

LAKESIDE UNION SCHOOL DISTRICT  
BOARD OF TRUSTEES  
SPECIAL MEETING  
AGENDA

Lakeside School Auditorium  
14535 Old River Road  
Bakersfield, CA 93311

January 11, 2022  
6:15 P.M.

Any materials required by law to be made available to the public prior to a meeting of the Board of Trustees of the District can be inspected at the following address during normal business hours: Lakeside Union School District Office, 14535 Old River Road, Bakersfield, CA 93311.

1. CALL TO ORDER, ROLL CALL AND FLAG SALUTE

BOARD OF TRUSTEES:           Mario Buoni(MB)                             Alan Banducci(AB)  
          Tamara Jones(TJ)                             Russell Robertson(RR)  
          Darin Buoni(DB)

2. HEARING OF STAFF AND/OR CITIZENS *This agenda item is included to allow members of the public opportunity to ask questions or discuss non-agenda items with the Board. There will be a three-minute time limit per person or twenty minutes total per item. (BB9323)*

3. DISCUSSION OR ACTION ITEM

A. General Control

- (1) Presentation by Matt Kolker from Government Financial Strategies (GFS) regarding Measure I.

4. ADJOURNMENT

Time: \_\_\_\_\_

Moved \_\_\_\_\_ Seconded \_\_\_\_\_ Roll Call Vote: MB \_\_\_ AB \_\_\_ TJ \_\_\_ RR \_\_\_ DB \_\_\_  
Vote: Yes(Y) \_\_\_\_\_ No(N) \_\_\_\_\_ Abstained(A) \_\_\_\_\_ Absent(AB) \_\_\_\_\_

For information regarding how, to whom, and when a request for disability-related modification or accommodation, including auxiliary aids or services, may be made by a person with a disability who requires a modification or accommodation to participate in the public meeting, please contact Ty Bryson, District Superintendent.

# Lakeside Union School District

## Fiscal Stewardship: Update on Measure I



Presented by Matt Kolker  
January 11, 2022

# Agenda

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- ◆ Current Debt Portfolio
- ◆ Review and Update of Measure I
- ◆ For Reference
  - ◆ Assessed Value
  - ◆ Legal Constraints
  - ◆ Bonding Capacity



# Debt Portfolio

## Lakeside Union School District Debt History: Certificates of Participation (COP) and General Obligation (GO) Bonds

Certificates of Participation (COP) and General Obligation (GO) Bonds																		
Series	Debt Type	Sale Date	Bond Type	New Money Issuance	Refinancing	Total Issuances	Total Net Debt Service	Ratio of Debt Service to Principal	Principal Paid & to be Paid as of Jan 1, 2022	Debt Service Paid & to be Paid as of Jan 1, 2022	Outstanding Principal as of Jan 1, 2022	Final Maturity Year	Able to Call?	Next Call Date	Callable Principal	Weighted Avg Coupon	Next Call Premium	
1997	COP	Jan 23, 1997	CICs	\$3,850,000	\$0	\$3,850,000	\$9,039,809	2.35 : 1	\$345,000	\$2,329,285	\$0	2004	n/a	n/a	\$0	n/a	n/a	[1], [2]
2005	COP	May 31, 2005	CICs	\$0	\$2,245,000	\$2,245,000	\$3,045,058	1.36 : 1	\$280,000	\$564,680	\$0	2008	n/a	n/a	\$0	n/a	n/a	[2], [3]
2006	COP	Mar 22, 2006	CICs	\$10,000,000	\$0	\$10,000,000	n/a	n/a	\$0	n/a	\$0	n/a	n/a	n/a	\$0	n/a	n/a	[4], [5]
				\$13,850,000			\$12,084,867		\$625,000	\$2,893,965	\$0				\$0			

## General Obligation Bonds - Election of 2008, Measure I - \$22,500,000

2009 A	GO	May 1, 2009	CIBs	\$210,000	\$0	\$210,000	\$255,550	2.45 : 1	\$210,000	\$257,486	\$0	2020	n/a	n/a	\$0	n/a	0%	[3], [7]
			CABs	\$3,427,362	\$0	\$3,427,362	\$8,640,000		\$3,222,389	\$7,860,000	\$1,539,527	2033	No	n/a	\$0	n/a	n/a	
A	BAN	May 27, 2009	CABs	\$7,487,246	\$0	\$7,487,246	\$10,070,000	1.34 : 1	\$7,487,246	\$10,070,000	\$0	2014	n/a	n/a	\$0	n/a	n/a	[5], [6]
2013 A	GO	Oct 8, 2013	CIBs	\$5,810,000	\$0	\$5,810,000	\$9,993,881	3.35 : 1	\$105,000	\$1,525,059	\$0	2020	n/a	n/a	\$0	n/a	n/a	[6], [7], [8]
			CABs	\$4,517,556	\$0	\$4,517,556	\$24,615,000		\$0	\$0	\$0	n/a	n/a	n/a	\$0	n/a	n/a	
2020 Rfg	GO	Dec 9, 2020	CIBs	\$0	\$14,730,000	\$14,730,000	\$22,848,563	1.55 : 1	\$14,730,000	\$22,848,563	\$14,730,000	2044	Yes	Jun 2029	\$14,675,000	2.88%	0%	[8]
2020	GO	Dec 9, 2020	CIBs	\$1,700,000	\$0	\$1,700,000	\$2,888,376	1.70 : 1	\$1,700,000	\$2,888,376	\$1,700,000	2045	Yes	Jun 2029	\$1,700,000	3.00%	0%	[9]
				\$15,664,918			\$69,241,369		\$19,967,389	\$35,379,483	\$17,969,527				\$16,375,000			

### Debt Service to Principal Ratios

Debt service of new money issuances to new money principal: 3.12 : 1  
Total debt service to new money principal: 2.26 : 1

- (1) "Silvercreek"/Suburu School site  
(2) 1997 COP refunded by 2005 COP (no other uses);  
(3) 2005 COP refunded by 2009 A GO Bond (\$1,880,206 to Building Fund); CIB net debt service reflects deposit of \$1,936 to debt service fund  
(4) 2006 COP issued as variable rate; Site 4 & 5 near Independence High School;  
(5) 2006 COP refunded by Series A BAN (not other uses);  
(6) 2009 BAN repaid by Series 2013 A; 2013 A CIBs net debt service reflects deposit of \$278,450 to debt service fund;  
(7) In Dec 2020, \$204,973 in original principal of multiple 2009 A CAB maturities, as well as maturities of 2013 A CABs (\$266,931 of 2044 maturity and full 2045 maturity);  
(8) Remaining 2013 A bonds refinanced by 2020 Rfg, saving taxpayers \$6,495,260;  
(9) Series 2020 net debt service reflects application of \$59,991 deposited to debt service fund.

