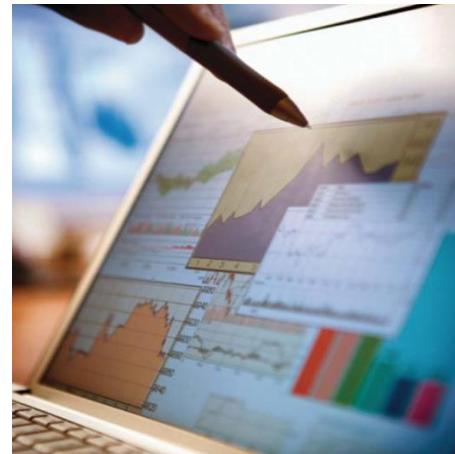




Manteca Unified School District

STUDY SESSION: CFD Bond Refunding Opportunities

Prepared by: California Financial Services

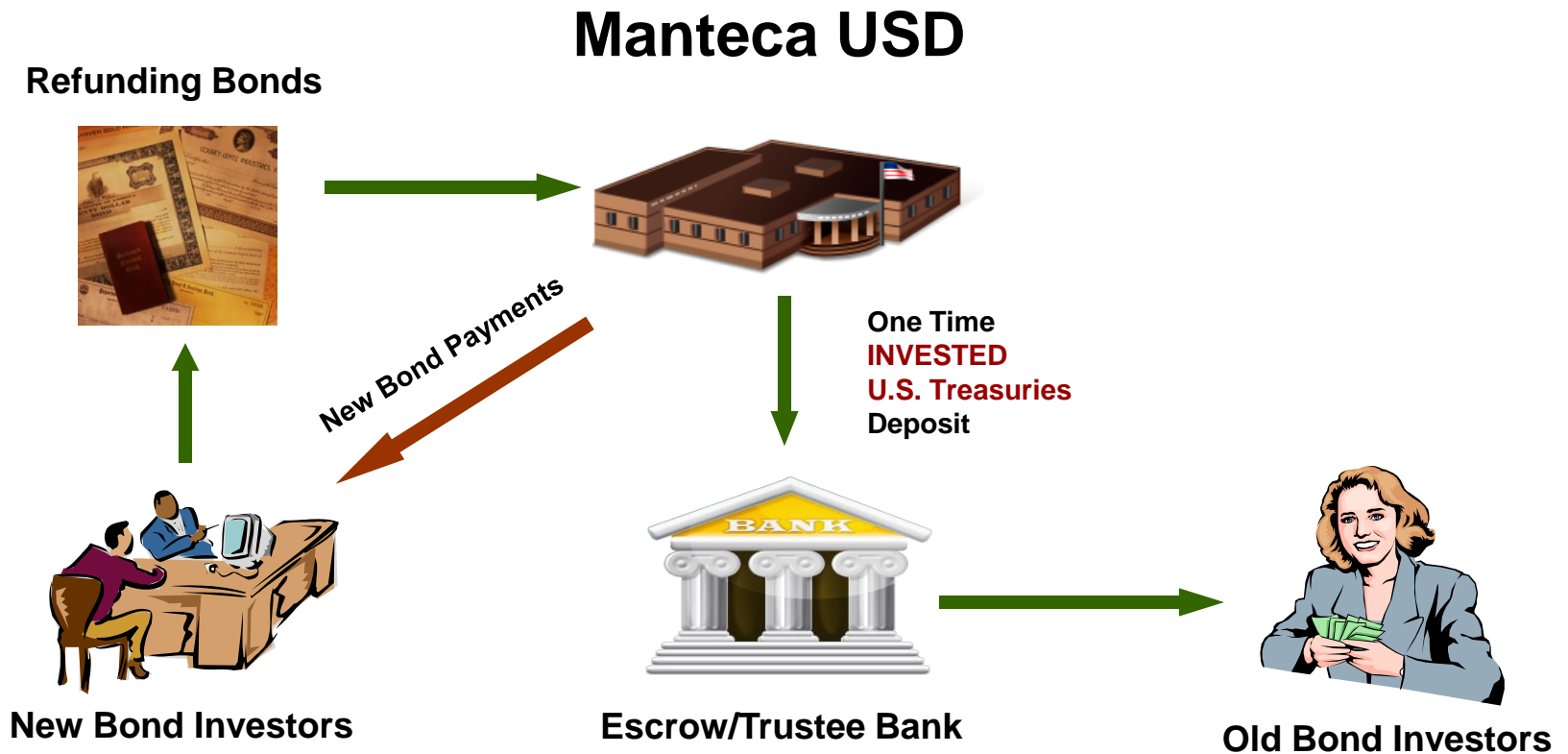


June 21, 2016

Manteca Unified School District

Overview of CFD Bond Refunding Opportunities

How Does a Refunding Work?



