



OAKLAND UNIFIED SCHOOL DISTRICT

Summary of 2016 Measure B and Measure J General Obligation Bonds

June 8, 2016

EXECUTIVE SUMMARY

- **The current interest rate environment is characterized by low rates and a flattening yield curve**
 - Low nominal yields: 25 and 30-yr MMD hit new lows the week before last
 - Low credit spreads: the Bond Buyer Revenue Index is at its lowest level in history
- **As such, the District can current refund its Series 2006 Bonds and advance refund its Series 2009A Bonds to lower its Measure B debt service**
 - A current refunding of Series 2006 can produce \$19.8 million of present value savings, or 18.5% of refunded par
 - An advance refunding of Series 2009A can produce \$13.7 million of present value savings, or 18.1% of refunded par
 - Combined, present value savings total \$33.5 million, or 18.4% of refunded par
- **Debt service savings create capacity to issue the remaining \$65 million Measure B Bonds**
 - Specifically, the refundings increase Measure B debt service capacity by \$2.6 million per year through 2031
- **Given that rates are at historic lows, the District has decided to fund the purchase of a new administrative building with proceeds from a \$40 million new money Measure J financing**

Summary of Measure B and Measure J Financing Components

	Refunding		New Money		Total
	Series 2006 Current Refunding	Series 2009 Advance Refunding	Measure B New Money	Measure J New Money	
Par (\$)	88,565,000	71,815,000	65,000,000	40,000,000	265,380,000
New Money Proceeds (\$)	n/a	n/a	65,000,000	40,000,000	105,000,000
Refunded Par (\$)	106,690,000	75,880,000	n/a	n/a	182,570,000
All-in TIC	2.58%	2.32%	3.04%	3.04%	2.73%
PV of DS @ All-in TIC (\$)	105,698,908	84,649,762	74,383,015	45,886,680	310,618,365

Note: Assumes Baa3/BBB-/AAA ratings from Moody's, S&P, and Fitch, respectively; 8/17/16 delivery date, rates as of 6/2/16; refunding escrow funded with SLGS; Assumes 3% AV Growth Rate in 2017 and 2018 and 2% AV Growth Rate thereafter