# Measure I, Prior to 2020 Restructuring

- ◆ In 2008, District voters approved Measure I by 76.86% yes votes (55% was required).
  - ▶ Measure I authorized \$22.5 million in general obligation bonds to be issued.
  - ▶ In addition to completing projects, proceeds from Measure I were to be used to payoff existing debt (Certificates of Participation (COPs) issued in 2005 and 2006) in order to end special taxes.
- ◆ In 2009, the District issued bonds and bond anticipation notes (BANs), essentially borrowing against additional bonds to be issued:

Series 2009A Bonds	\$3,637,362
2009 BAN	<u>\$7,487,246</u>
Total	\$11,124,608

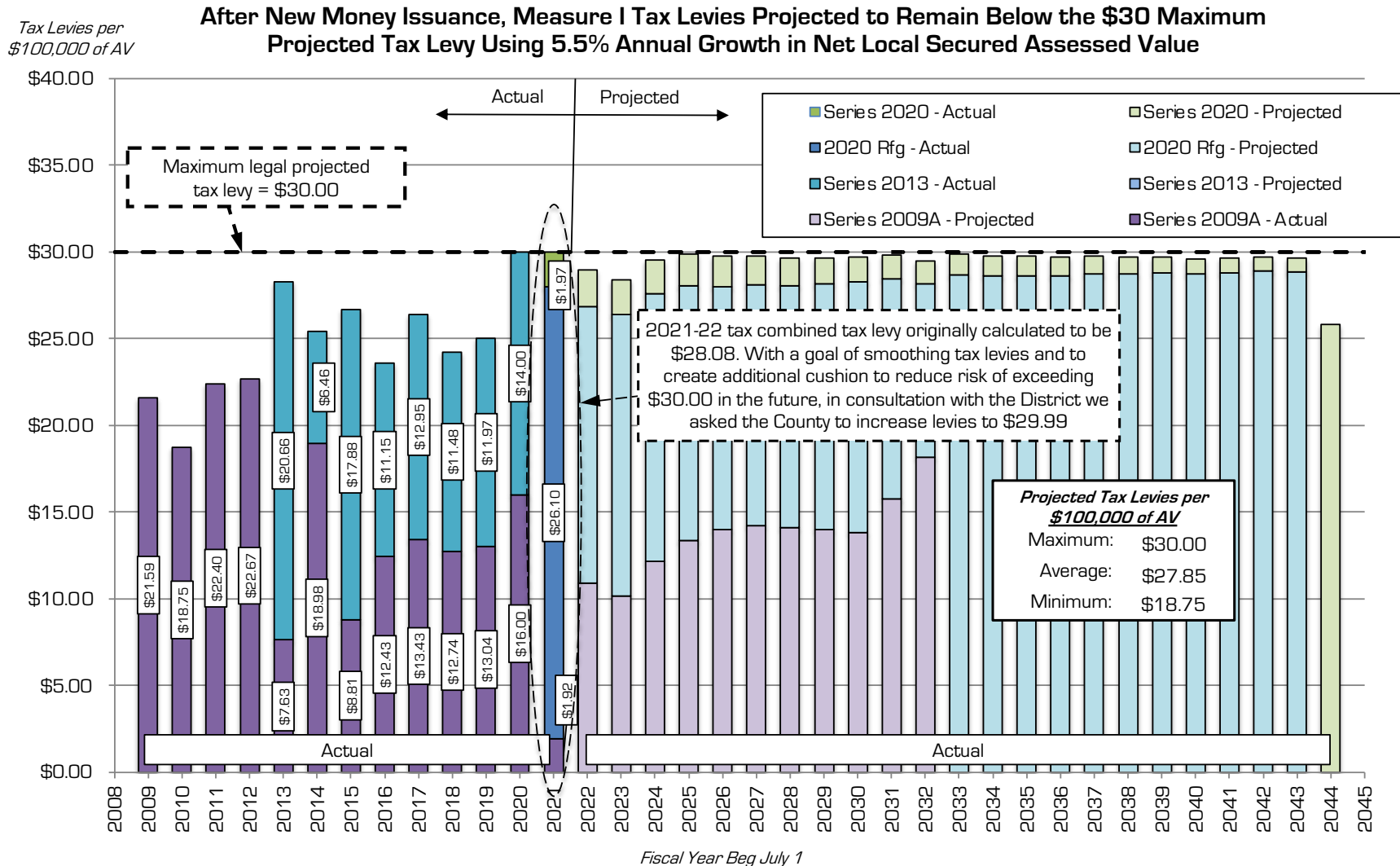
  - ▶ The \$7.5 million in BANs with interest and principal of \$10.1 million was due in June 2014.
    - Thus, in 2013, the BAN liability was threatening District's fiscal condition.
      - A process of stakeholder engagement to discuss the BAN liability and planning to keep tax rates below \$30/\$100,000 was conducted in 2013, which led to the District issuing bonds in September 2013
- ◆ Prior to 2020, Measure I Bonds were largely issued to payoff past debts:
  - ▶ \$1.8 million to payoff 2005 COPs
  - ▶ \$10.1 million to payoff BANs (which were issued to payoff 2006 COPs)

✓ *and only produced approximately \$1.9 million for projects.*

# Recent Update to Measure I

- ◆ 2020 provided an opportunity to restructure debt service for Measure I
  - ▶ Using developer fee set-aside funds, refinancing and partially defeasing existing Measure I bonds:
    - Able to reduce assessed value growth assumption (from 7.65% to 5.50%)
    - Issue \$1.7 million in additional bonds, netting \$1.65 million for projects
- ✓ *Attention to fiscal stewardship and thoughtful deliberation by the Board and District staff has resulted in additional funds for projects and reduced risk to taxpayers*

# Projected Tax Levies < \$30

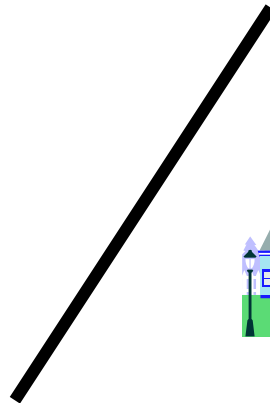


Notes: projected tax levies based on assumed 5.5% annual net local secured AV growth rate, while all other types of AV are assumed to remain unchanged. Reserve collected by County applies to last payment.



# General Obligation Bond Tax Rates

- ◆ Bond tax rate  $\approx$  debt service  $\div$  assessed value
- ◆ Each property in the District pays its pro rata share, based on its individual assessed value (not market value)