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Overview of CFD Bond Refunding Opportunities

What is a Refunding?

A Refunding is the Refinancing of Existing Higher Interest Rate CFD Bonds Funded by Selling Lower Interest Rate CFD Bonds to New Investors to:

- ✓ ***Advance Refund* Debt by Providing Funds to Purchase Escrow Securities that Will Make All Future Payments to Old Investors including “Buying Back” Refunded Bonds on the First Possible Prepayment Date;**
- ✓ ***Current Refund* Bonds by Providing Funds to “Buy Back” and Retire Outstanding Bonds within 90 days of the Refunding Bond Closing; and**
- ✓ **Provide Funds to Pay for ALL Costs of Issuance, Prepayment Premiums, Interest Owed Through the Escrow and Accrued Interest on the Refinancing Bonds.**

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Overview of CFD Bond Refunding Opportunities

How Are Savings Calculated?

Refunding Savings are Calculated Based on the Difference in Debt Service Payments Each Bond Year Comparing the Refunding and Refunded Bond Repayment Schedules, as follows:

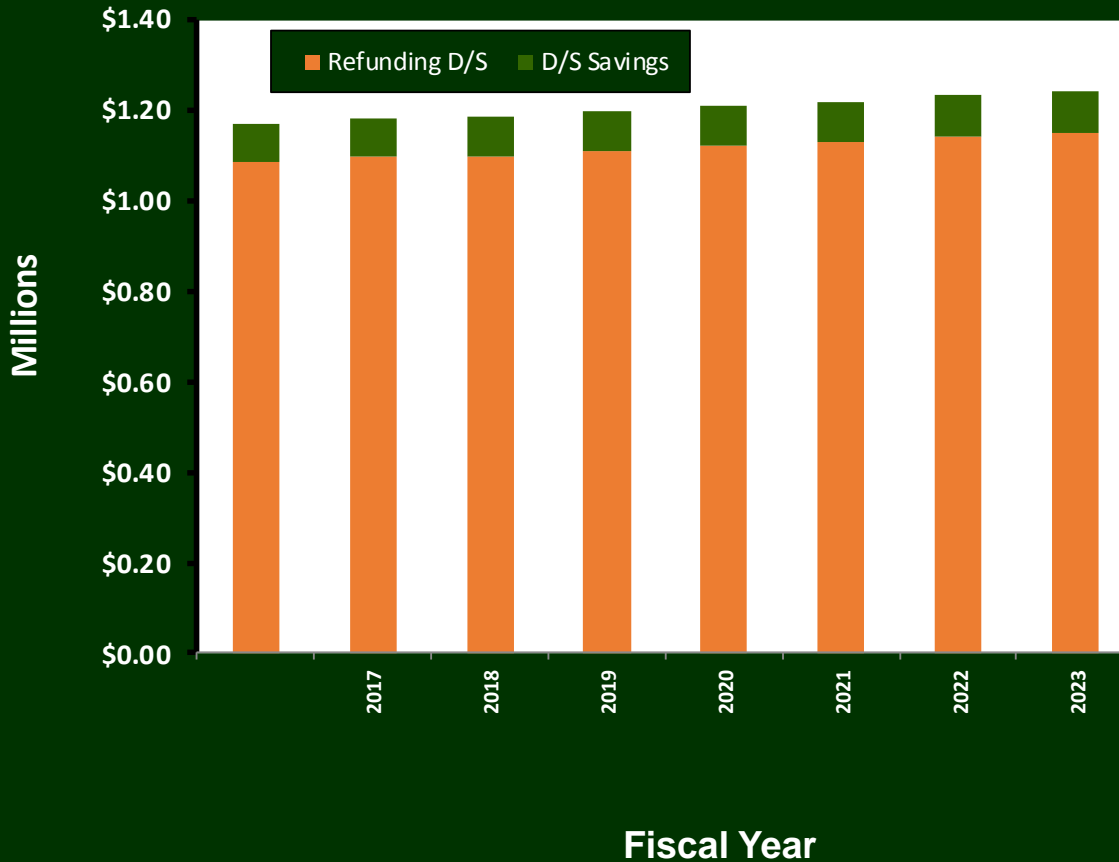
- ✓ **Costs of Issuance (including bond insurance), Prepayment Premiums (if any), Escrow Purchase Costs and All Related Expenses are Included and Amortized in the Principal/Premium Component of the Refunding Bonds and COPs;**
- ✓ **Savings are Calculated Annually on a Bond Year Basis and Cumulatively on both a Gross Dollar Basis and a Present Value Basis that Converts Gross Savings to Amounts Stated in 2016 Dollars; and**
- ✓ **On a Maturity-by-Maturity Basis to Ensure that Each Individual Refunded Bond or COP is Individually Augmenting Savings.**

