



WOODLAND PUBLIC SCHOOLS



BOND SALE PLANNING

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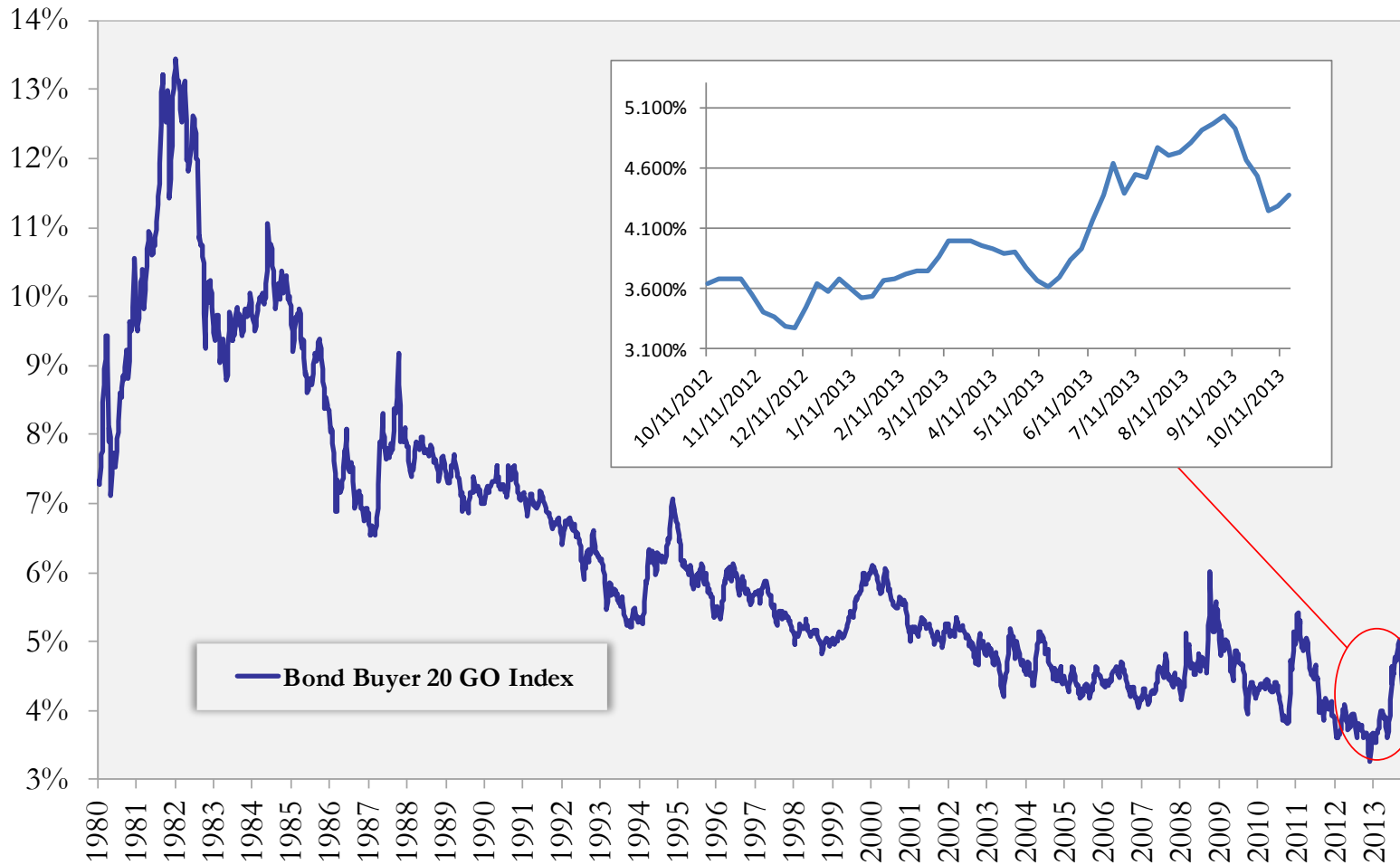
October 28, 2013

Bond Interest Rates



While still relatively low, bond interest rates have been volatile over the past year due to economic, political, and fiscal policy uncertainty.

