

October 24, 2023

# Tahoe Truckee Unified School District

Bond Program Update & 2024 Bond Election Scenarios



# Section I

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Introduction to Keygent

# Keygent Overview

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Keygent is an independent advisor with a **sole focus** on California education entities

- ◆ Based in El Segundo with an additional office in Fresno
- ◆ Employee-owned, certified minority firm and registered with the SEC & MSRB
- ◆ California K-14 financing experience
  - 567 financings totaling \$17.8 billion for K-12 districts
  - 79 financings totaling \$5.8 billion for community college districts
- ◆ We specialize in providing financial advisory services on all types of K-14 financings:
  - General obligation bonds
  - Certificates of participation and leases
  - Mello-Roos special tax bonds
  - Tax and revenue anticipation notes
  - Refinancings
  - Bond anticipation notes
- ◆ We also provide dissemination agent services for continuing disclosure and other State-required filings (e.g. CDIAC reports)

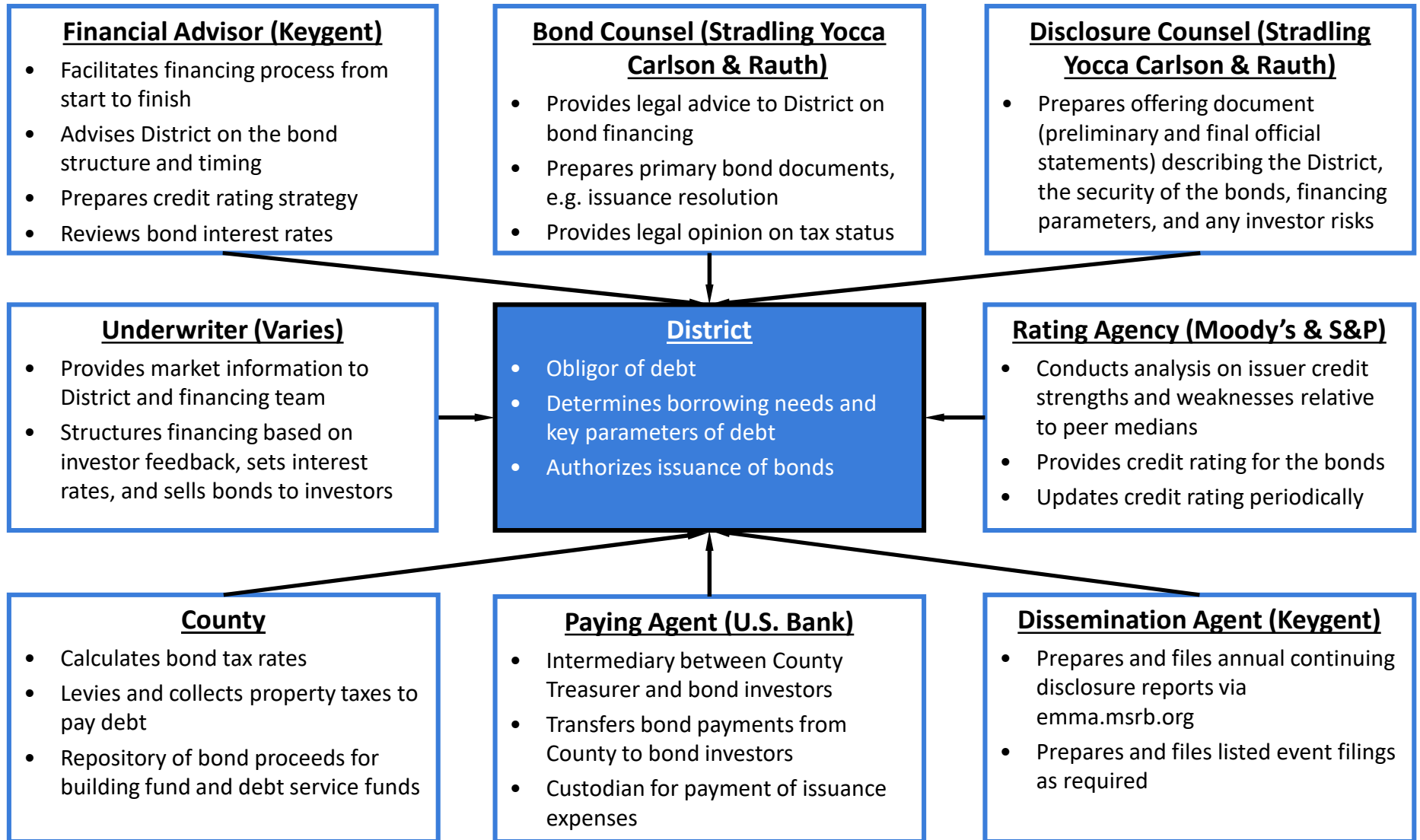
# Northern California Experience

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Keygent serves as municipal advisor to numerous K-14 districts in northern California

- ◆ Acalanes UHSD
- ◆ Belmont-Redwood Shores SD
- ◆ Berryessa Union SD
- ◆ Fremont USD
- ◆ Jefferson SD
- ◆ Marin CCD
- ◆ Menlo Park City SD
- ◆ Moreland SD
- ◆ Mountain View Whisman SD
- ◆ Ohlone CCD
- ◆ Palo Alto USD
- ◆ Portola Valley SD
- ◆ Pleasanton USD
- ◆ Roseville JUHSD
- ◆ San Carlos SD
- ◆ San Jose-Evergreen CCD
- ◆ San Mateo UHSD
- ◆ San Mateo-Foster City SD
- ◆ Saratoga Union SD
- ◆ Tahoe Truckee USD
- ◆ Tamalpais UHSD
- ◆ Twin Rivers USD

# Financing Team Members



# Experience with the District

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Keygent has served as financial advisor to the District since 2014

◆ **Structured and advised on the Measure U and Measure E bond programs**

- Assisted the District in capturing low borrowing costs for both measures through effective tax rate management and competitive bond sales
  - Measure U and E were projected to cost \$251 million and \$139 million, respectively. The total costs ended up at \$165.4 million and \$101.9 million
- Supported the District in achieving two credit rating upgrades from Moody's in 2015 and 2021

◆ **Structured the 2019 Certificates of Participation**

- Led an underwriter bidding process for a negotiated sale
- Assisted the District in negotiating special call provisions to meet the District's needs
  - Guided the District on its October 2023 partial prepayment of the COP

◆ **Provided regular updates to the Board and administration regarding assessed valuations, tax rates, and outstanding debt**