Manteca Unified School District

Overview of CFD Bond Refunding Opportunities

CFD 1989-1 PROJECTED Savings and D/S Summary

1989-1 CFD Bonds (Series 2004)



Summary of Results

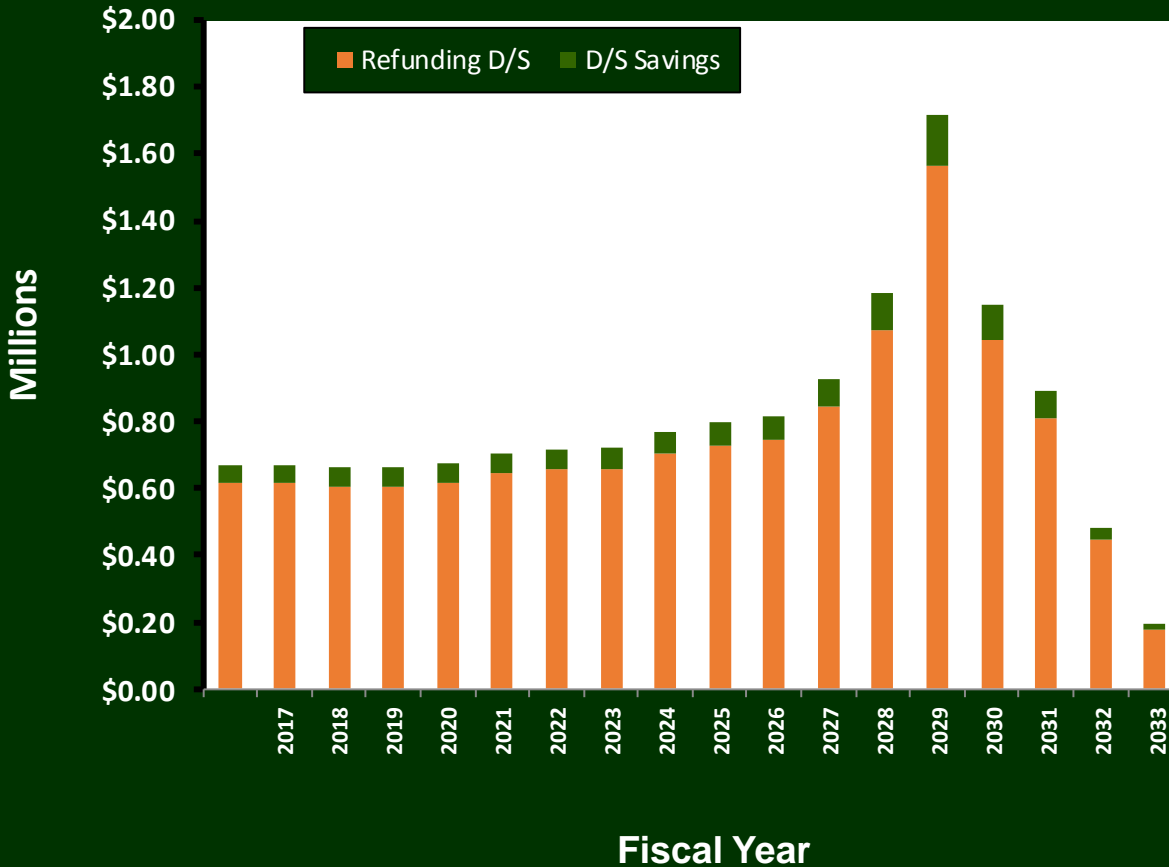
PROJECTED Rate:	2.713%
Annual Savings:	\$88,455
Total Savings:	\$707,644
Total Savings %:	9.82%
PV Savings:	\$645,312
PV Savings %:	7.44%
Refunded Bonds:	\$8,675,000
Refunding Proceeds:	\$9,241,490
Escrow Cost:	\$8,866,363
Issuance Costs:	\$317,057
Bond Insurance	58,070
Prepay Premium:	\$0