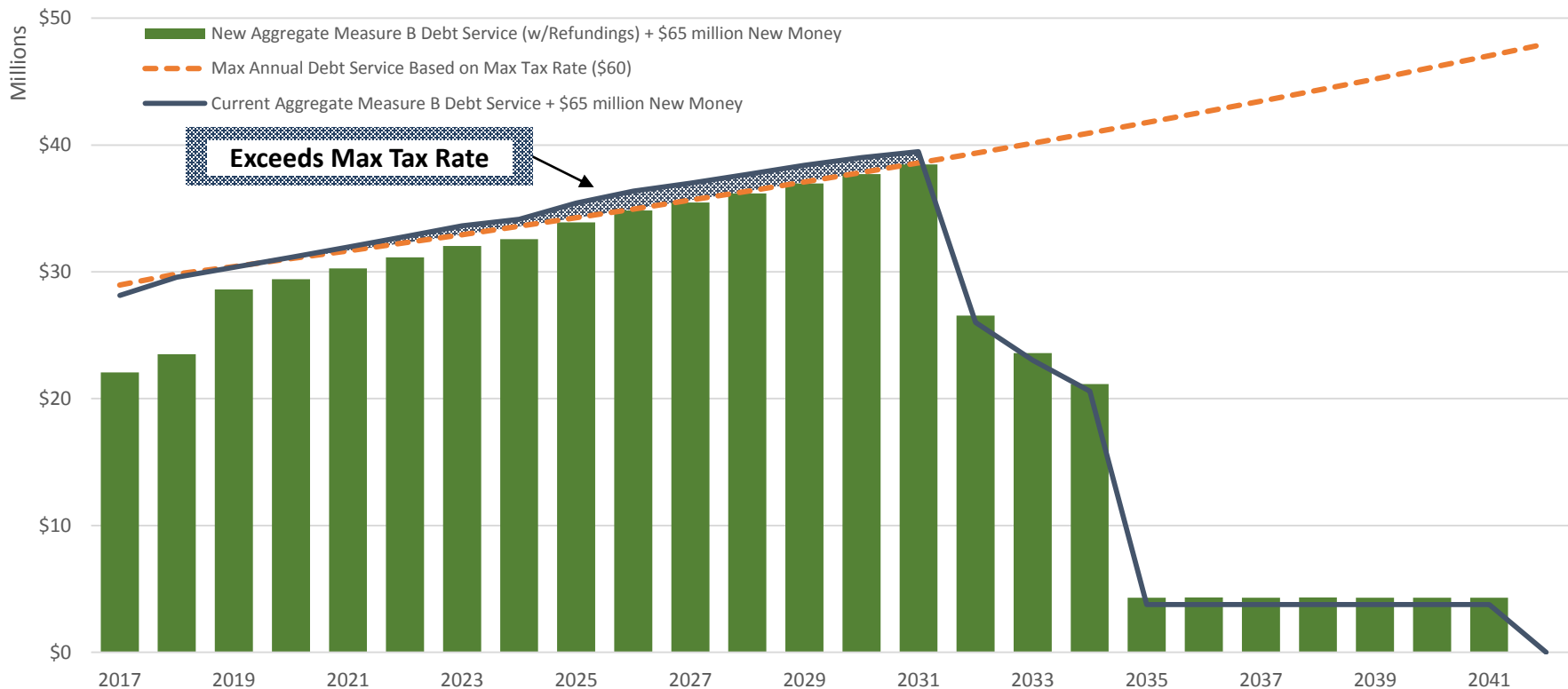
MEASURE B: ACCESS \$65 MILLION NEW MONEY BY REFUNDING SERIES 2006 AND 2009A

- The District can refund its Series 2006 and 2009A bonds to create capacity to issue the remaining \$65 million Measure B new money bonds
- Without the refundings, issuing \$65 million new money bonds would put the Measure B program above the maximum tax rate of \$60 from 2020 – 2031 as shown in the graph below
- To comply with the District’s premium limitations, the new money bonds may be structured with alternative coupons

Summary of Measure B Financing Components

	Refunding of Series 2006	Refunding of Series 2009A	Measure B New Money	Total
Delivery Date	8/17/2016	8/17/2016	8/17/2016	8/17/2016
Par (\$)	88,565,000	71,815,000	65,000,000	225,380,000
Refunded Par (\$)	106,690,000	75,880,000	n/a	182,570,000
All-in TIC	2.58%	2.32%	3.04%	2.73%
PV of DS @ All-in TIC (\$)	105,698,908	84,649,762	74,383,015	264,731,685
PV Savings (\$)	19,777,313	13,742,484	n/a	33,519,796
PV Savings % Ref. Par	18.54%	18.11%	n/a	18.36%
Avg. Ann. Savings (\$)	1,546,330	1,205,704	n/a	2,591,274

Aggregate Debt Service Test vs. Maximum Measure B Debt Service



Note: Assumes Baa3/BBB-/AAA ratings from Moody’s, S&P, and Fitch, respectively; rates as of 6/2/16; refunding escrow funded with SLGS; Assumes 3% AV Growth Rate in 2017 and 2018 and 2% AV Growth Rate thereafter

- If the District's audits are current by July, we anticipate that Moody's and S&P may reinstate their ratings at Baa3 and BBB-, respectively
- With a legal opinion stating that ad valorem tax revenues are "special revenues", Fitch may assign a AAA credit rating
 - The opinion would clarify that Alameda County is still obligated to pay bond holders debt service during and after Chapter 9 bankruptcy proceedings
 - Additionally, CA SB222 supports the federal interpretation of "special revenues" and requires that debt service be paid to GO bond holders during Chapter 9 proceedings
 - Comparable large CA urban school districts have recently received AAA ratings from Fitch (San Diego USD and Los Angeles USD)

Disclaimer

Please note, all statistical references or rankings information was obtained from Securities Data Corporation (“SDC”).

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