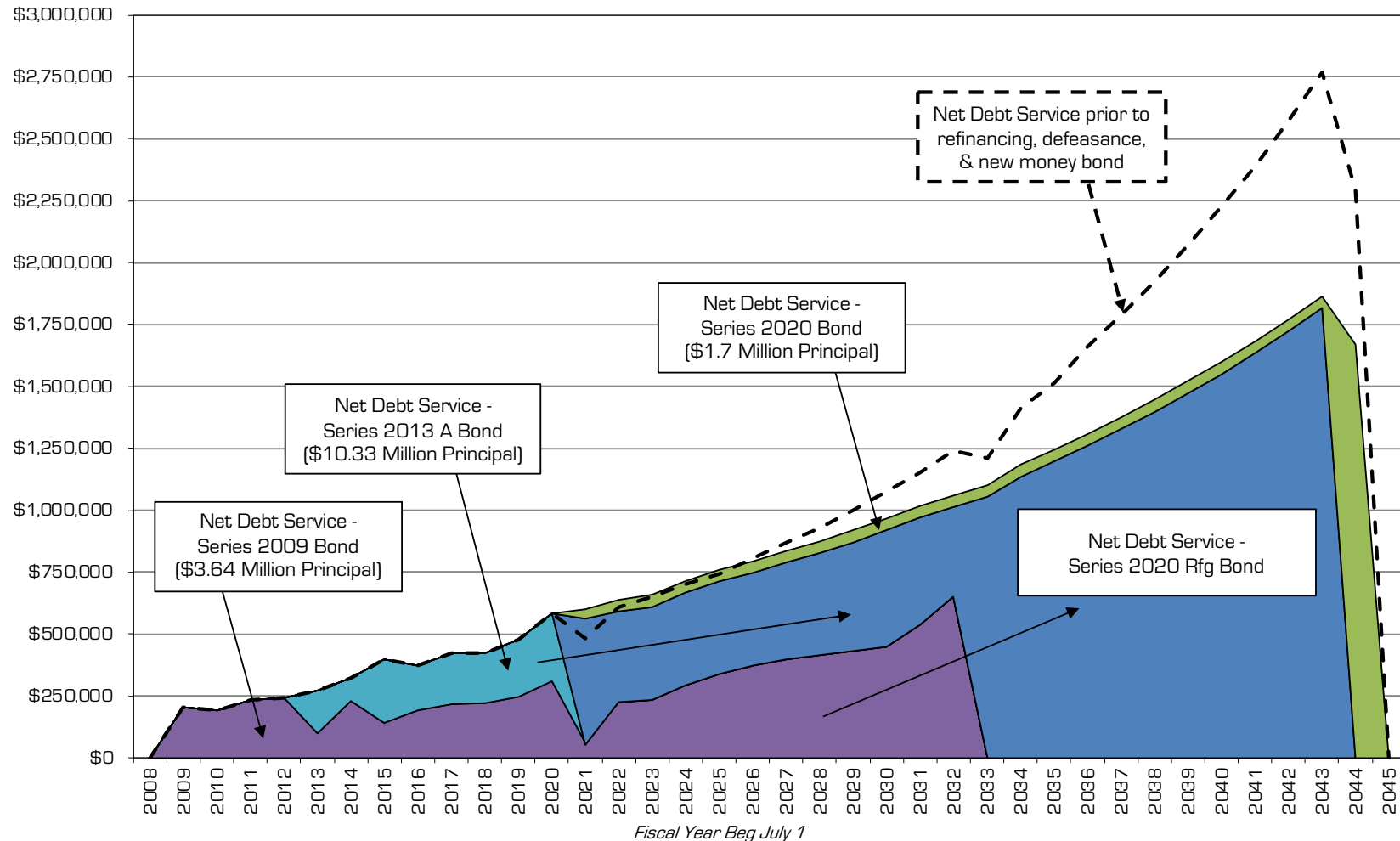




# Debt Service

Net Bond  
Debt Service

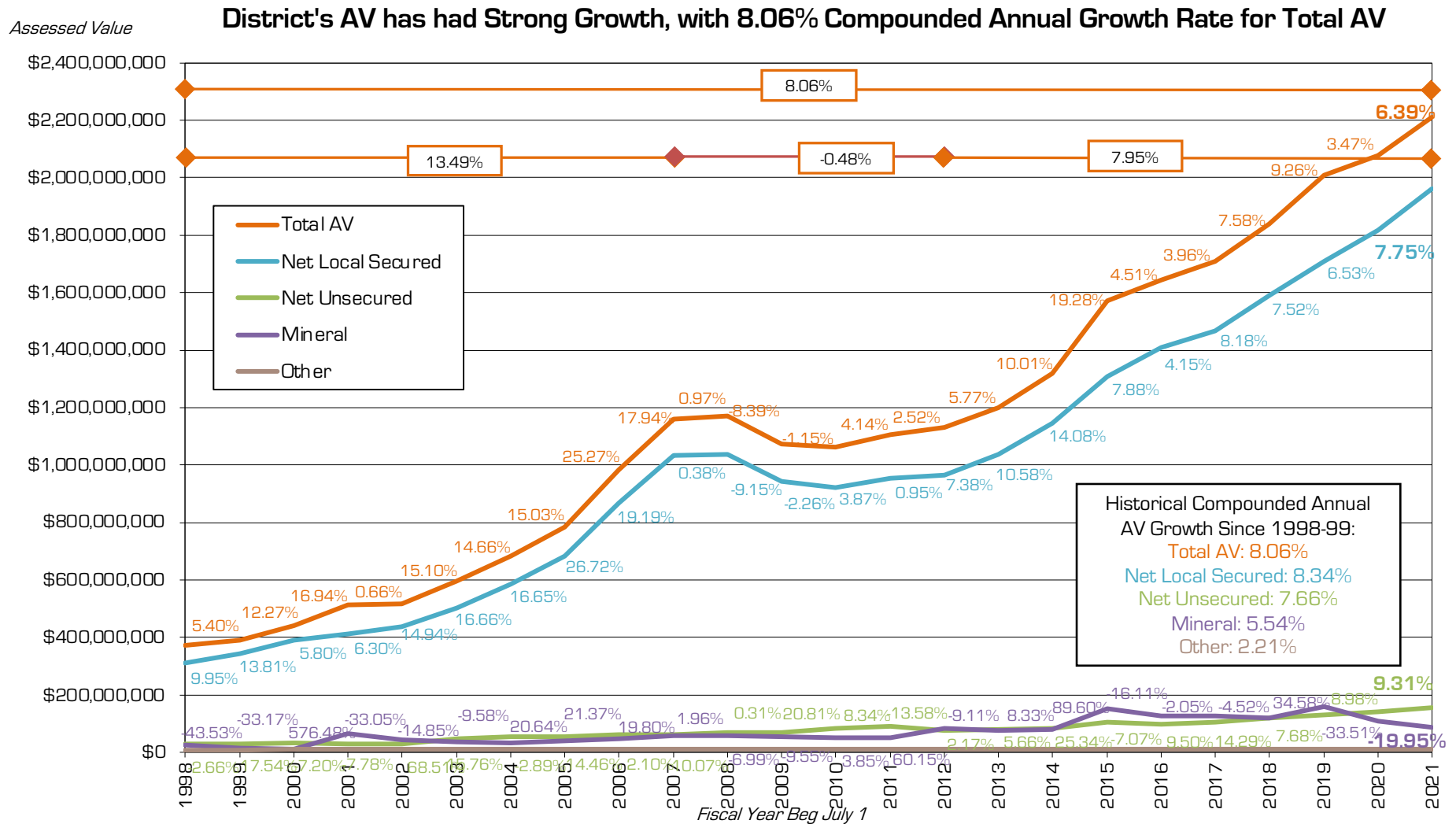
**Refinancing & Partial Defeasance Permitted Issuance of Remaining Measure I Authorization, with Reduced Slope of Debt Service Growth, Allowing for More Conservative Assessed Value Growth Assumptions**



Notes: net debt service is actual FY debt service from District's Official Statements + County reserve (first 10 months of following FY debt service) - assumed revenue. Assumed revenue = unitary revenue [2% of debt service + reserve collection [3.3% historical avg since 2008-09]] + other revenue [1.0% of debt service + reserve collection [1.1% historical avg since 2008-09]] + additional receipts [8% of debt service + reserve - prior reserve [8.8% historical avg since 2008-09]]. Reserve collected by County applied to last payment.