- *Per Board Policy #3470: “The Superintendent/CLO or designee shall annually report to the Board regarding debts issued by the District, including information on actual and projected tax rates, an analysis of bonding capacity, ratings on the District's bonds, market update and refunding opportunities, new development for California bond financings, and the District's compliance with post-issuance requirements.”*

Keygent has also served as dissemination agent for the District since 2014

## Section II

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### Bond Program Update

# Questions to Answer

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Bond programs are initially constructed to answer the following questions:

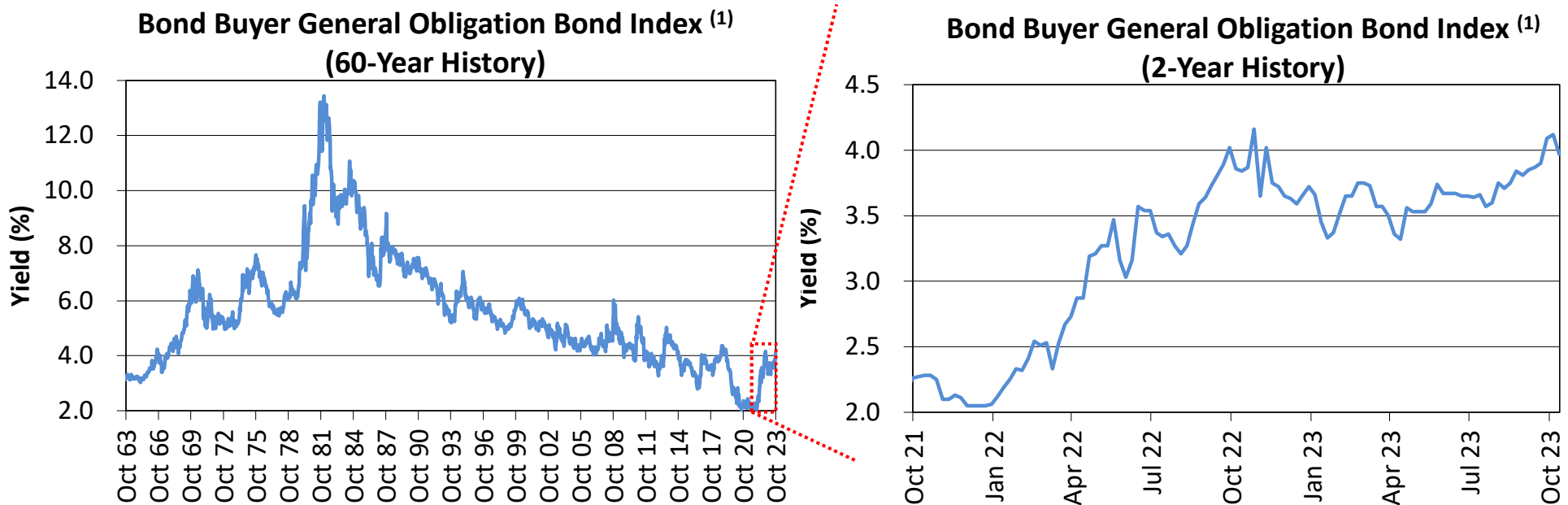
- ◆ How much can be raised through a bond?
  - Function of:
    - Assessed valuation (“AV”)
    - Interest rates
    - Tax rates
    - Project needs
- ◆ What are my project needs?
  - Scope
  - Cost
  - Timing
- ◆ What are voters/special interest groups willing to support?
  - Projects
  - Tax rates
  - Bond structure/costs
- ◆ What are the legal requirements?
  - State law
  - Federal law
  - Post-issuance compliance



# Interest Rates

Following record low interest rates during the pandemic, interest rates rose due to:

- ◆ Supply chain/labor constraints
- ◆ Inflation (e.g. oil prices)
- ◆ War in Ukraine
- ◆ Fed/other central bank actions in increasing interest rates (both taken and expected)



(1) Index reflects average yield to maturity of a sample of 20 GO Bonds with 20-year terms rated 'Aa2' by Moody's and 'AA' by S&P. Source: The Bond Buyer & Bloomberg.

# School Facilities Improvement Districts

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The District is comprised of two School Facilities Improvement Districts (“SFIDs”)

◆ SFID No. 1

- Northern portion of the District in Placer and Nevada Counties
  - Includes the Town of Truckee
- Represents 58.3% of the District’s total AV for 2023-24

◆ SFID No. 2

- Southern portion of the District in Placer and El Dorado Counties
- Represents 41.7% of the District’s total AV for 2023-24

# AV History

Both SFID areas experienced significant AV growth in recent years

## SFID No. 1

FY	Total AV <sup>(1)</sup>	Δ Change
2001	3,199,098,679	
2002	3,732,699,141	16.68 %
2003	4,193,285,858	12.34
2004	4,609,790,387	9.93
2005	5,224,816,452	13.34
2006	6,015,166,958	15.13
2007	7,039,244,338	17.02
2008	7,971,700,673	13.25
2009	8,793,997,132	10.32
2010	9,228,726,314	4.94
2011	8,746,462,399	-5.23
2012	8,455,763,521	-3.32
2013	8,557,152,480	1.20
2014	8,855,680,775	3.49
2015	9,453,224,105	6.75
2016	10,476,912,079	10.83
2017	11,162,963,441	6.55
2018	11,953,645,150	7.08
2019	12,938,562,758	8.24
2020	13,705,158,940	5.92
2021	14,473,848,173	5.61
2022	15,500,912,294	7.10
2023	17,029,338,686	9.86
2024	18,448,828,406	8.34

## SFID No. 2

FY	Total AV <sup>(1)</sup>	Δ Change
2001	3,532,551,918	
2002	4,051,988,571	14.70 %
2003	4,441,396,794	9.61
2004	4,855,855,938	9.33
2005	5,288,780,940	8.92
2006	5,821,706,095	10.08
2007	6,459,150,292	10.95
2008	7,054,972,301	9.22
2009	7,500,635,740	6.32
2010	7,778,431,718	3.70
2011	7,465,397,001	-4.02
2012	7,459,219,268	-0.08
2013	7,485,939,124	0.36
2014	7,675,602,819	2.53
2015	7,913,461,597	3.10
2016	8,711,277,654	10.08
2017	8,925,121,081	2.45
2018	9,292,080,949	4.11
2019	9,735,518,143	4.77
2020	10,241,431,066	5.20
2021	10,725,038,880	4.72
2022	11,393,242,422	6.23
2023	12,448,203,799	9.26
2024	13,218,950,144	6.19

## SFID No. 1

Growth Statistics			
Annualized Growth Rates:		Lowest Rolling Averages:	
1-year:	8.34 %	3-year:	-2.49 %
5-year:	7.35	5-year:	0.14
10-year:	7.62	10-year:	3.94
15-year:	5.06	15-year:	5.06
20-year:	7.18	20-year:	7.18

## SFID No. 2

Growth Statistics			
Annualized Growth Rates:		Lowest Rolling Averages:	
1-year:	6.19 %	3-year:	-1.27 %
5-year:	6.31	5-year:	0.34
10-year:	5.59	10-year:	2.64
15-year:	3.85	15-year:	3.85
20-year:	5.13	20-year:	5.13

(1) Source: California Municipal Statistics, Inc. and El Dorado, Nevada and Placer Counties.