Manteca Unified School District

Overview of CFD Bond Refunding Opportunities

CFD 1989-2 PROJECTED Savings and D/S Summary

1989-2 CFD Bonds (Series 2004 & 2007)



Summary of Results

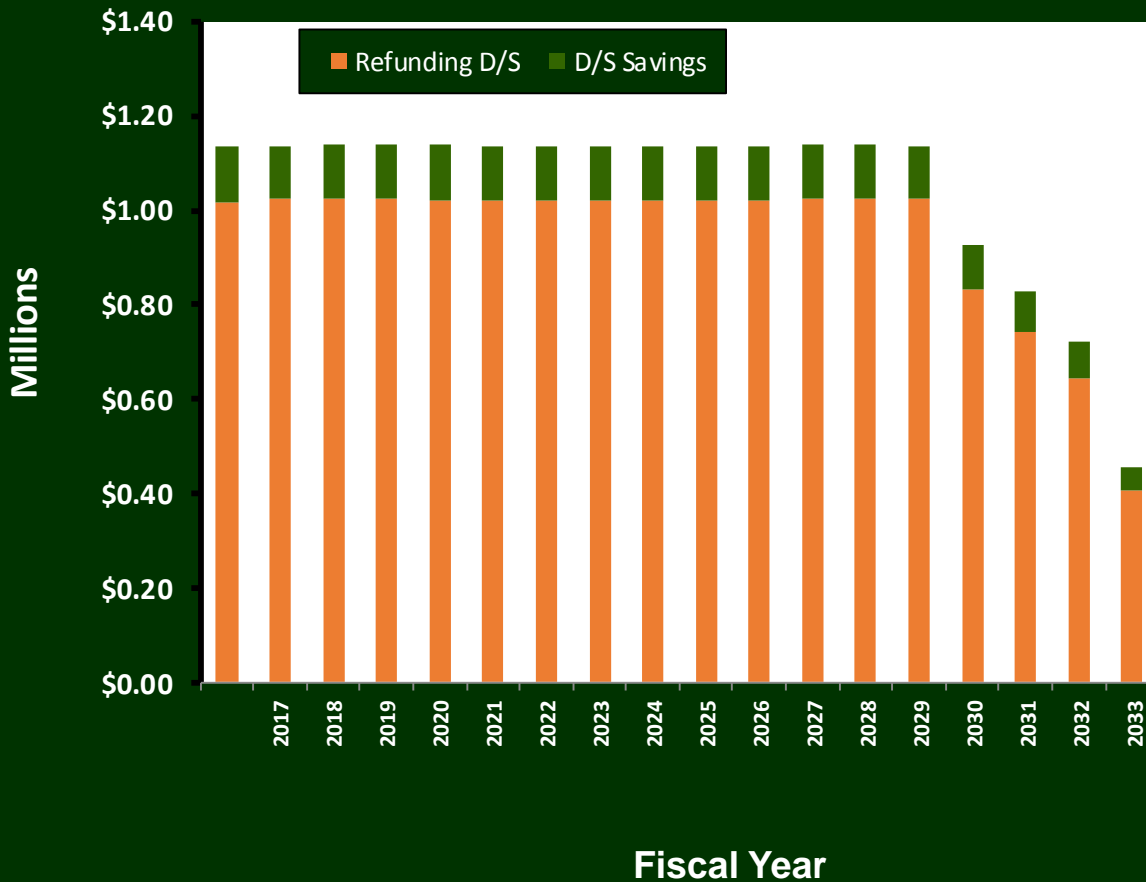
PROJECTED Rate:	3.496%
Annual Savings:	\$70,181
Total Savings:	\$1,263,264
Total Savings %:	12.24%
PV Savings:	\$969,570
PV Savings %:	10.16%
Refunded Bonds:	\$9,680,000
Refunding Proceeds:	\$10,319,011
Escrow Cost:	\$9,896,012
Issuance Costs:	\$312,426
Bond Insurance	\$110,573
Prepay Premium:	\$0

Manteca Unified School District

Overview of CFD Bond Refunding Opportunities

CFD 2000-3 PROJECTED Savings and D/S Summary

2000-3 CFD Bonds (Series 2004 & 2007)



Summary of Results

PROJECTED Rate:	3.339%
Annual Savings:	\$102,287
Total Savings:	\$1,943,462
Total Savings %:	13.38%
PV Savings:	\$1,277,225
PV Savings %:	8.795%
Refunded Bonds:	\$13,705,000
Refunding Proceeds:	\$14,522,069
Escrow Cost:	\$14,002,466
Issuance Costs:	\$312,426
Bond Insurance	\$137,309
Prepay Premium:	\$0

Manteca Unified School District

Overview of CFD Bond Refunding Opportunities

Who Benefits from the 2016 Refunding Bond Savings?