# AV has Shown Strong Growth

(Which contributed to restructuring of debt service in 2020 such that future AV growth assumptions were lowered)

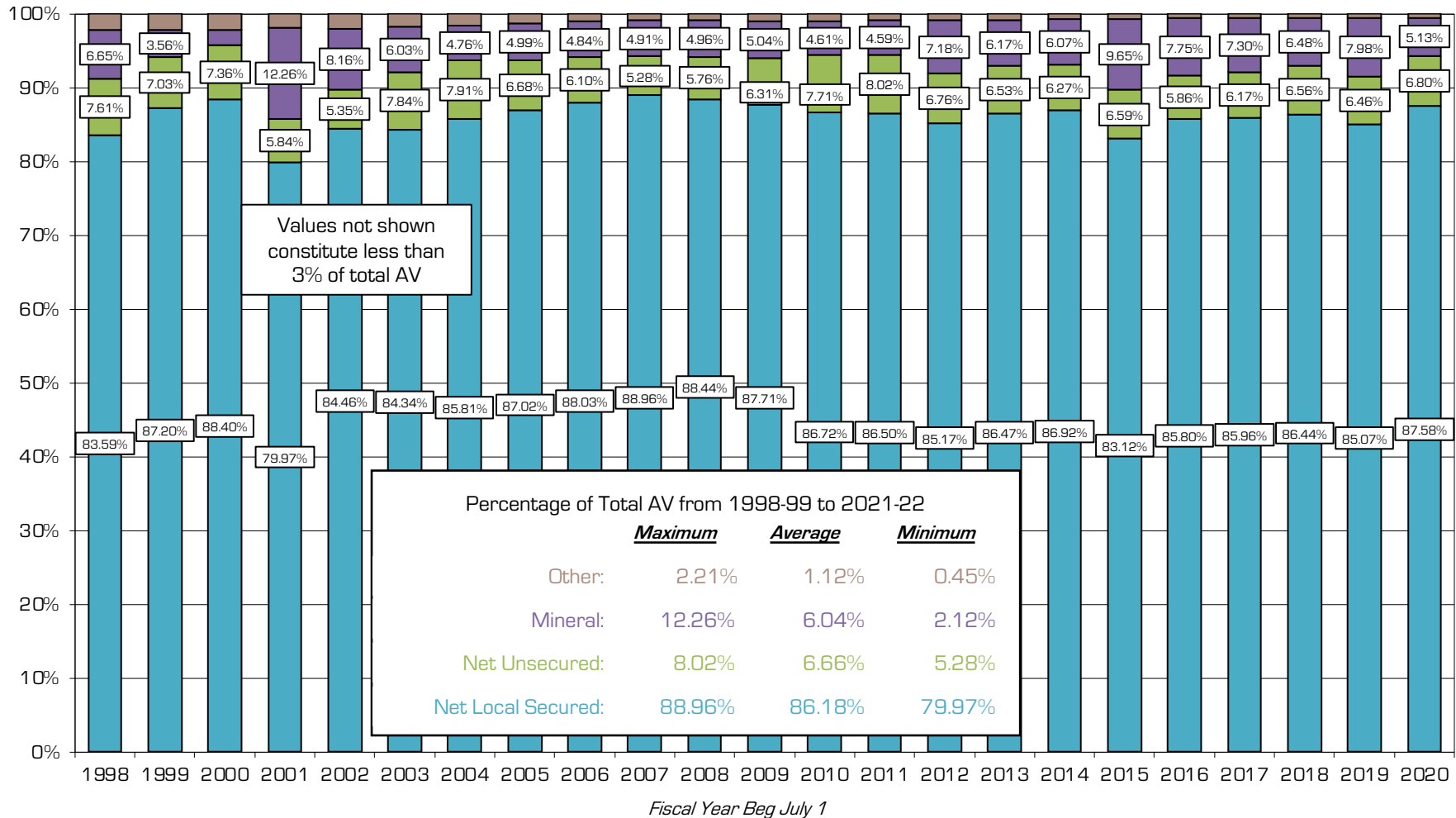


Historic assessed value (AV) provided by the Kern County Auditor-Controller's Office. The District's total AV is comprised of net local secured, mineral (oil) and other (utility & homeowners exemption). Changes shown are annual changes.

# Net Local Secured Largest Component of AV

Composition of Total AV has Remained Relatively Consistent

Assessed Value



Historic assessed value (AV) provided by the Kern County Auditor-Controller's Office. The District's total AV is comprised of net local secured, mineral (oil) and other (utility & homeowners exemption).

