
Piedmont Unified School District

2006 General Obligation Bonds, Election of 2006, Series A



Rating Presentation to:



Moody's Investors Service
Municipal Credit Research

June 30, 2006

KNN

Introductions

- Constance Hubbard, Superintendent
 - Appointed to Superintendent in 2003
 - CBO at Piedmont starting in 2000
 - Administrator at Albany USD for 22 years
 - 30 years in education

- Michael Brady, Assistant Superintendent for Business Services
 - At Piedmont USD since 2003
 - Starting July 2006, Assistant Superintendent for Business Services
 - Administrator at Benicia USD, Orinda Union ESD; Regional Coordinator of the AP Challenge Grant at Contra Costa County Office of Education (involved 54 high schools in 7 Bay Area counties)
 - 24 years in education



Outline

- Overview of Piedmont USD
- Bond Program
- District Finance
- Tax Base



Overview of Piedmont USD



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District Overview

- Serves the City of Piedmont, a self-contained residential community located in the East Bay hills of the San Francisco Bay Area
- Total estimated population served by the District is 11,000
- Small-Size District
 - 3 Elementary Schools
 - 1 Middle School
 - 1 comprehensive High School and 1 alternative High School
- Enrollment was 2,602 in 2005/06



Academic Achievements

- 3rd highest API score statewide for unified school districts
- On standardized tests, students consistently rank in the top quartile
- Approximately 99% of graduating students attend college.
- 2005 Academic Performance Index Base Report:

	Number of Students Included in the 2005 API	2005 API Base	2005 Statewide Rank	2005 Similar Schools Rank
Piedmont USD	1,941	920	n.a.	n.a.
Elementary Schools				
Beach Elementary	187	942	10	9
Havens Elementary	306	936	10	10
Wildwood Elementary	186	908	10	6
Middle Schools				
Piedmont Middle	602	918	10	9
High Schools				
Piedmont High	621	925	10	10
Alternate School Accountability Model (ASAM) School				
Millennium High (Cont.)	29	709*	n.a.	n.a.



* API based on small numbers of students are less reliable and therefore should be carefully interpreted. Similar schools ranks are not calculated for small schools or for "ASAM" schools

Enhanced Curriculum

- Music, art and athletic programs are available for all students (K-12)
 - Parent Clubs at each school site support during and after-school enrichment programs
 - CHIME supports music K-12
 - PAINTS supports visual arts K-12
 - Middle School participates in inter-mural sports
 - High School fields over 20 teams in sports
- Professionals and Specialists
 - Every school staffed with professional librarians and counselors
 - Elementary schools have reading specialists and math and science enrichment teachers
- Technology focus
 - Every elementary classroom has computers and students have access to a computer lab with a credentialed teacher
 - Middle school has two labs, one with 31 PCs and one with 33 Macs, that are a required part of the curriculum.
 - High School is going wireless in 2006/07
 - Every teacher will have a lap top
 - Every classroom with be equipped with an LCD projector



Community Support

- Community continues to support parcel tax
 - 88% approval for renewal in 2005 – among highest approval rates in State’s history
 - Sunsets in 2010
 - Average Parcel Tax: \$1,771 per parcel
 - Expected to generate about \$7 million in 2006/07
- Parent Club Organizations
 - Confirmed \$1.2 million annually (up to \$1.4 million in past)
 - Used for general support and personnel at school sites for enrichment programs during and after school
- Educational Foundation
 - Generates \$100,000 annually from Endowment Fund to support general programs
 - Approximately \$50,000 in grants awarded annually to teachers for “innovation”
- Others contribute to support needs as identified
 - Lois Blair Rawlings Foundation
 - Two anonymous grantors



Community Involvement

- Five Member Board of Education
- Budget Advisory Committee
 - 30 members, representing all stakeholders
 - Meet monthly
- Citizen's Oversight Committee for G.O. Bonds
 - 12 members
 - Has already met twice
- Seismic Risk Reduction Program Advisory Committee
 - Technical advisory committee for seismic projects
- Already mentioned:
 - Parent Clubs at each school site
 - Athletics Booster Clubs
 - Education Foundation
 - CHIMES, PAINTS, and various other special interest groups



Bond Program



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2006 Bond Authorization

- Based on Seismic Risk Reduction Study completed in October 2005.