PROJECTED Refunding Savings for the GO BONDS are As Follows:

- ✓ The San Joaquin County Assessor and Treasurer-Tax Collector will be Able to Reduce the Tax Levy to Match the Reduced Debt Service Payments Commencing in 2017/18;
- ✓ **CFD 1989-1:** Based on a PROJECTED RATE Obtained from Stifel Nicolaus & Company and EPS, taxpayers will see a Tax Reduction of approximately **\$15.45** per Home per Year Commencing in 2016/17 or a Cumulative Reduction in Tax Rates of **\$123.63** per Home Over the Life Refunding;
- ✓ **CFD 1989-2:** Based on a PROJECTED RATE Obtained from Stifel Nicolaus & Company and EPS, taxpayers will see a Tax Reduction of approximately **\$24.01** per Home per Year Commencing in 2016/17 or a Cumulative Reduction in Tax Rates of **\$408.14** per Home Over the Life of the Refunding;
- ✓ **CFD 2000-3:** Based on a PROJECTED RATE Obtained from Stifel Nicolaus & Company and EPS, taxpayers will see a Tax Reduction of approximately **\$32.49** per Home per Year Commencing in 2016/17 or a Cumulative Reduction in Tax Rates of **\$617.44** per Home Over the Life of the 2000-3 Refunding; and
- ✓ Savings May be Used by the District to Borrow Additional Funds to Pay for Bond Projects where Remaining Bond Authorization and Unfinished Projects Exist (1989-2 and 2000-3).

Manteca Unified School District

Overview of CFD Bond Refunding Opportunities

Proposed Debt Service Savings Criteria

The Following Criteria are Proposed as Minimum Guidelines:

- ✓ **The Refunding Bonds' Final Maturity will not be extended or shortened;**
- ✓ **The Refunding Bonds will Result in Gross Dollar Savings in Every Year;**
- ✓ **Each CFD Refunding will Result in a Minimum Savings of 3% of the Amount of the Refunded Bonds in Aggregate in 2016 dollars;**
- ✓ **The Savings for Each Refunding will Exceed the Costs of Issuance (excluding bond insurance, if any); and**
- ✓ **Only Current Interest Bonds Will be Utilized as Part of Each Refunding.**

Manteca Unified School District

Overview of CFD Bond Refunding Opportunities

BOARD DIRECTION SOUGHT

With Board Direction, A Resolution Will be Prepared to Authorize the Offering of Refunding and New Money CFD Bonds with the Following Provisions:

- ✓ **Direct Staff and Board Officers Delegated to Complete the Bond Documents Being Approved by the Resolution with Limitations as to the Delegation of Power by setting Parameters for Maximum Issuance Size, Interest Rate and Underwriter Fee for Each Refunding;**
- ✓ **Affirm that the Refinancing Must Meet the Minimum Savings Criteria as Described in this Presentation; and**
- ✓ **Affirm the Use of G.O. Bond Team Including California Financial Services (Financial Advisor), Stifel Nicolaus & Company (Underwriter), Orrick Herrington & Sutcliffe (Bond Counsel) and Other Consultants and Vendors as are Reasonably and Customarily Engaged when a Refunding and New Money Bonds are Sold. All Costs are to be Paid From the Refunding Proceeds.**

Manteca Unified School District

Preliminary Projection of 2016 Refunding Savings

Disclosure of Purpose and Assumptions of Analysis

The preceding analysis was prepared based on certain assumptions, forecasts and projections that are provided in this presentation. Only a registered municipal advisor should be consulted regarding the findings and estimates related to the sale of bonds. The District is advised that performance of the bond program is based on the existence of comparable conditions and timing as described herein.