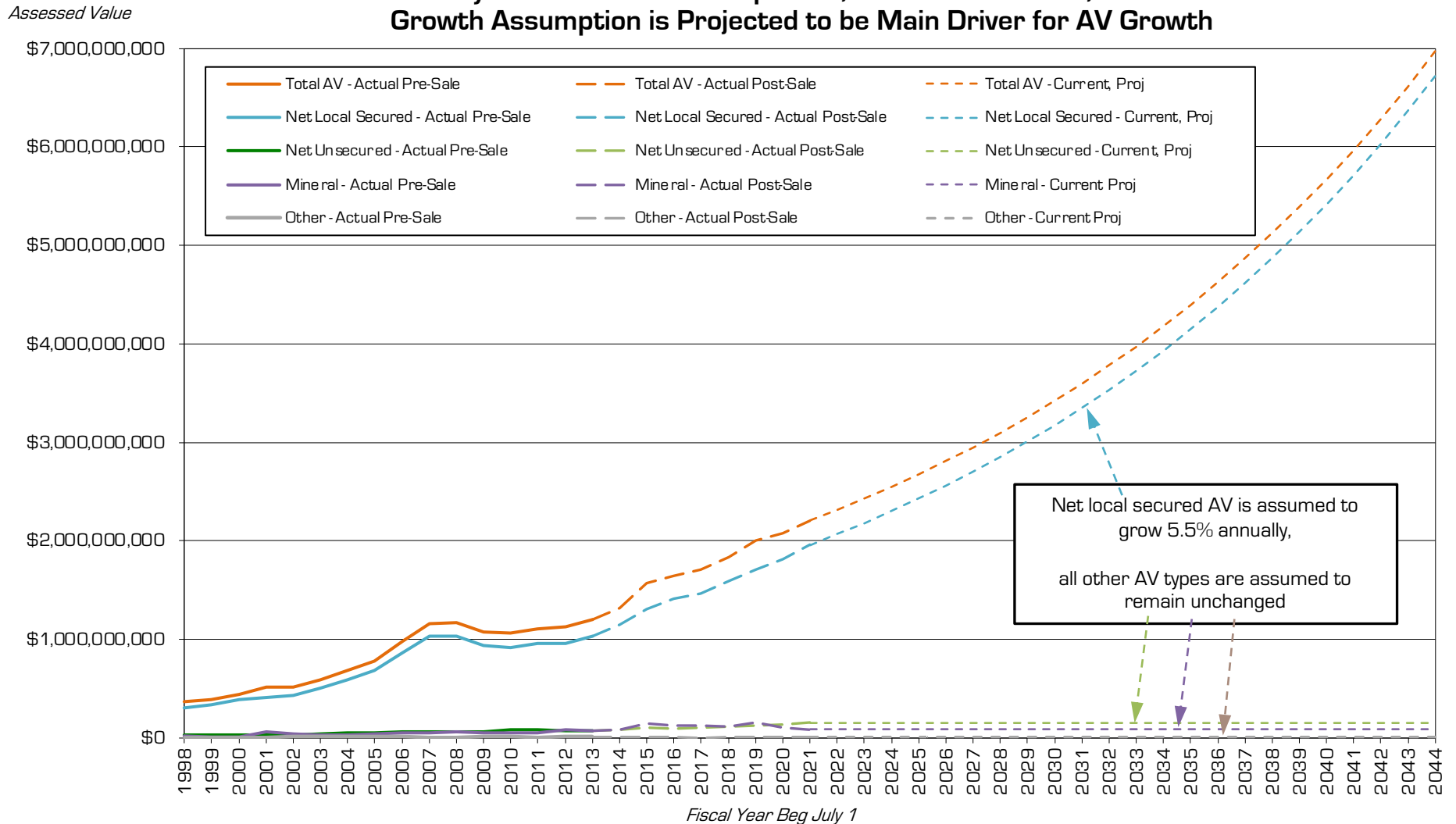
# Reasons Assessed Value Can Change

- ◆ Pursuant to Proposition 13 (and embodied in Article 13A of the California Constitution), a school district's *real* property tax base can change for four reasons<sup>1</sup>:
  - ▶ Properties are sold (and reassessed at the sale price).
  - ▶ Properties are improved (and reassessed with the value of the improvement).
  - ▶ A year passes (each property's assessed value increases by the lesser of 2% or the change in the California Consumer Price Index).
  - ▶ Market value of one or more properties declines below assessed value - assessed value can be adjusted downward to the market value. If market value subsequently increases, assessed value can "catch up" to pre-decline AV plus allowable adjustments (e.g. 2% annual increase).

<sup>1</sup> Oil producing properties have the additional complication of an adjusted base year value that is not necessarily the prior year's roll value.

# Projected Assessed Values

**District's Primary Assessed Value Component, Net Local Secured, with a 5.5% Annual Growth Assumption is Projected to be Main Driver for AV Growth**



Historic assessed value (AV) provided by the Kern County Auditor-Controller's Office. The District's total AV is comprised of net local secured, mineral (oil) and other (utility & homeowners exemption). Changes shown are annual changes. During initial analysis, Mineral AV was included in the Net Local Secured growth rate; due to the recent decline in Mineral AV, it has been separated for increased conservatism.

# Thank You, Any Questions?

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# For Reference

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- ◆ Assessed Value
- ◆ Legal Constraints
- ◆ Bonding Capacity

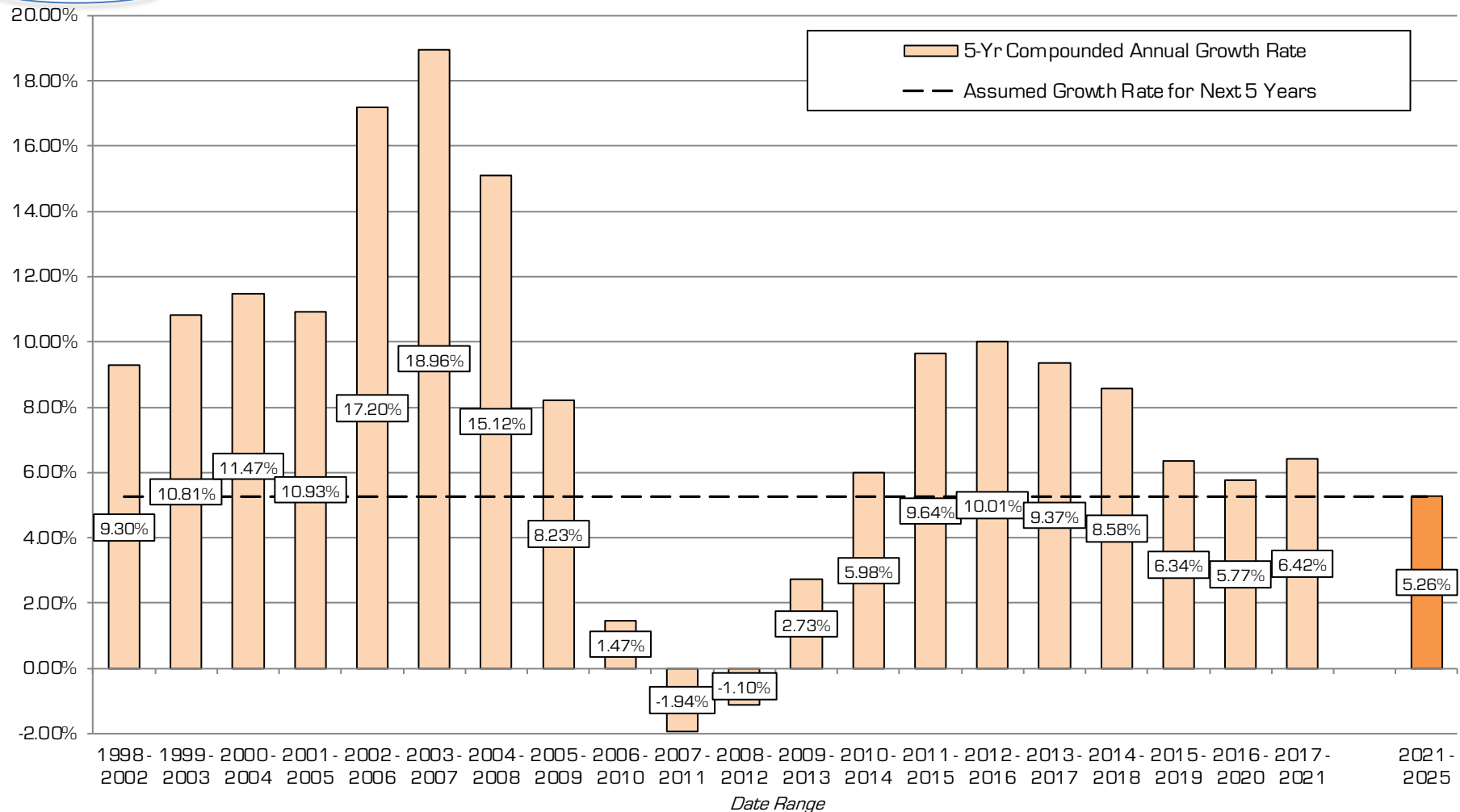


# Historical AV Analysis - 5 Year Periods

(Historically, Secured AV has been 94-95% of Total AV)

