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May 21, 2013

**2013 ACBO SPRING CONFERENCE**

**HOW TO KICK-START A STALLED GO BOND PROGRAM:**

**GO Reauthorization Bonds™**

*Prepared by:*



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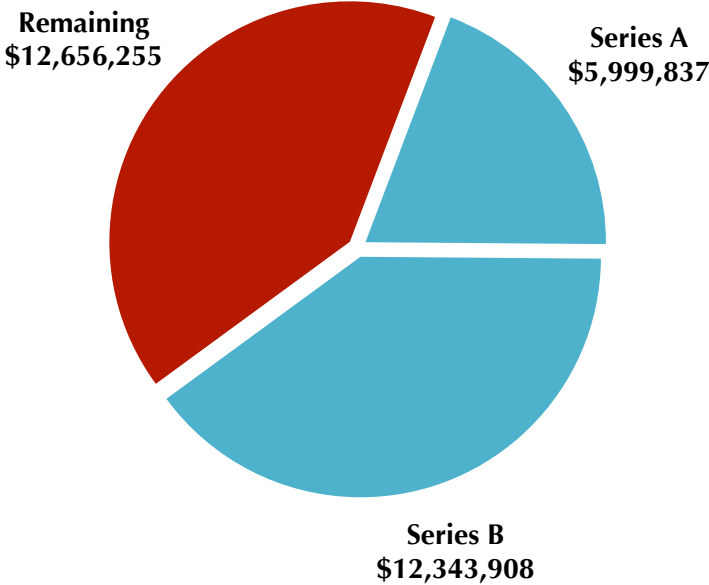
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West Hills CCD: **2008 Authorization & Election Analysis**