Many of the assumptions are noted in the body of the presentation. The most significant assumptions are as follows:

1. The Bonds will be sold by the end of the Summer 2016;
2. Interest Rates on the bonds will not change substantially from conditions prevailing in early June 2016;
3. The cost of escrow securities will not change substantially from conditions prevailing in Early June 2016;
4. The District CFDs Nos. 1,2 and 3 will qualify for investment grade current bond ratings;
5. Bond insurance will be available for approximately the same premium as estimated; and
6. Costs of issuance and underwriter fees will be substantially the same as estimated.

Assumptions utilized in this presentation are used for preparing projections and estimates only. CFS cannot guaranty or warranty market conditions, final costs, changes in laws, regulations or political climate for the sale of municipal bonds.

Manteca Unified School District
Overview of CFD Bond Refunding Opportunities
Review of Terms of Outstanding Bonds

Community Facility District 1989-1

BOND PROGRAM CHARACTERISTICS

- ✓ **Approved by Landowners in 1989**
- ✓ **Currently 5,321 Parcels Included with Average Tax of \$902.20**
- ✓ **Outstanding Bonds Sold to Investors in 2001 and 2004;**
- ✓ **2004 Bonds Currently can be Refinanced;**
- ✓ **2004 Series Sold with AMBAC Bond Insurance;**
- ✓ **Funded Various Construction Projects;**
- ✓ **2004 Bond Rates of 4.00% to 4.75%;**
- ✓ **Bonds are Pre-payable on September 1, 2016;**
- ✓ **No Prepayment Penalty for 2004 Bond; and**
- ✓ **Final Maturity Date remains unchanged at September 1, 2031.**

Manteca Unified School District
Overview of CFD Bond Refunding Opportunities
Review of Terms of Outstanding COPs

District-wide Certificates of Participation

COP PROGRAM CHARACTERISTICS

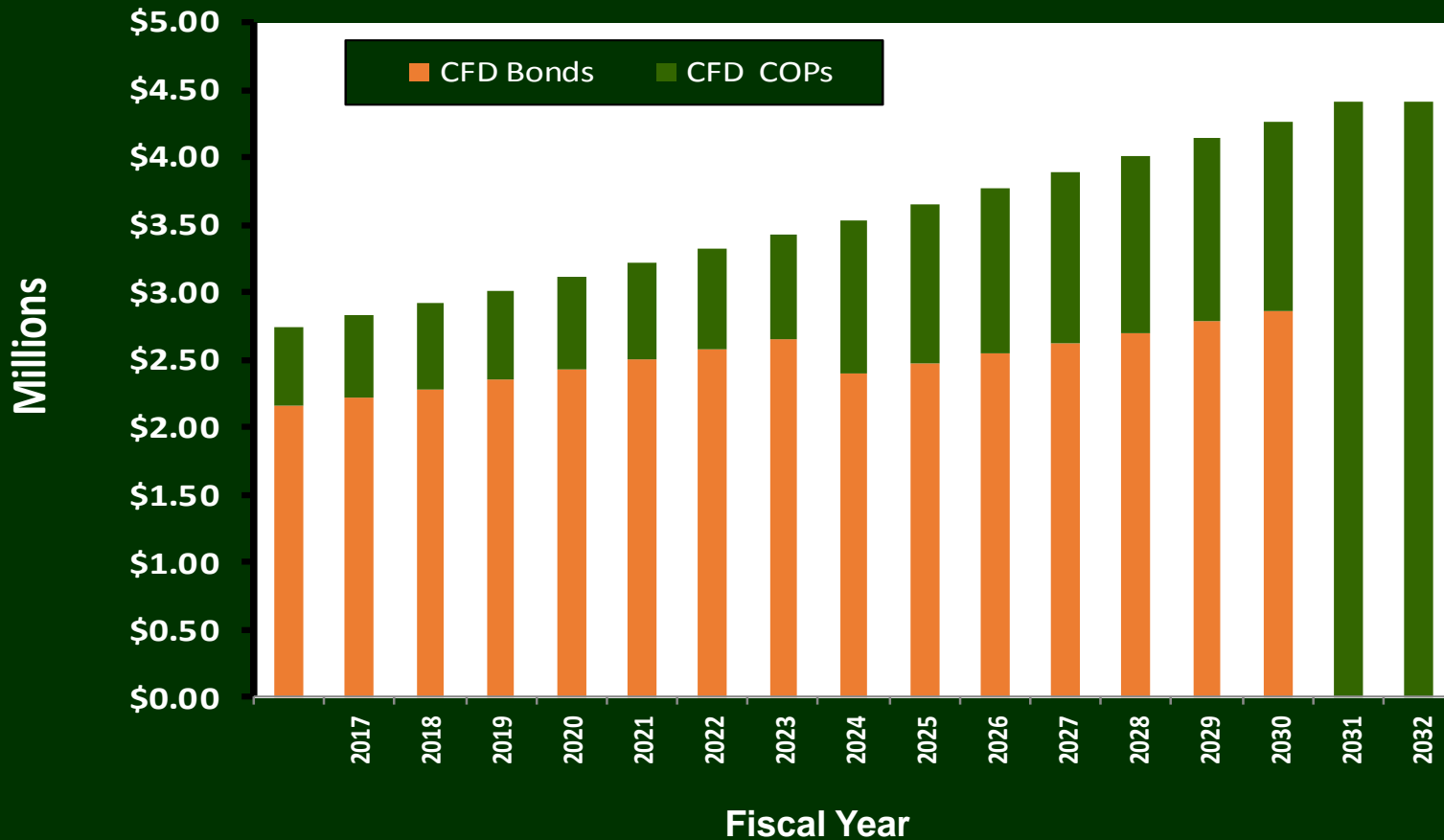
- ✓ **Approved by Board and Sold to Investors in 2004;**
- ✓ **Secured by a Pledge of CFD 1989-1 Revenues and All Other Legal Funds;**
- ✓ **Debt Service has been Paid solely from CFD 1989-1 Pay-as-You-Go Revenues;**
- ✓ **Original Series Sold with MBIA Bond Insurance;**
- ✓ **Funded the Third Elementary School Authorized on the 1989-1 CFD Project List;**
- ✓ **2004 COP Interest Rates of 3.75% to 5.61%;**
- ✓ **2004 COPs are Not Pre-payable Prior to Maturity;**
- ✓ **Because the COPs Cannot be Prepaid, it is not Possible to Reduce Payments;**
- ✓ **Refinancing the COPs would result in an average annual loss of \$227,457; and**
- ✓ **Final Maturity Date is two years past the final CFD Bond payment in 2031.**