Compounded Annual  
Growth Rate -  
Secured AV

**5.26% Annual AV Growth Assumption is Less Than Most Recent Historical 5-Year Changes**



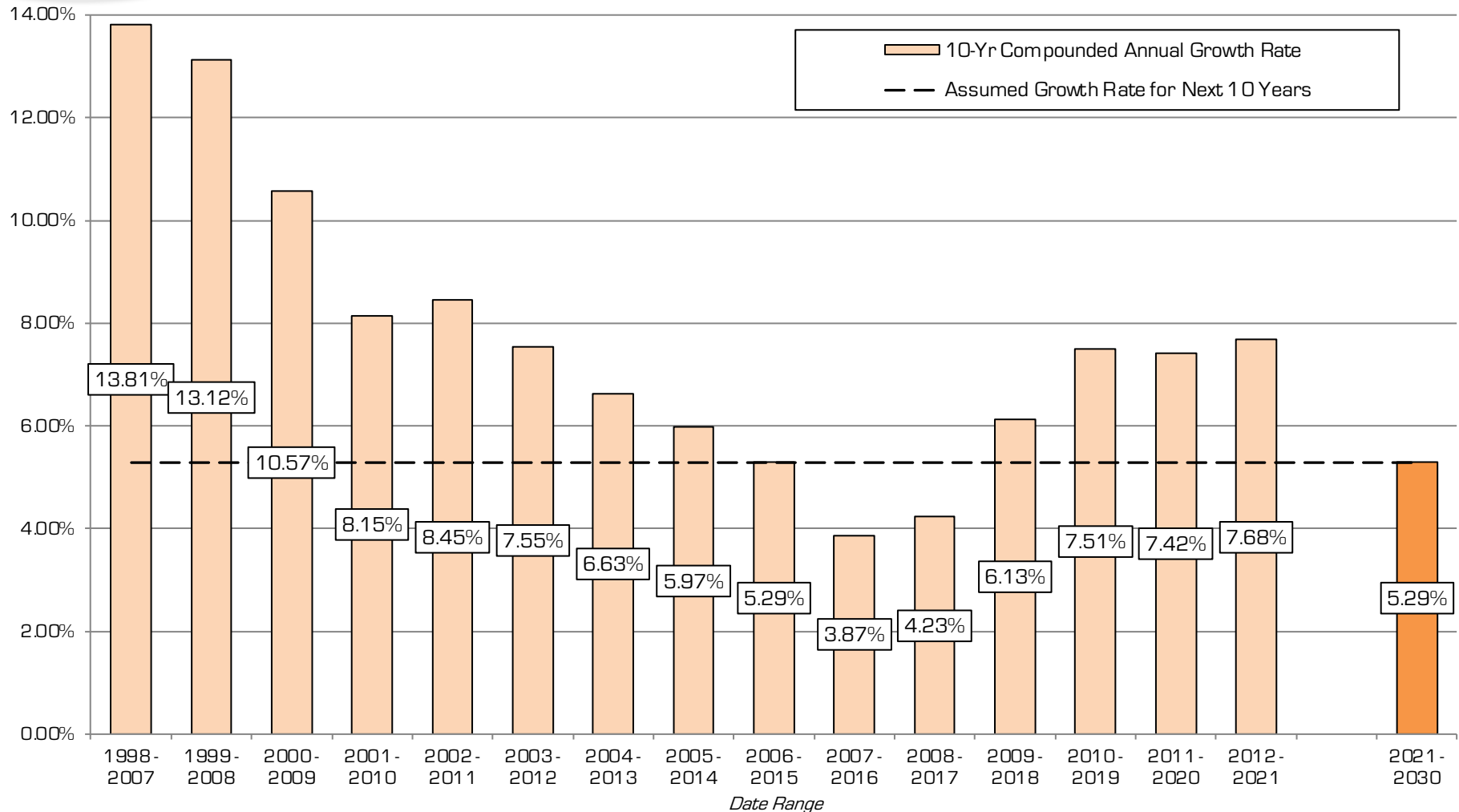
Historical data from Kern County Auditor-Controller's office. Net local secured AV is assumed to increase 5.5% annually, while all other AV types are assumed to remain unchanged.

# Historical AV Analysis - 10 Year Periods

(Historically, Secured AV has been 94-95% of Total AV)

Compounded Annual  
Growth Rate -  
Secured AV

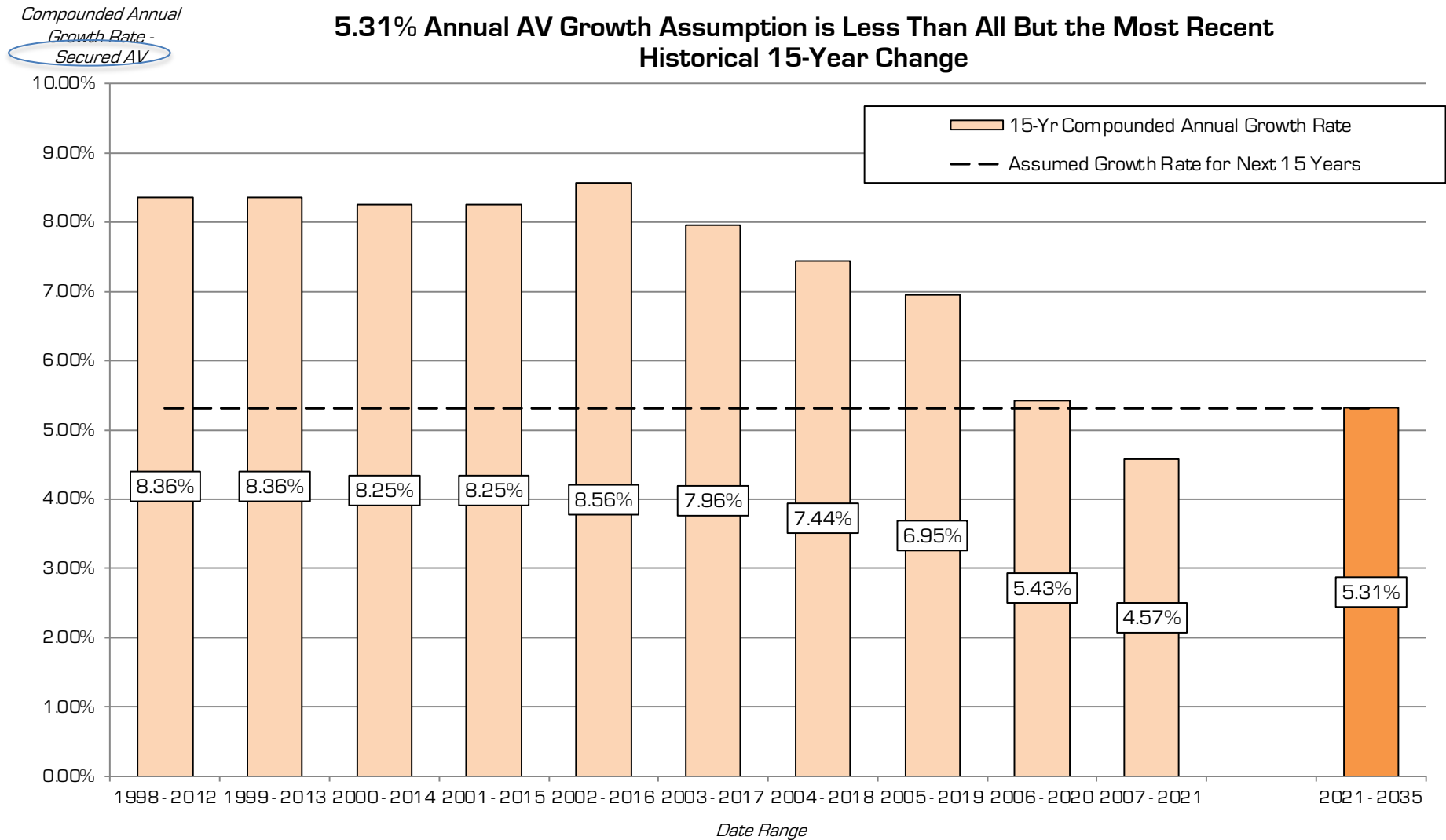
**5.29% Annual AV Growth Assumption is Less Than Most Recent Historical 10-Year Changes**



Historical data from Kern County Auditor-Controller's office. Net local secured AV is assumed to increase 5.5% annually, while all other AV types are assumed to remain unchanged.