# Credit Ratings

The 3 major credit rating agencies are:

- ◆ Moody's
- ◆ Standard & Poor's ("S&P")
- ◆ Fitch

The rating criteria is generally:

- ◆ 30% local economy/tax base
- ◆ 30% district finances
- ◆ 20% district debt/pension
- ◆ 20% district management

District's GO ratings:

- ◆ **Moody's:**
  - Bond rating: Aa1
  - Issuer rating: Aa2
- ◆ **S&P:**
  - Bond rating: AA
  - COP rating: AA-
- ◆ **Fitch: N/A**

	Moody's	S&P	Fitch	Rating Description
Investment grade	Aaa	AAA	AAA	Prime
	Aa1	AA+	AA+	High grade
	Aa2	AA	AA	
	Aa3	AA-	AA-	
	A1	A+	A+	Upper medium grade
	A2	A	A	
	A3	A-	A-	
	Baa1	BBB+	BBB+	Lower medium grade
	Baa2	BBB	BBB	
Baa3	BBB-	BBB-		
Non-investment grade	Ba1	BB+	BB+	Speculative
	Ba2	BB	BB	
	Ba3	BB-	BB-	
	B1	B+	B+	Highly speculative
	B2	B	B	
	B3	B-	B-	
	Caa1 & below	CCC+ & below	CCC & below	Extremely speculative/ Default

# Debt Overview

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The District has passed six general obligation bond measures since 1992 <sup>(1)</sup>

- ◆ Measure D (District-wide)
  - Approved April 1992
  - \$15 million
- ◆ Measure C (SFID No. 1)
  - Approved March 1999
  - \$35 million
- ◆ Measure R (SFID No. 2)
  - Approved March 1999
  - \$24 million
- ◆ Measure J (SFID No. 2)
  - Approved November 2002
  - \$30.45 million
- ◆ Measure U (SFID No. 1)
  - Approved November 2014
  - \$114 million
- ◆ Measure E (SFID No. 2)
  - Approved November 2014
  - \$62 million

(1) Source: Bloomberg and Official Statements for the District's bonds. Analysis prepared by Keygent.

# Summary of Outstanding Bonds

Issue Date	Issue Amount	Description	First Optional Redemption	Final Maturity	Principal Outstanding
<b>Measure D - April 14, 1992 - \$15 Million</b>					
2/3/1993	\$ 10,876,728.75	1993 GOB, Series A	N/A	N/A	\$ - (1)
5/8/1996	4,120,000.00	1996 GOB, Series B	N/A	N/A	- (4)
<b>Total</b>	<b>\$ 14,996,728.75</b>				<b>\$ -</b>
<b>SFID No. 1 - Measure C - March 2, 1999 - \$35 Million</b>					
10/28/1999	\$ 25,118,616.80	1999 GOB, Series A (SFID 1)	Non-callable	8/1/2024	\$ 505,500.10 (2)
8/19/2004	9,881,340.00	2004 GOB, Series B (SFID 1)	Non-callable	8/1/2025	821,340.00 (5)
<b>Total</b>	<b>\$ 34,999,956.80</b>				<b>\$ 1,326,840.10</b>
<b>SFID No. 2 - Measure R - March 2, 1999 - \$24 Million</b>					
10/28/1999	\$ 18,723,994.40	1999 GOB, Series A (SFID 2)	Non-callable	8/1/2024	\$ 373,945.80 (3)
8/19/2004	5,275,084.00	2004 GOB, Series B (SFID 2)	Non-callable	8/1/2026	1,680,084.00 (6)
<b>Total</b>	<b>\$ 23,999,078.40</b>				<b>\$ 2,054,029.80</b>

(1) Refunded by the 1998 GORB.

(2) Refunded by the 2001 GORB (SFID 1).

(3) Refunded by the 2001 GORB (SFID 1).

(4) Refunded by 2004 GORB.

(5) Refunded by 2013 GORB, Series A (SFID 1).

(6) Refunded by 2013 GORB, Series B (SFID 2).

# Summary of Outstanding Bonds

Issue Date	Issue Amount	Description	First Optional Redemption	Final Maturity	Principal Outstanding
<b>SFID No. 2 - Measure J - November 5, 2002 - \$30.45 Million</b>					
8/11/2004	\$ 15,000,000.00	2004 GOB, Series A (SFID 2)	N/A	N/A	\$ - <sup>(1)</sup>
4/13/2006	15,450,000.00	2006 GOB, Series B (SFID 2)	N/A	N/A	- <sup>(2)</sup>
<b>Total</b>	<b>\$ 30,450,000.00</b>				<b>\$ -</b>
<b>SFID No. 1 - Measure U - November 4, 2014 - \$114 Million</b>					
3/31/2015	\$ 20,000,000.00	2015 GOB, Series A (SFID 1)	8/1/2024 @ 100%	8/1/2047	\$ 2,840,000.00
12/20/2016	54,000,000.00	2016 GOB, Series B (SFID 1)	8/1/2026 @ 100%	8/1/2039	50,665,000.00
11/8/2017	40,000,000.00	2017 GOB, Series C (SFID 1)	8/1/2027 @ 100%	8/1/2034	31,180,000.00
<b>Total</b>	<b>\$ 114,000,000.00</b>				<b>\$ 84,685,000.00</b>
<b>SFID No. 2 - Measure E - November 4, 2014 - \$62 Million</b>					
3/31/2015	\$ 19,500,000.00	2015 GOB, Series A (SFID 2)	8/1/2024 @ 100%	8/1/2046	\$ 13,010,000.00
12/20/2016	30,000,000.00	2016 GOB, Series B (SFID 2)	8/1/2026 @ 100%	8/1/2041	28,695,000.00
11/8/2017	12,500,000.00	2017 GOB, Series C (SFID 2)	8/1/2027 @ 100%	8/1/2036	9,845,000.00
<b>Total</b>	<b>\$ 62,000,000.00</b>				<b>\$ 51,550,000.00</b>

(1) Refunded by 2012 GORB (SFID 2).