Historic Tax-Exempt Bond Rates



Bond Issue Goals



- Provide funds to meet construction cash flow needs
 - Fall 2013 sale and deposit to Capital Projects Fund
- Maintain property tax rates which meet taxpayer expectations
 - \$16.00 per month tax increase for bonds for a \$200,000 home still appears to be achievable
- Lock in current low interest rates
 - Split the authorization into multiple sales
 - Initial plan - \$25-30 million in 2012 sale, remainder sold in 2014
- Maximize funds available for projects
 - Use premium bonds to cover costs of issuance and possible Debt Service Fund contribution
- Maintain an appropriate balance in the Debt Service Fund
- Maintain the current “A1” bond rating from Moody’s Investors Service
- 25 year maximum term



Method of Sale



- Sell bonds in a manner which provides the most efficient cost of borrowing while also providing the flexibility needed to react to market volatility and meet bond structure goals
 - Competitive vs. Negotiated sale

	Competitive Sales		Negotiated Sales		Notes
Issuer					
Type of Organization	Broad-based, general purpose government	✓	Special-purpose, independent authority		
Frequency of Issuance	Regular borrower in public market	✓	New or infrequent issuer of debt	✓	Less frequent issuer, but good recent reception
Market Awareness	Active Secondary market with wide investor base	✓	Little or no institutional base, but growing dealer interest	✓	Relatively few bonds outstanding
Credit Quality					
Rating	"A" or better	✓	Below single "A"		
Pledged Revenues	General Obligation	✓	Project supported revenues		
Security Structure	Conventional resolution and cash flow	✓	Unusual credit structure		
Ratings Trend	Stable or improving	✓	Under stress		
Preparation	Issuer and financial advisor develop strategy and coordinate ratings	✓	Assistance of underwriter desired in preparation of strategy and materials		
Market Conditions					
Interest Rates	Stable, predictable market		Volatile or declining market	✓	Interest rates have been volatile over the past several months.
Demand	Strong investor demand, good liquidity, light forward calendar		Oversold market, heavy supply, questionable demand	✓	Federal budget issues has created substantial uncertainty among investors
Debt Structure					
Tax Status	Tax-Exempt, no concerns	✓	Taxable		
Debt Instrument	Traditional serial and term, full coupon bonds	✓	Non-traditional or innovative bond structuring, derivative products, swaps or variable rate debt instruments	✓	25 year term less common



Method of Sale– Cont.



	Competitive Sales		Negotiated Sales		Notes
Marketing					
Use of Underwriters	Broad national market participation		Ability to select "best qualified" firm or direct business to local or regional firms	✓	
Investors	Process blind to ultimate investors	✓	Sale can be managed to achieve wide distribution or targeted allotments		
Pre-Marketing	Limited need for pre-marketing – commodity, market pricing		Specific presale activity to generate demand	✓	25 year term less common
Flexibility in Timing	More limited flexibility		Greatest flexibility in timing	✓	District may benefit from additional flexibility should market volatility warrant a schedule change
Fine Tuning Structure	Issuer retains ability to fine-tune structure based on interest rates of winning bid		Greatest flexibility to fine-tune	✓	Last sale of authorization - important to have structure match tax levy goals
Cost					
Gross Spread	Historically, spreads have been lower for competitive sales		Recent competition among underwriting firms has led to lower spreads for negotiated sales	✓	Underwriting spread negotiated with the underwriter is expected to be favorable to the District
Interest Rate	Highest market price (lowest interest cost) for bonds offered on day of sale		Set by underwriter based on specific investor demand during pricing period	✓	
Preparation					
Resolution/Structure	Issuer and financial advisor develop issue structure based on goals	✓	Underwriter input into structure based on expected investor demand		
Disclosure	Official Statement prepared by issuer, bond counsel with assistance of financial advisor	✓	Underwriter involvement desired in the preparation of official statement		



Preliminary Schedule of Events



OCTOBER							NOVEMBER							DECEMBER						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
		1	2	3	4	5						1	2	1	2	3	4	5	6	7
6	7	8	9	10	11	12	3	4	5	6	7	8	9	8	9	10	11	12	13	14
13	14	15	16	17	18	19	10	11	12	13	14	15	16	15	16	17	18	19	20	21
20	21	22	23	24	25	26	17	18	19	20	21	22	23	22	23	24	25	26	27	28
27	28	29	30	31			24	25	26	27	28	29	30	29	30	31				

Date	Event
October 28	<ul style="list-style-type: none"> ▪ Regular Board Meeting <ul style="list-style-type: none"> ➢ Review of financing plans
November 4	<ul style="list-style-type: none"> ▪ Rating agency presentation
November 6-7	<ul style="list-style-type: none"> ▪ Underwriter selection through RFP
November 12	<ul style="list-style-type: none"> ▪ Regular Board Meeting <ul style="list-style-type: none"> ➢ Board Considers Bond Resolution for sale of bonds
Week of November 18	<ul style="list-style-type: none"> ▪ Sale of voted bonds by negotiated sale and approval by delegation of authority
November 25	<ul style="list-style-type: none"> ▪ Regular Board Meeting <ul style="list-style-type: none"> ➢ Review of bond sale results
Early December	<ul style="list-style-type: none"> ▪ Bond closing