# SFID #3: Status At the Beginning of 2012

**Measure E Yes Vote: 63.8%**

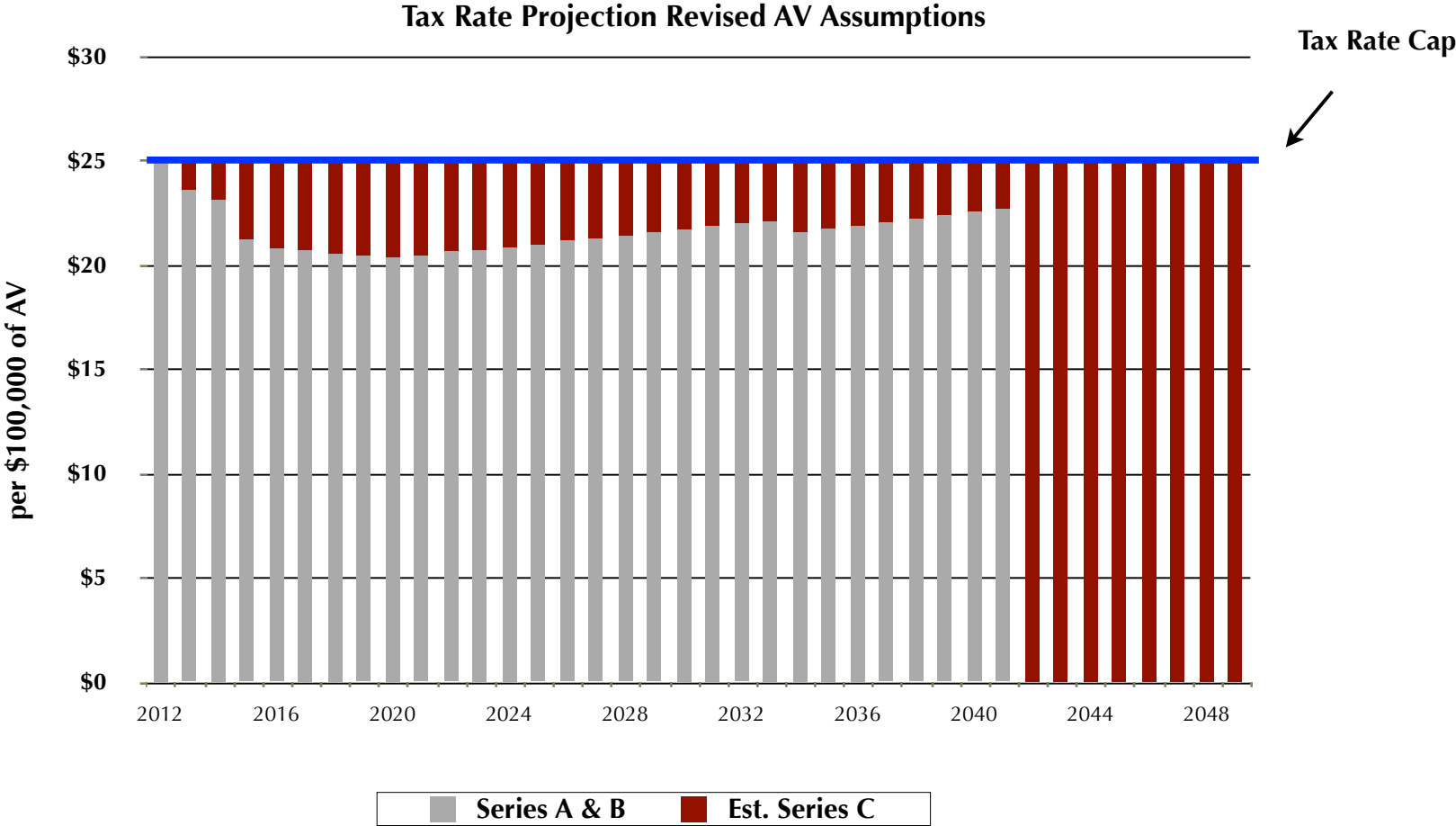
**2008 Bond Authorization**



Remaining Authorization		
2008 Authorization =		\$31,000,000
Financings		
Series	Issue Date	Amount
Series A Bonds	Mar 19, 2009	\$5,999,837
Series B Bonds	Mar 9, 2011	\$12,343,908
<b>Remaining</b>		<b>\$12,656,255</b>

# SFID #3: Inability to Issue Remaining Bonds

## Existing Debt Service Pushed Up Against Prop 39 Tax Rate Cap



# SFID #3: **Poor Alternatives Available to District**

## Alternatives Provide Poor Solutions to Tax Rate Problem

### Alternative #1:

*Delay sale of next bond issue until tax rate restrictions can be met*

- Without AV growth beyond projections, delay could be up to 20 years or more
- Projects promised to voters will not be delivered
- Increases in project costs diminish buying power of bond

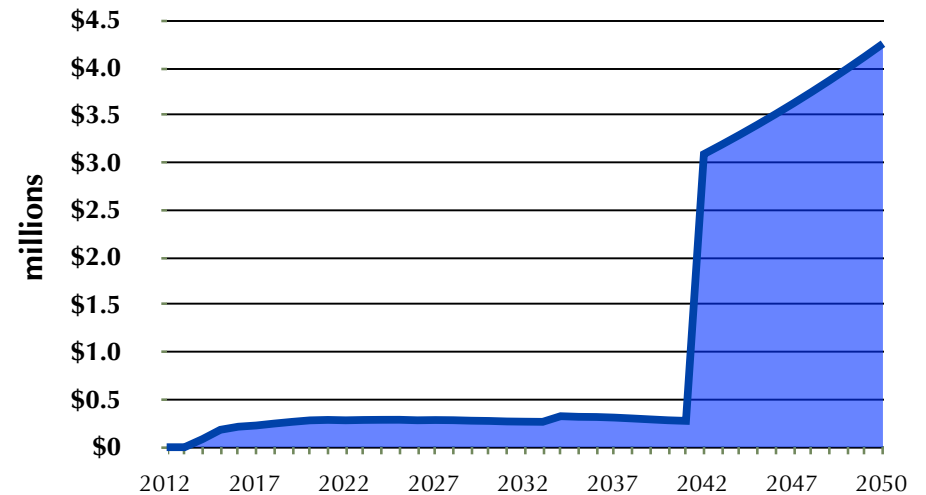
### Alternative #2 :