(2) Refunded by 2013 GORB, Series B (SFID 2).

# Summary of Outstanding Bonds

Issue Date	Issue Amount	Description	First Optional Redemption	Final Maturity	Principal Outstanding
<b>General Obligation Refunding Bonds</b>					
5/7/1998	\$ 6,855,000.00	1998 GORB	N/A	N/A	\$ - <sup>(1)</sup>
6/11/2001	21,155,000.00	2001 GORB (SFID 1)	N/A	N/A	-
6/11/2001	15,835,000.00	2001 GORB (SFID 2)	N/A	N/A	-
9/1/2004	4,080,000.00	2004 GORB	N/A	N/A	-
7/1/2010	6,290,000.00	2010 GORB	N/A	N/A	-
2/14/2012	11,605,000.00	2012 GORB (SFID 2)	8/1/2021 @ 100%	8/1/2029	5,175,000.00
1/29/2013	3,615,000.00	2013 GORB, Series A (SFID 1)	8/1/2023 @ 100%	8/1/2024	110,000.00
1/29/2013	13,450,000.00	2013 GORB, Series B (SFID 2)	8/1/2023 @ 100%	8/1/2030	6,270,000.00
<b>Total</b>	\$ 82,885,000.00				\$ 11,555,000.00
<b>Total Outstanding General Obligation Bonds:</b>					<b>\$ 151,170,869.90</b>

Keygent has been monitoring the highlighted bonds above as potential refinancing candidates

◆ Under current interest rates, neither series produces sufficient taxpayer savings <sup>(2)</sup>

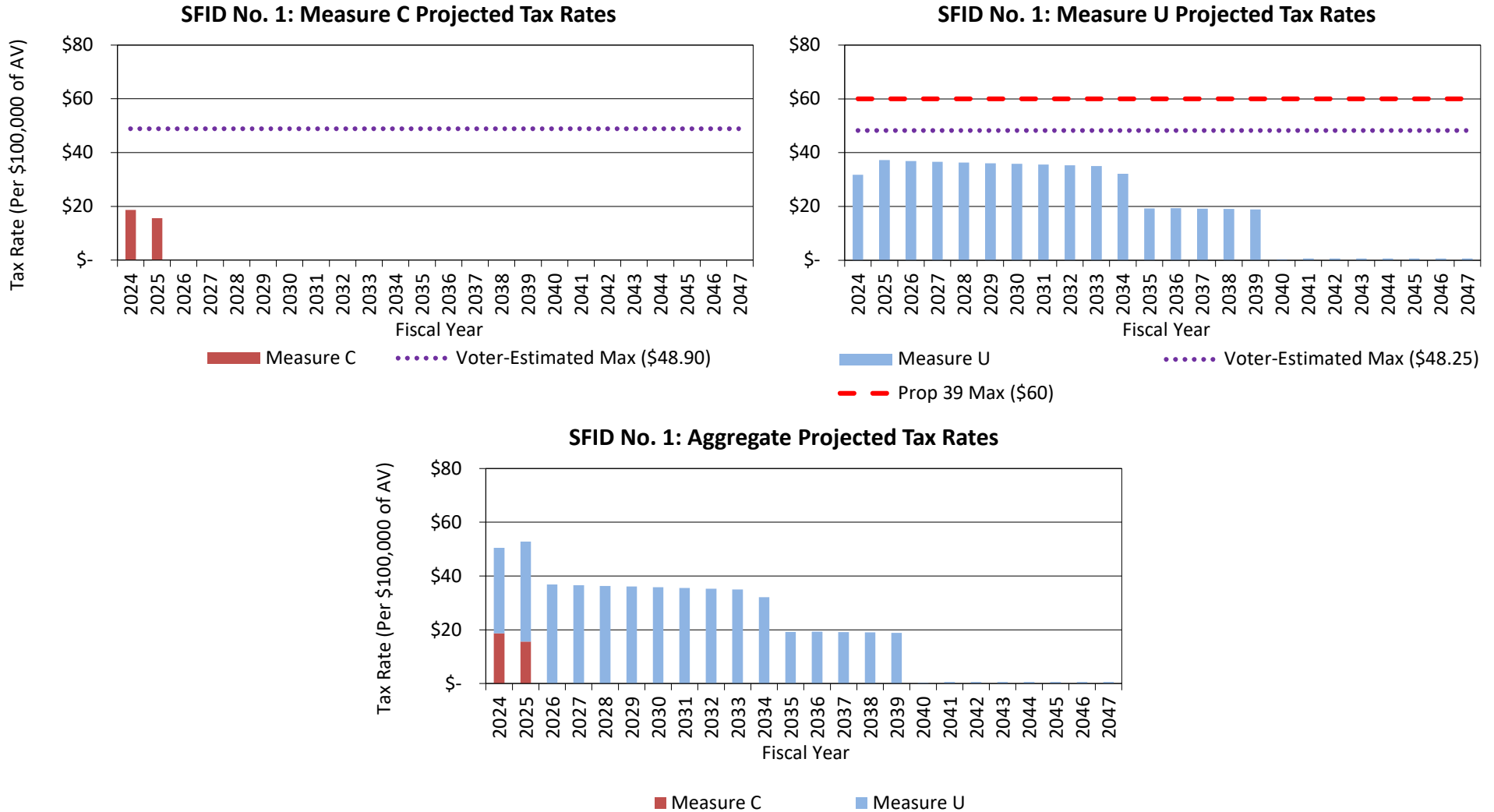
(1) Refunded by 2010 GORB.

(2) Based on Keygent's opinion of current interest rates considering interest rates provided by an underwriter for a similarly rated California school district. Subject to market fluctuations.