Manteca Unified School District

Overview of CFD Bond Refunding Opportunities

CFD 1989-1 Combined COP and CFD Debt

1989-1 CFD Bonds (Series 2001 and 2004) and COPs (Series 2004)



Manteca Unified School District
Overview of CFD Bond Refunding Opportunities
Review of Terms of Outstanding Bonds

Community Facility District 1989-2

BOND PROGRAM CHARACTERISTICS

- ✓ **Approved by Landowners on 11/14/1989**
- ✓ **Currently 4,984 Parcels Included with Average Tax of \$646.15**
- ✓ **Outstanding Bonds Sold to Investors in 2004, 2007 and 2013;**
- ✓ **2004 and 2007 Bonds Currently can be Refinanced;**
- ✓ **2004 and 2007 Bonds Sold with AMBAC and FGIC Insurance, respectively;**
- ✓ **Funded Various Approved Construction Projects;**
- ✓ **2004 Bond Rates of 3.75% to 4.75%;**
- ✓ **2007 Bond Rates of 4.00% to 4.50%;**
- ✓ **Bonds are Pre-payable on September 1, 2016 and September 1, 2017, respectively;**
- ✓ **No Prepayment Penalty for the 2004 and 2007 Bonds; and**
- ✓ **Final Maturity Date remains unchanged at September 1, 2034.**

Manteca Unified School District
Overview of CFD Bond Refunding Opportunities
Review of Terms of Outstanding Bonds

Community Facility District 2000-3

BOND PROGRAM CHARACTERISTICS

- ✓ **Approved by Landowners on 02/22/2000**
- ✓ **Currently 2,971 Parcels Included with Average Tax of \$902.20**
- ✓ **Outstanding Bonds Sold to Investors in 2004 and 2007;**
- ✓ **2004 and 2007 Bonds Currently can be Refinanced;**
- ✓ **2004 and 2007 Bonds Were Insured by FGIC and Assured Guaranty, respectively;**
- ✓ **Funded Various Approved Construction Projects;**
- ✓ **2004 Bond Rates of 3.75% to 4.75%;**
- ✓ **2007 Bond Rates of 4.00% to 4.50%;**
- ✓ **Bonds are Pre-payable on September 1, 2016 and September 1, 2017, Respectively;**
- ✓ **No Prepayment Penalty for 2004 and 2007 Bonds; and**
- ✓ **Final Maturity Date remains unchanged at September 1, 2035.**