*Issue bonds today but delay repayment of bonds into the future with CABs*

- Capital Appreciation Bonds require excessively high interest rates; typically non-callable
- Repayment may stretch from 35 to 40 years
- Interest often 5 to 10 times amount of principal
- Payments do not match useful life of asset

**\$6.6 million in Capital Appreciation Bonds with payments for 40 years results in over \$41.1 million in interest costs**

**Debt Service Example**

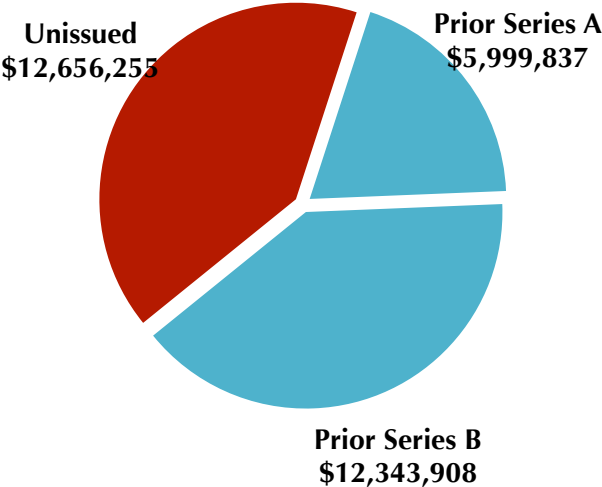


# SFID #3: Bond Reauthorization Allows Immediate Access

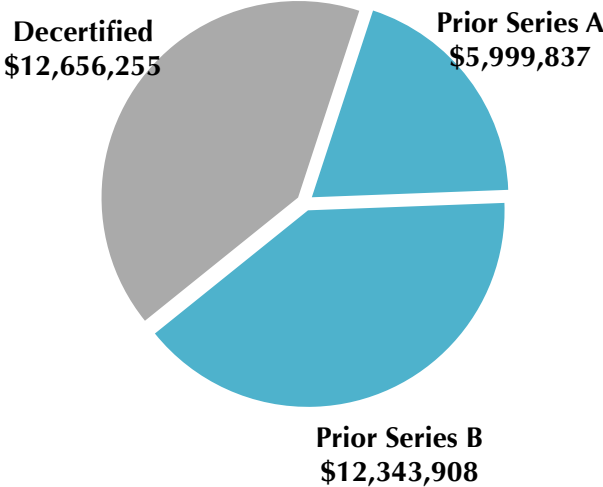
## Alternative #3: GO Reauthorization Bonds™

Reauthorization does not increase total amount of approved debt

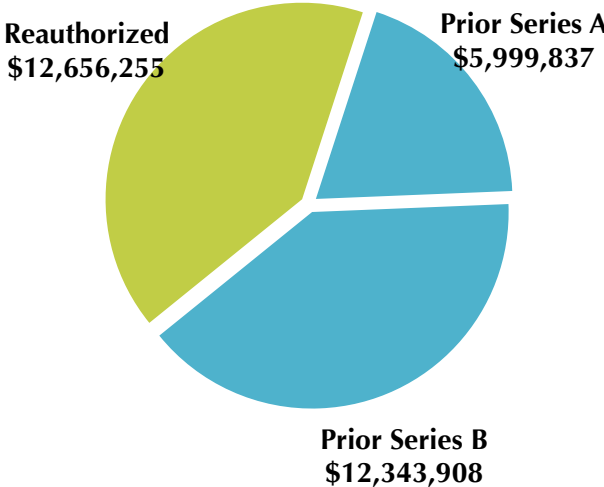
Step 1:  
Voters approve Bond Reauthorization