# Current Projected Tax Rates: SFID No. 1 (1)

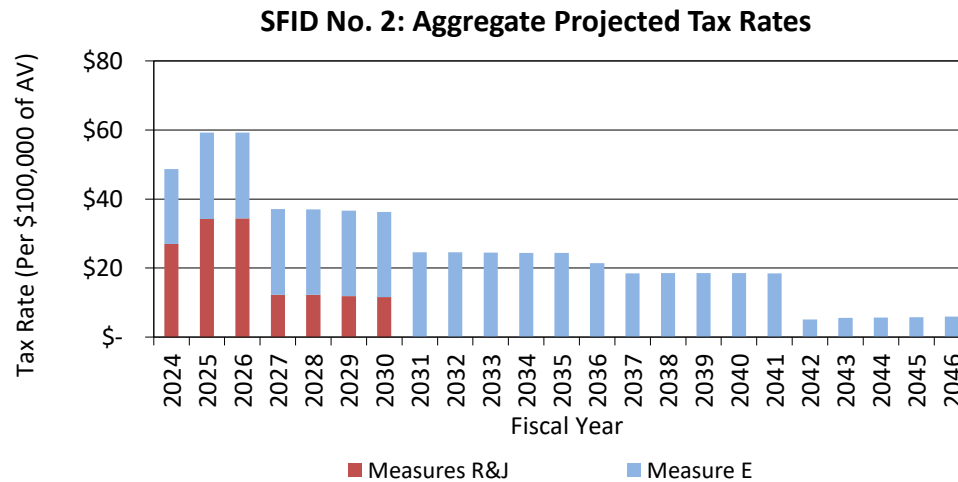
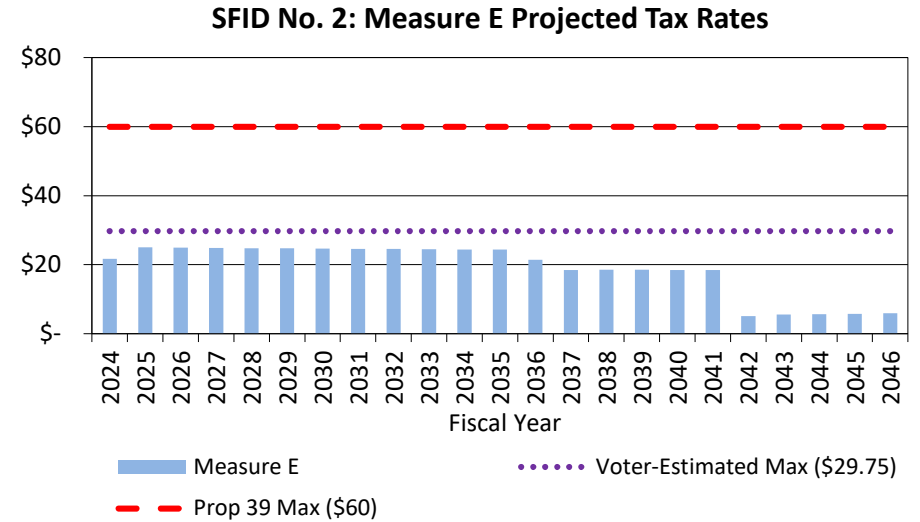
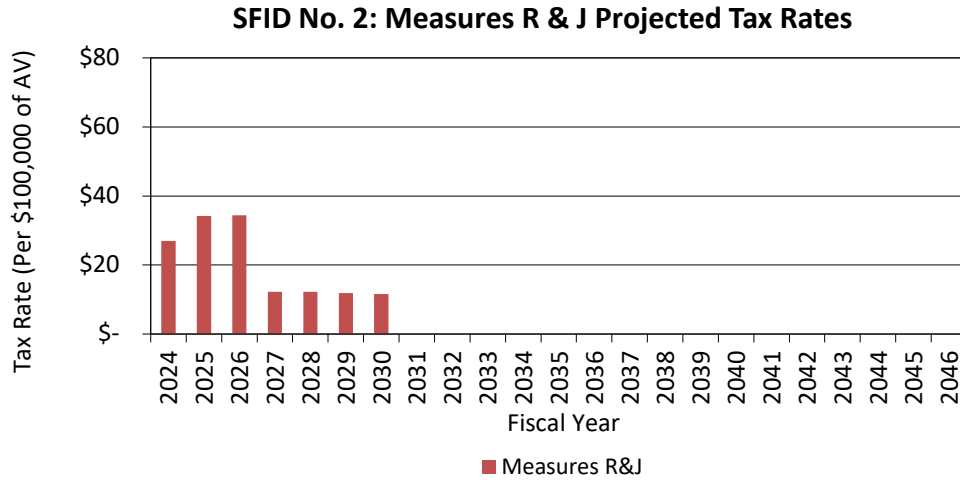
SFID No. 1's 2023-24 tax rate is \$50.47 per \$100,000 of AV



(1) Assumes AV growth 4.0% annually and 4% unsecured AV delinquency.

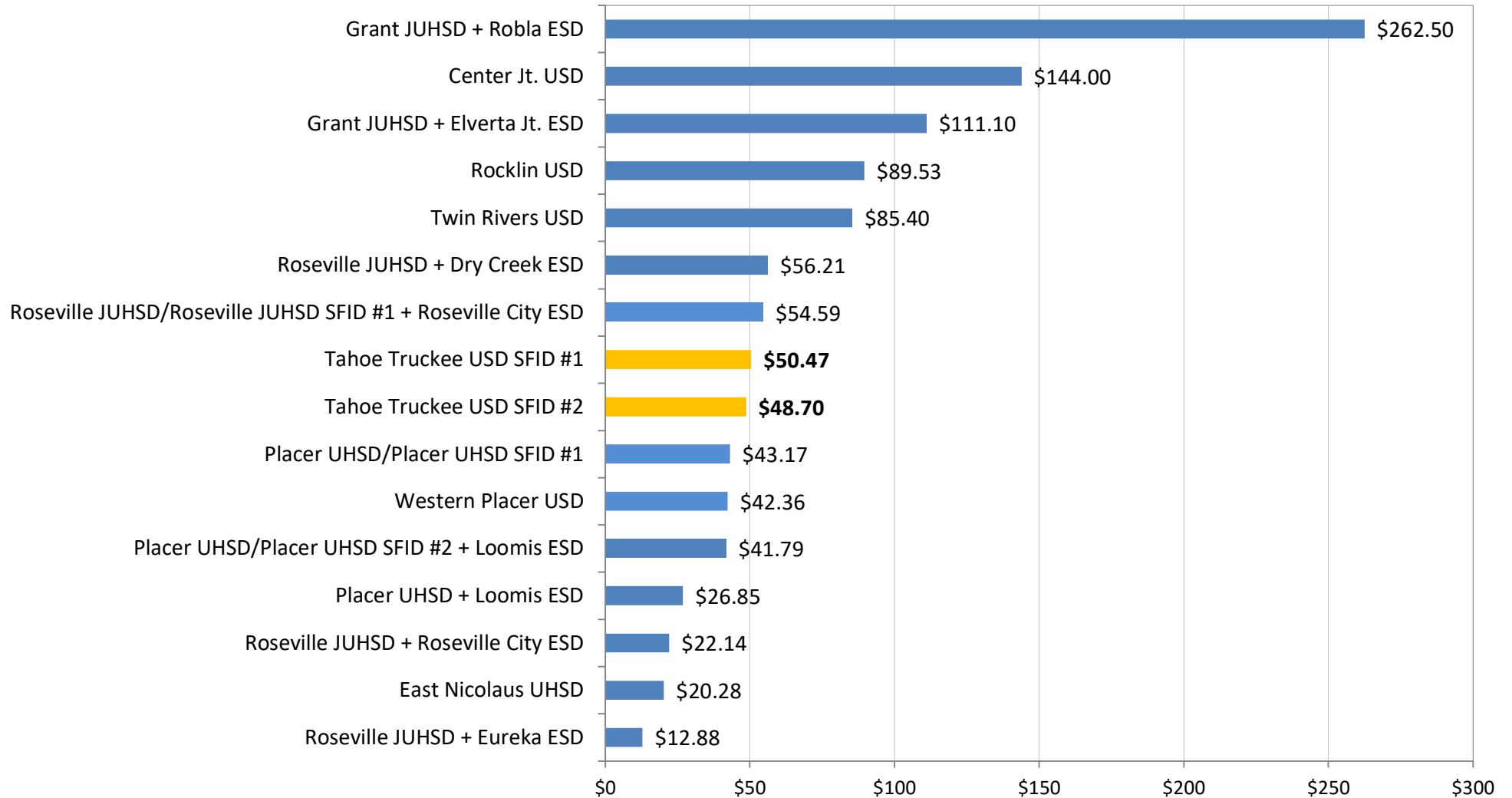
# Current Projected Tax Rates: SFID No. 2 (1)