# Historical AV Analysis - 15 Year Periods

(Historically, Secured AV has been 94-95% of Total AV)



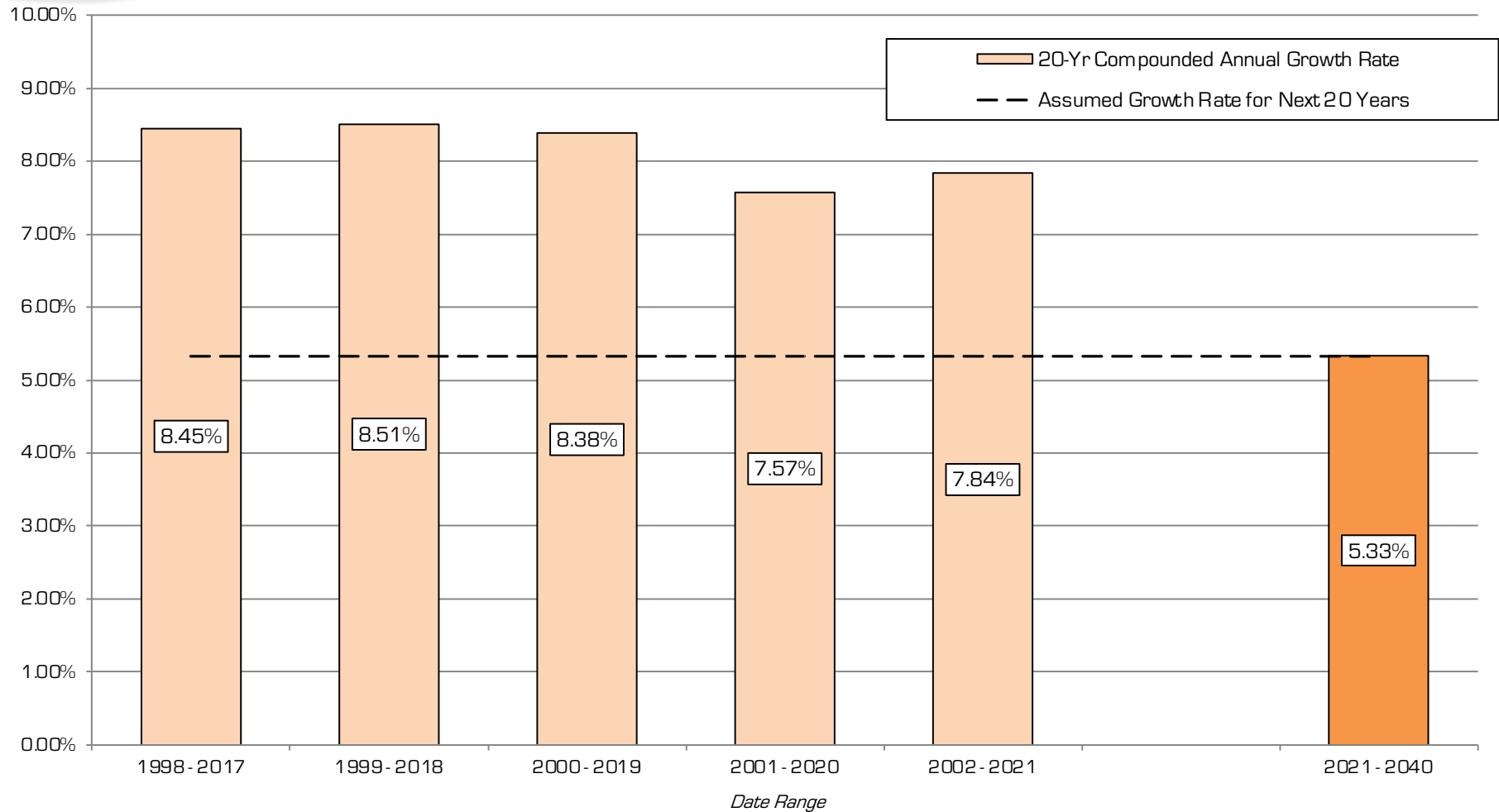
Historical data from Kern County Auditor-Controller's office. Net local secured AV is assumed to increase 5.5% annually, while all other AV types are assumed to remain unchanged,

# Historical AV Analysis - 20 Year Periods

(Historically, Secured AV has been 94-95% of Total AV)

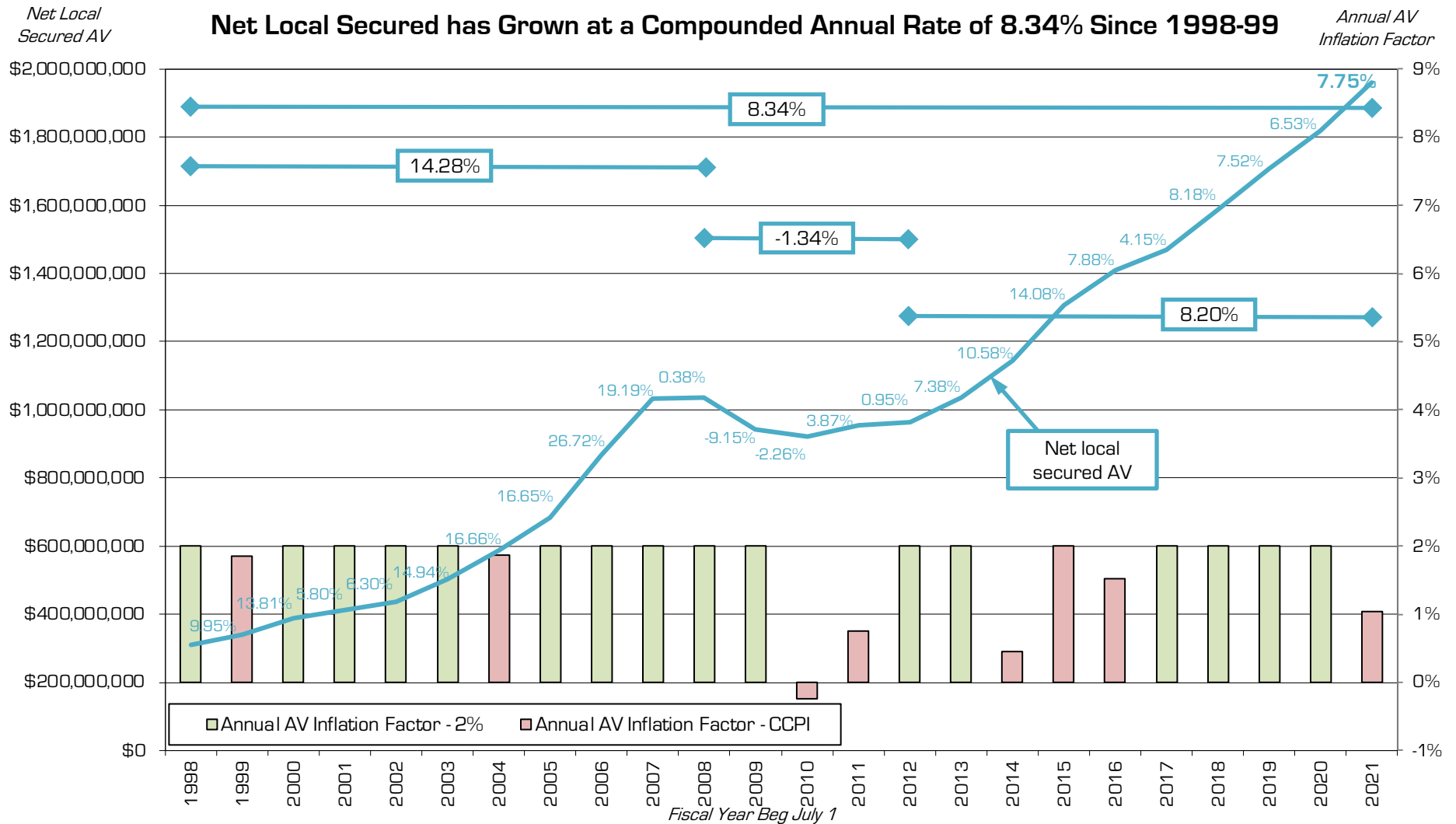
Compounded Annual  
Growth Rate -  
Secured AV