Step 2:  
Board Decertifies Old Authorization



Step 3:  
District Issues Bonds Under New Tax Rate



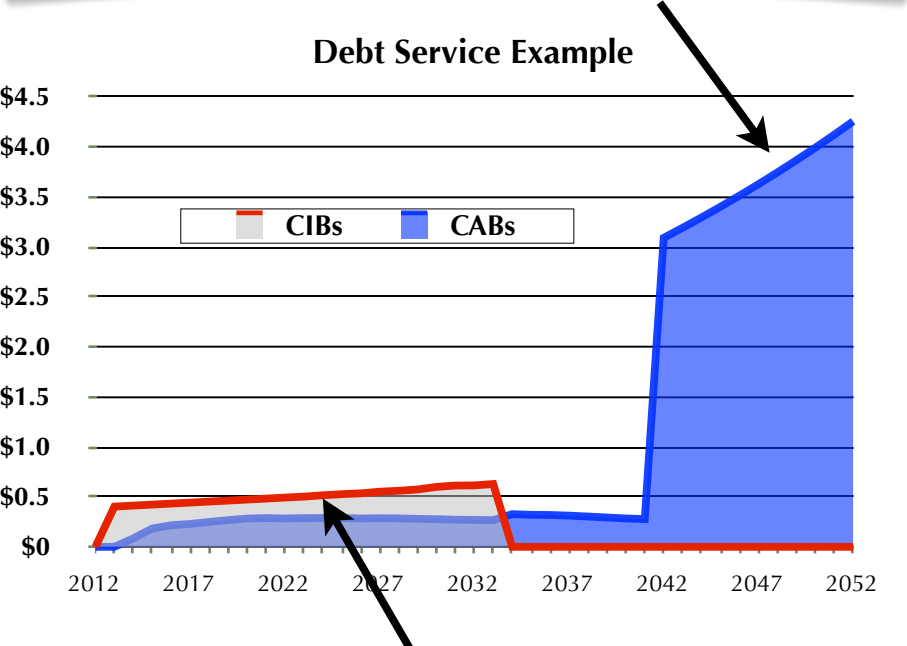
# SFID #3: Current Alternatives

## Bond Reauthorization Lowers Bond Borrowing Costs

Cost/Benefit Comparison		
	Alt #2 Defer Payment	Alt #3 Reauthorization*
When Funding Received (est.)	2013 if tax rate below \$25	after reauthorization election
Principal	\$6,600,000	\$12,656,000
Interest	\$41,100,000	\$12,600,000
<b>Total</b>	<b>\$47,700,000</b>	<b>\$25,256,000</b>

Average Tax Rate per \$100,000	\$25.00 (2014-2052)	\$13.00 (2014-2039)
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\$6.6 million in Capital Appreciation Bonds with payments for 40 years results in over \$41.1 million in interest costs



\$6.6 million in Current Interest Bonds with payments for 25 years results in over \$4.7 million in interest costs

## SFID #3: **Ballot Language**

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**Measure Approved By 58.8%**

**Measure L: To renovate, equip/construct classrooms/college facilities, upgrade computer/technology systems for student access, and reduce overall borrowing costs, shall \$12,655,000 of West Hills Community College District School Facilities Improvement District No. 3 bonds, approved by voters in November 2008, be reauthorized through issuance of new bonds, with no increase in total authorized District debt, interest rates below legal limits, independent citizen oversight, no money for any salaries, and all funds spent locally and not taken by the State?**



# GO Reauthorization Bonds™: Campaign Mail

Citizens for Yes on C  
2621 Indigo Drive  
El Cajon, CA 92019



We can improve our local schools without adding a dime of new debt.



## Proposition C supports schools and saves money.

Our local public schools in Cajon Valley Union School District are a critical community asset and should be our number one priority.

Proposition C will help provide funding for classroom and school facility improvements, increase housing values, and create jobs for our local economy - in a fiscally responsible way.

**All funds must be spent locally.  
None can be taken by the State.**

It's good for our schools, good for your pocketbook, and good for our community.

### PROPOSITION C WILL

**EMPOWER** the District to borrow at lower interest rates &  
**SAVE** taxpayers millions in overall interest costs,  
**WITHOUT INCREASING** the District's total authorized debt by a single dime.

**Support our local public schools by voting YES on C!**



Learn more about what Proposition C means for you and your family:  
[www.cforcajonschools.com](http://www.cforcajonschools.com)

Paid For By Citizens for Yes on C • 2621 Indigo Drive, El Cajon, CA 92019 • FPPC #1351118

# GO Reauthorization Bonds™: 100% Voter Approval