SFID No. 2's 2023-24 tax rate is \$48.70 per \$100,000 of AV



(1) Assumes AV growth 3.5% annually and 4% unsecured AV delinquency.

# 2023-24 Placer County Bond Tax Rates (1)



(1) Source: Placer County Auditor-Controller's Office.

## Section III

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### 2024 Bond Election Scenarios

# SFID No. 1: 2024 Election - \$60 New Tax

**Summary:** Request voters to authorize **\$283.5 million** with a new tax of not-to-exceed \$60 per \$100,000 of AV

◆ **Assumptions:**

- November 2024 election
- 100% current interest bonds
  - No CABs
- Interest rates: 6.0% <sup>(1)</sup>
- Annual AV growth rate: 4.0%

**Illustrative Issuance Schedule <sup>(2)</sup>**

Series	Issue Date	Proceeds	Net Repayment	
			Ratio	
A	February 2025	\$ 94,500,000	2.12 to 1	
B	August 2027	94,500,000	2.23 to 1	
C	August 2030	94,500,000	2.28 to 1	
Total		\$ 283,500,000	2.21 to 1	

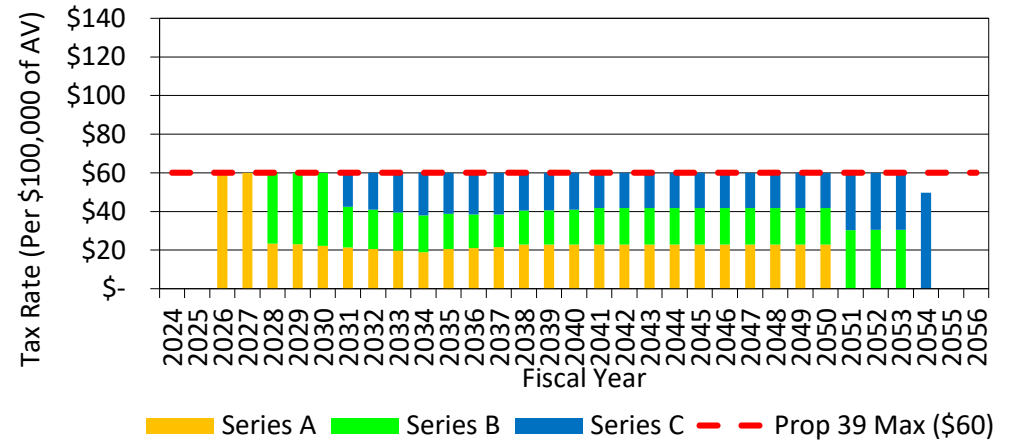
**Tax Rate Sensitivity**

Tax Rate	Proceeds
<b>\$60.00</b>	\$ 283,500,000
<b>\$45.00</b>	212,600,000
<b>\$30.00</b>	141,800,000
<b>\$15.00</b>	70,900,000

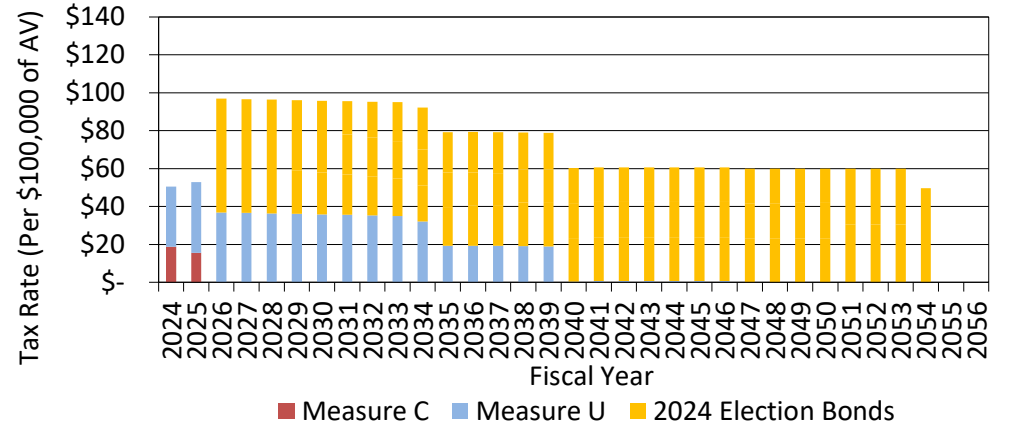
(1) Higher than current market interest rates to be conservative.

(2) Issuance schedule for illustrative purposes only. Actual amounts and dates will be tailored to the District's project needs.

