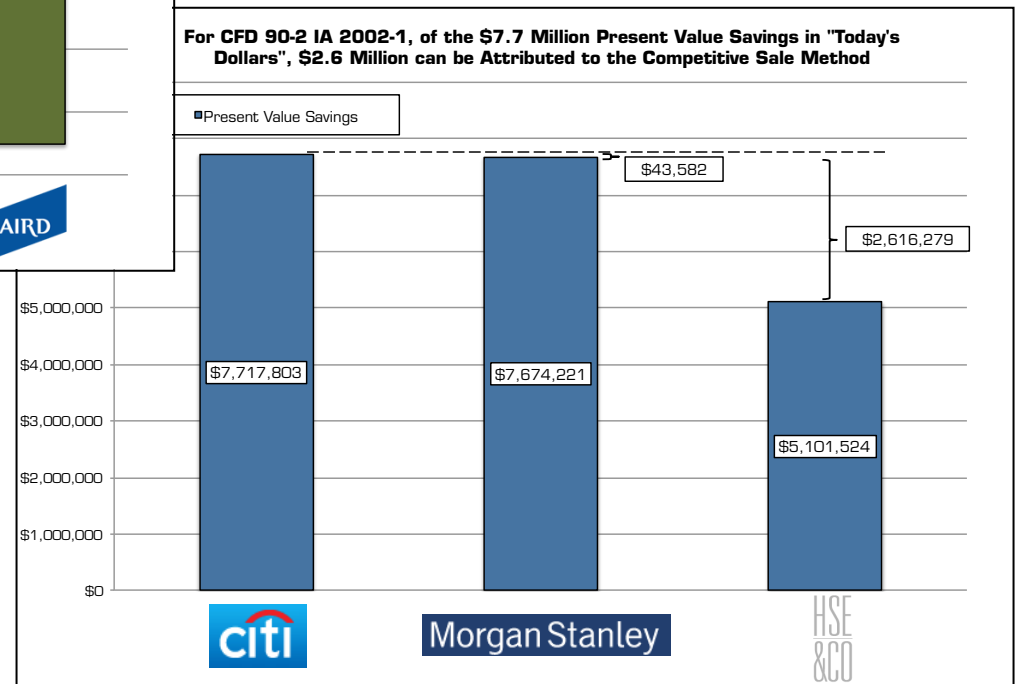
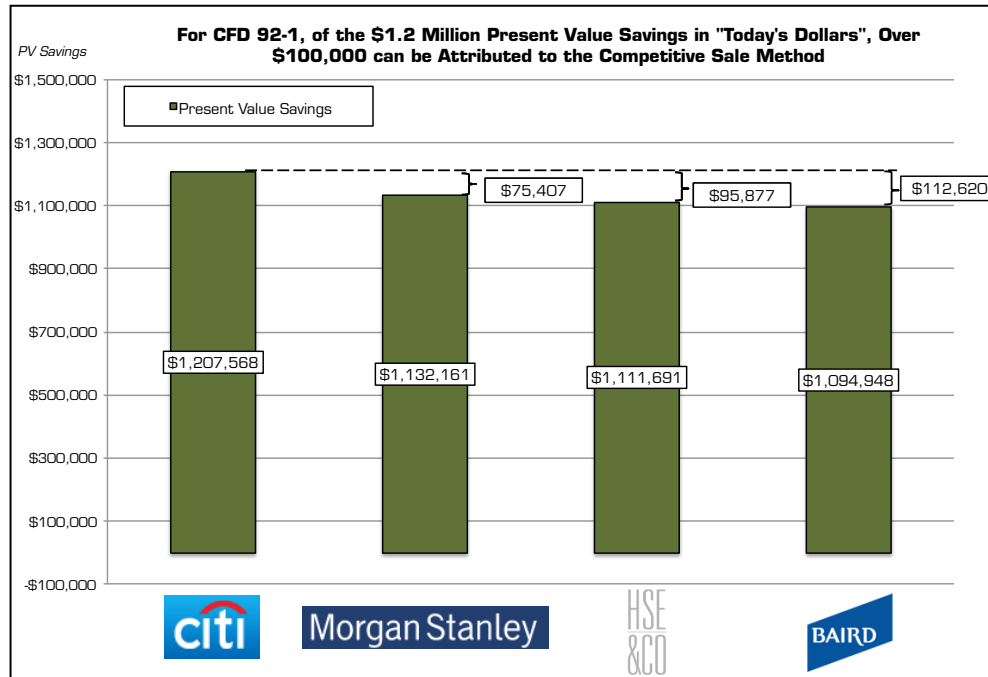
### ▶ Negotiated



## ◆ Recommendation for the refinancings:

- ▶ Use a competitive bidding process to set interest rates.
  - Academic research supports the value of this approach.
  - District's experience supports the value of this approach.

# Prior CFD Bond Bidding Results



# Next Steps

- ◆ Tonight:
  - ▶ Information only.
- ◆ Board Meeting on June 24:
  - ▶ Board asked to consider resolution authorizing refinancings and approving the legal documents.
- ◆ July 15:
  - ▶ Bid process to sell bonds and interest rates locked.
- ◆ July 30:
  - ▶ Bonds closed and funds available for refinancing.
- ◆ August 12:
  - ▶ Results of refinancings presented to Board.
  - ▶ Board sets annual tax levies.
- ◆ September 1:
  - ▶ Bonds refinanced.