Manteca Unified School District

Overview of CFD Bond Refunding Opportunities ***Review of Terms of Potential New Money Bonds***

Community Facility District 2005-4

BOND PROGRAM CHARACTERISTICS

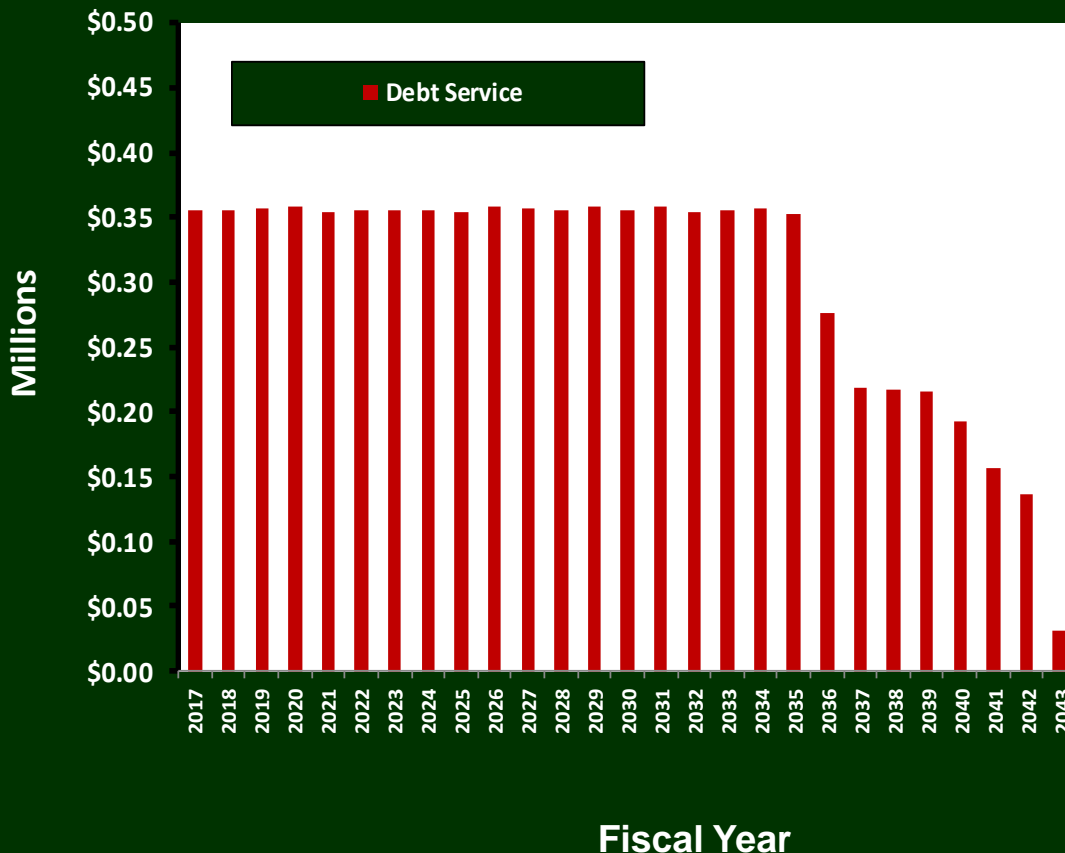
- ✓ **Approved by Landowners on 03/22/2005**
- ✓ **Currently 407 Parcels Included with Avg. Tax of \$1,450.57**
- ✓ **No Bonds Have Been Sold to Investors;**
- ✓ **Series to be Sold Unrated Because the CFD is Small and Insurance is not Available;**
- ✓ **Funds Various Approved Construction Projects for the Lathrop Area; and**
- ✓ **Funds Must be Spent According to Tax-Exempt Rules – Generally 85% within 36 months.**

Manteca Unified School District

Overview of CFD Bond Refunding Opportunities

CFD 2005-4 First Issuance Debt Service Summary

CFD 2005-4 New Money Issuance



Summary of Results

SOURCES OF FUNDS

Bonds Sold: \$5,670,000

Original Issue Discount: \$-24,982

NET BOND PROCEEDS: \$5,645,018

USES OF FUNDS

Project Fund: \$5,023,086

Debt Service Reserve: \$358,531

Issuance Costs: \$263,400

Bond Insurance: \$0

Prepay Premium: \$0

TOTAL USES OF FUNDS \$5,645,018