**SFID No. 1: 2024 Election Projected Tax Rates**



**SFID No. 1: Aggregate Projected Tax Rates**



# SFID No. 1: 2024 Election - \$80 Total Tax

**Summary:** Request voters to authorize **\$217.5 million** with a new tax of not-to-exceed \$60 per \$100,000 of AV with the total tax of all outstanding District bonds not-to-exceed **\$80** per \$100,000 of AV

◆ **Assumptions:**

- November 2024 election
- 100% current interest bonds
  - No CABs
- Interest rates: 6.0% <sup>(1)</sup>
- Annual AV growth rate: 4.0%

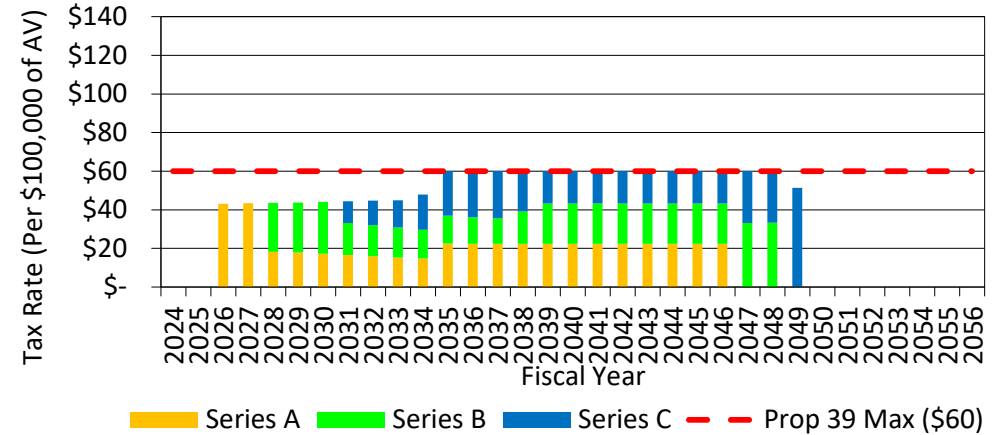
**Illustrative Issuance Schedule <sup>(2)</sup>**

Series	Issue Date	Proceeds	Net Repayment Ratio
A	February 2025	\$ 72,500,000	1.95 to 1
B	August 2027	72,500,000	2.01 to 1
C	August 2030	72,500,000	1.98 to 1
<b>Total</b>		<b>\$ 217,500,000</b>	<b>1.98 to 1</b>

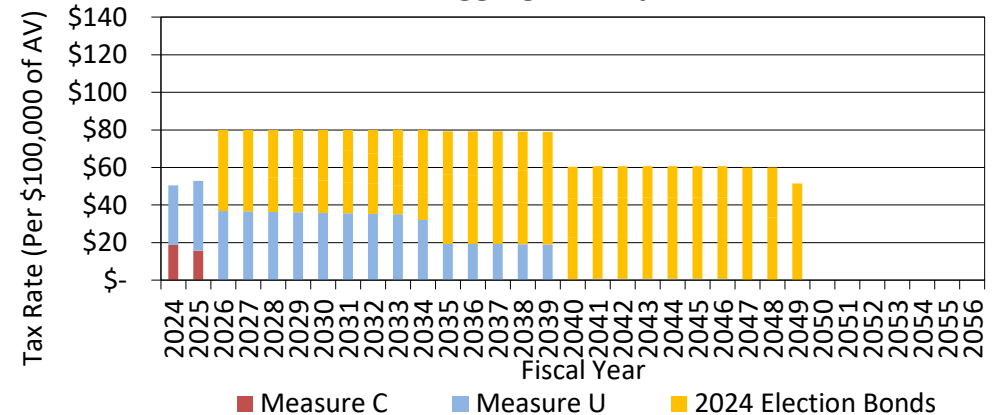
(1) Higher than current market interest rates to be conservative.

(2) Issuance schedule for illustrative purposes only. Actual amounts and dates will be tailored to the District’s project needs.

**SFID No. 1: 2024 Election Projected Tax Rates**



**SFID No. 1: Aggregate Projected Tax Rates**



# SFID No. 2: 2024 Election - \$60 New Tax

**Summary:** Request voters to authorize **\$195 million** with a new tax of not-to-exceed \$60 per \$100,000 of AV

◆ **Assumptions:**

- November 2024 election
- 100% current interest bonds
  - No CABs
- Interest rates: 6.0% <sup>(1)</sup>
- Annual AV growth rate: 3.5%

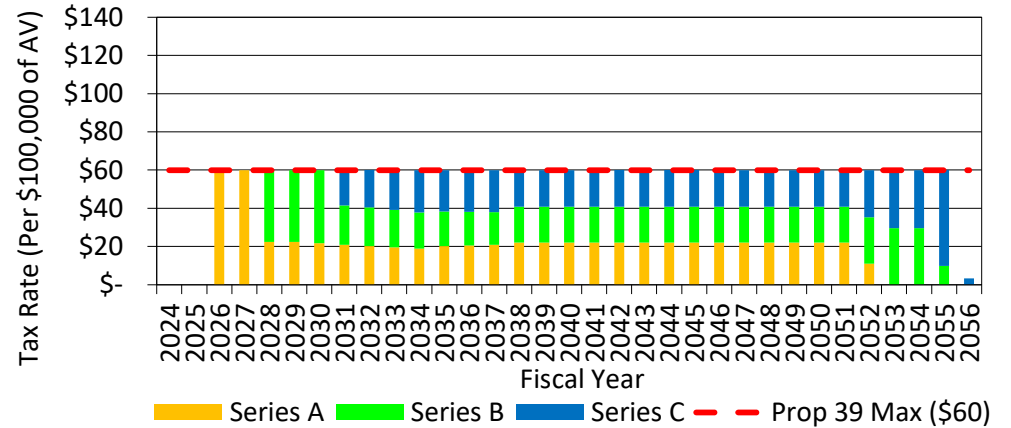
**Illustrative Issuance Schedule <sup>(2)</sup>**

Series	Issue Date	Proceeds	Net Repayment Ratio
A	February 2025	\$ 65,000,000	2.17 to 1
B	August 2027	65,000,000	2.26 to 1
C	August 2030	65,000,000	2.33 to 1
<b>Total</b>		<b>\$ 195,000,000</b>	<b>2.25 to 1</b>