**5.33% Annual AV Growth Assumption is Less Than the Historical 20-Year Changes**



Historical data from Kern County Auditor-Controller's office. Net local secured AV is assumed to increase 5.5% annually, while all other AV types are assumed to remain unchanged,

# A Closer Look at Net Local Secured AV



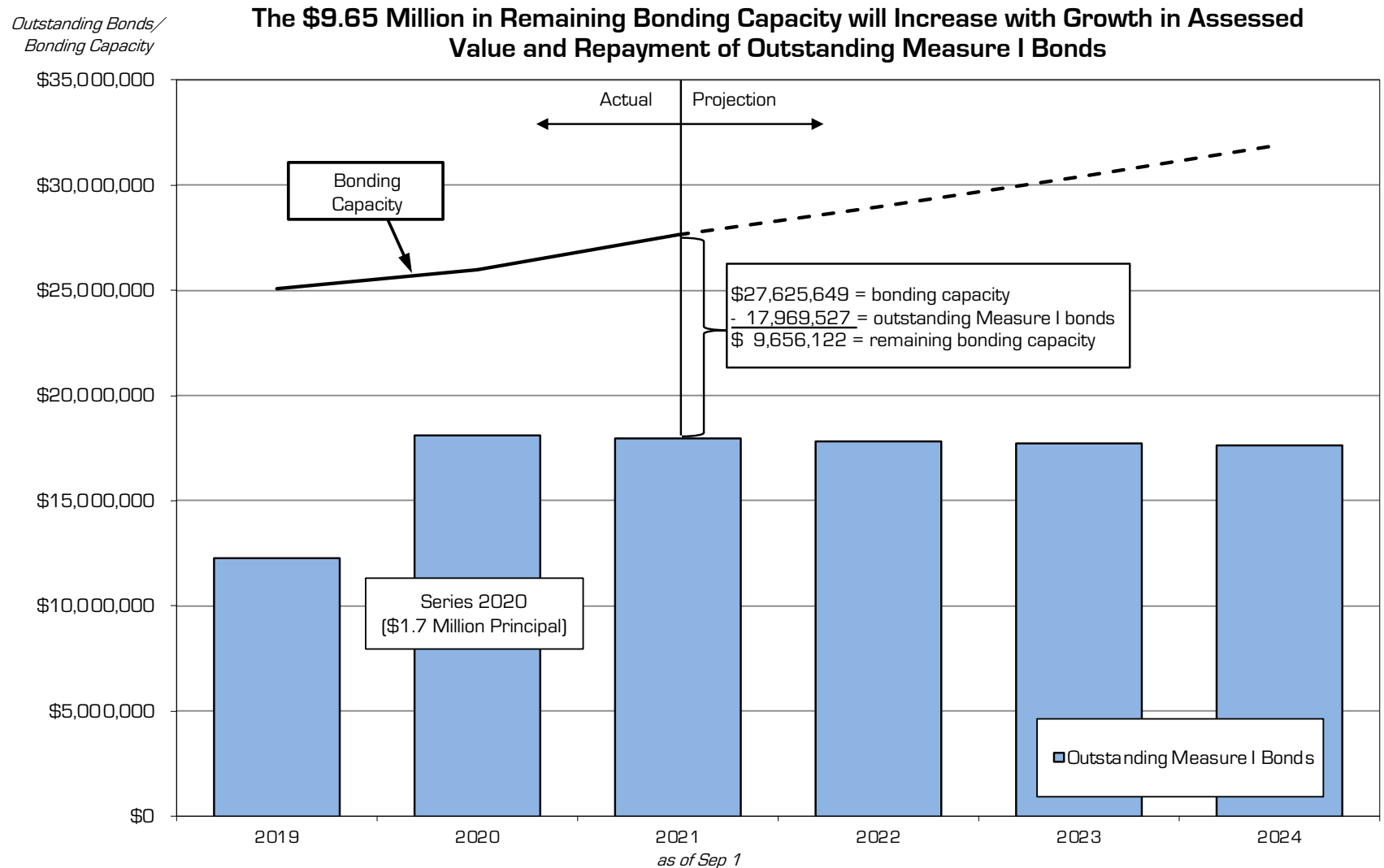
Historic assessed value (AV) provided by the Kern County Auditor-Controller's Office. Annual California AV inflation factor provided by the California State Board of Equalization, and is the lesser of the annual change in the CA CPI or 2%. The District's total AV is comprised of net local secured, mineral (oil), utility, homeowners exemption, and unsecured. Changes shown are annual changes. Annual California AV inflation factor provided by California State Board of Equalization, and is the lesser of the annual change in the CA CPI or 2%.

# Legal Constraints



- ◆ Taxing Capacity: limit on maximum projected tax levies  
(this is for 55% voter approval bond measures only, e.g. Meas. L)
  - ▶ \$30 per \$100,000 of assessed value for union districts
    - Education Code 15268 ✓
  - ▶ \$60 per \$100,000 of assessed value for unified districts
    - Education Code 15270(a)
- ◆ Bonding Capacity: limit on amount of outstanding bonds  
(this is for all bond measures combined)
  - ▶ 1.25% of total assessed value for union districts
    - Education Code 15268 ✓
  - ▶ 2.50% of total assessed value for unified districts
    - Education Code 15270(a)

# Bonding Capacity



Note: The District's statutory legal bonding capacity limitation is 1.25% of District's total assessed value. Projected bonding capacity assumes net local secured growth of 5.5% annually & no growth for all other types of AV. Bonding capacity is as of Aug 20, when AV becomes "equalized."