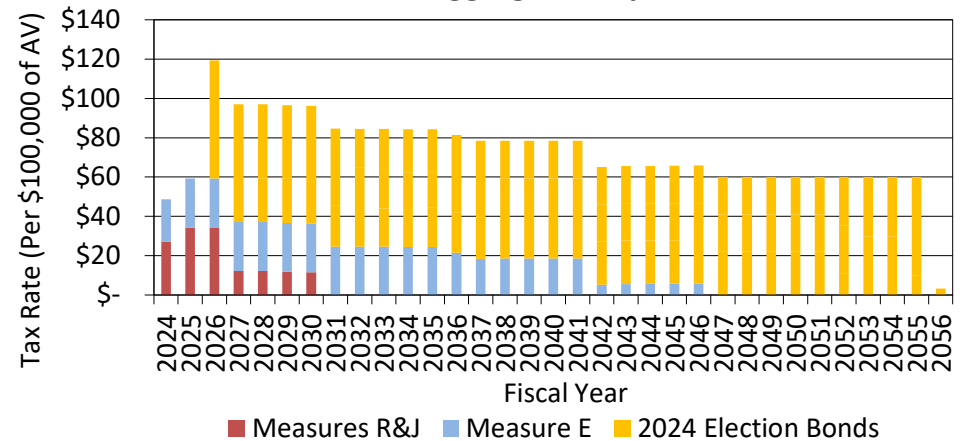
**Tax Rate Sensitivity**

Tax Rate	Proceeds
<b>\$60.00</b>	<b>\$ 195,000,000</b>
<b>\$45.00</b>	146,300,000
<b>\$30.00</b>	97,500,000
<b>\$15.00</b>	48,750,000

**SFID No. 2: 2024 Election Projected Tax Rates**



**SFID No. 2: Aggregate Projected Tax Rates**



(1) Higher than current market interest rates to be conservative.

(2) Issuance schedule for illustrative purposes only. Actual amounts and dates will be tailored to the District's project needs.

# SFID No. 2: 2024 Election - \$80 Total Tax

**Summary:** Request voters to authorize **\$163.5 million** with a new tax of not-to-exceed \$60 per \$100,000 of AV with the total tax of all outstanding District bonds not-to-exceed **\$80** per \$100,000 of AV

◆ **Assumptions:**

- November 2024 election
- 100% current interest bonds
  - No CABs
- Interest rates: 6.0% <sup>(1)</sup>
- Annual AV growth rate: 3.5%

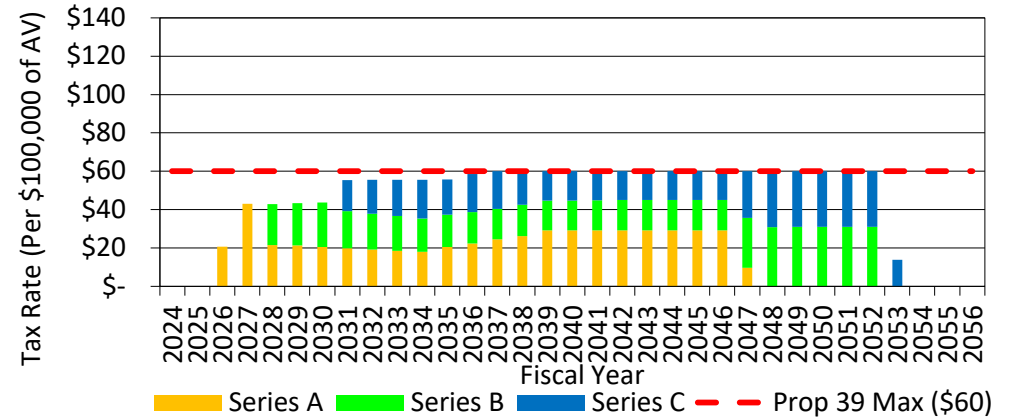
**Illustrative Issuance Schedule <sup>(2)</sup>**

Series	Issue Date	Proceeds	Net Repayment
A	February 2025	\$ 54,500,000	2.07 to 1
B	August 2027	54,500,000	2.31 to 1
C	August 2030	54,500,000	2.16 to 1
<b>Total</b>		<b>\$ 163,500,000</b>	<b>2.18 to 1</b>

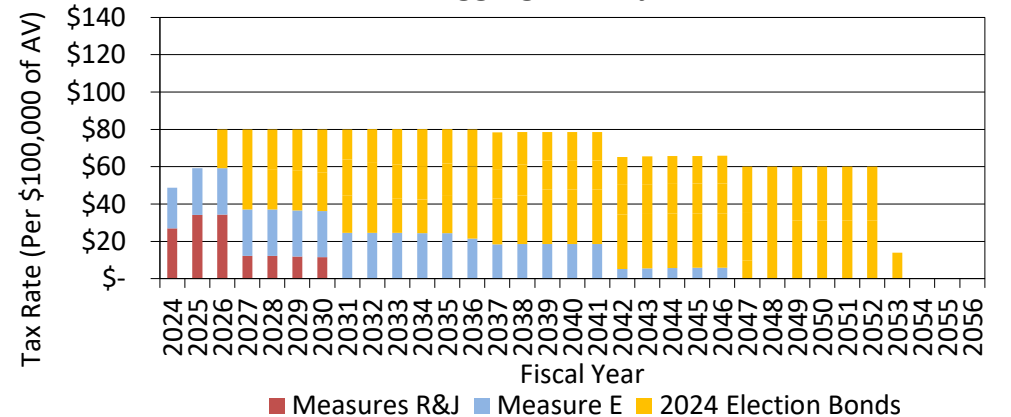
(1) Higher than current market interest rates to be conservative.

(2) Issuance schedule for illustrative purposes only. Actual amounts and dates will be tailored to the District’s project needs.

**SFID No. 2: 2024 Election Projected Tax Rates**



**SFID No. 2: Aggregate Projected Tax Rates**





# Illustrative 2024 Election Timelines

Activity	Mar 2024	Nov 2024
Develop or update District facility master plan/needs assessment to identify and prioritize potential bond projects	Aug 2023	April 2024
Bond team meeting, including District personnel, bond program manager, financial advisor, bond counsel, pollster, and strategist	Aug 2023	April 2024
Determine all available sources of capital improvement funds, including State funds, capital fund reserves, donations, developer fees, and bond proceeds	Aug 2023	April 2024
Begin community outreach to educate voters on District’s project needs	Ongoing	Ongoing
Identify issues within the community that could impact the bond election	Aug 2023	April 2024
Conduct voter opinion survey	Aug 2023	April 2024
Adjust community messages based on voter opinion survey	Nov 2023	Jul 2024
Finalize projects list, election amount, est. tax rates, and draft ballot language	Nov 2023	Jul 2024
Adopt resolution, including tax rate statement, calling for bond election <b><i>(must be received by County Registrar of Voters 88 days prior to election date)</i></b>	Nov 2023	Jul 2024
Prepare impartial analysis (bond counsel, county counsel) and pro-ballot argument (committee, campaign consultant) for voter pamphlet	Dec 2023	Aug 2024
Election	<b>Mar 5, 2024</b>	<b>Nov 5, 2024</b>
Certify election results	April 2024	Dec 2024
Issuance of bonds	Sep 2024	March 2025