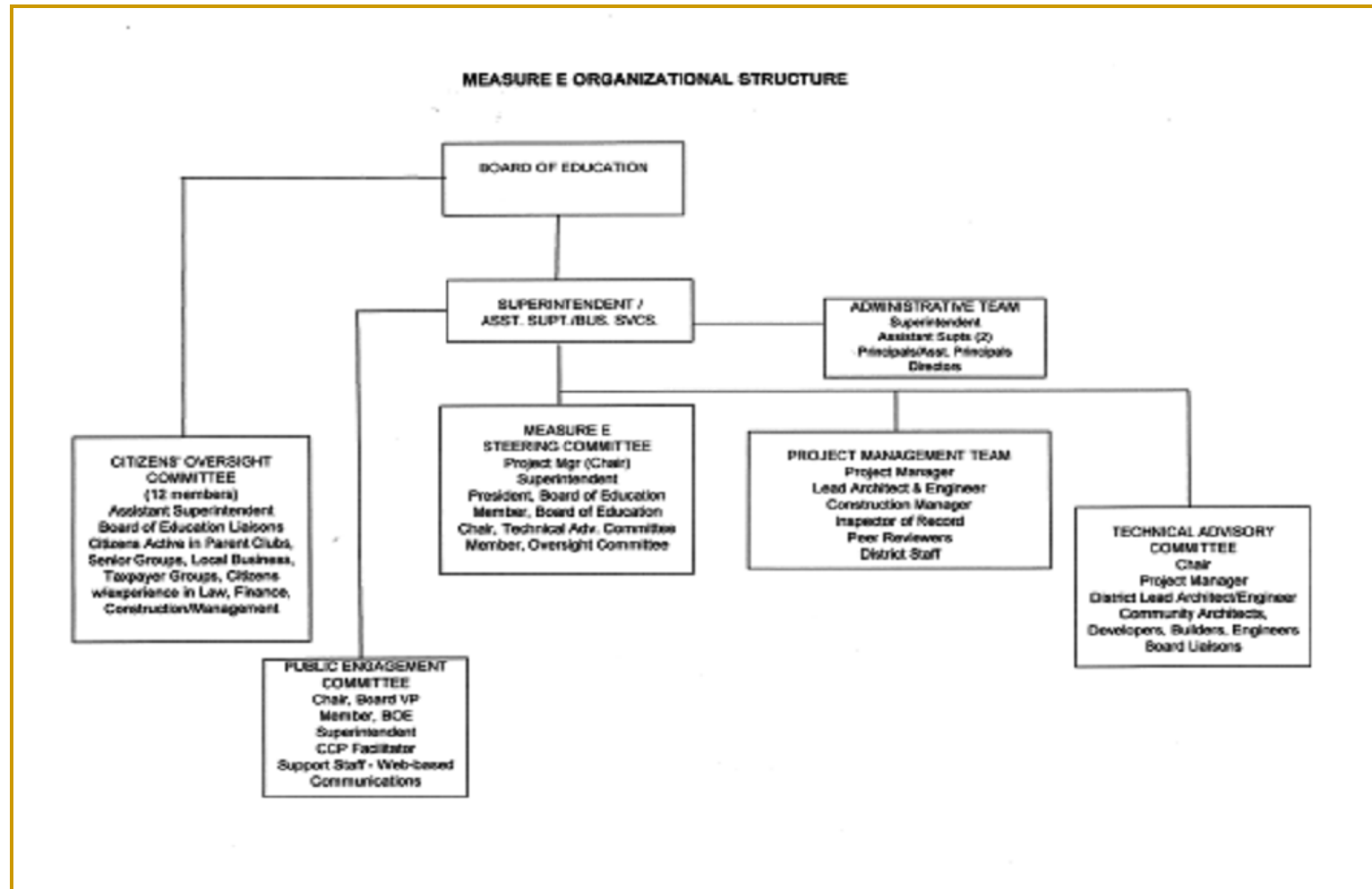
- “Measure E” G.O. Bond Authorization
 - March 7, 2006 Election
 - \$56,000,000 total authorized amount
 - 58.2% voter approval

- Purpose of the Authorization:

“The proceeds of Bonds are authorized to repair, reconstruct, or replace Piedmont public school buildings **to reduce dangers from earthquakes and to meet state and federal seismic safety standards**, provide safe classrooms and facilities and to improve the likelihood of Piedmont schools qualifying for state matching funds.”



Bond Program Oversight



Bond Projects

- Preliminary estimates of costs, plus contingency/escalator totals \$56 million.
- District expects to receive at least \$9.5 million in State funds for modernization.

School	Building	Project	Estimated Cost (in Millions)
Havens Elem.	Main classroom building	Rehab, reconstruct or replace	\$13.0
Piedmont High	30's/Library buildings	Rehab, reconstruct or replace	2.8
Piedmont High	Student Center	Rehab, reconstruct or replace	1.3
Wildwood Elem.	Auditorium & 30's vintage classrooms	Rehab or reconstruct	2.2
Beach Elem.	30's vintage classroom buildings	Rehab or reconstruct	2.9
Piedmont High	Theater	Rehab or reconstruct	5.4
Havens Elem.	Auditorium	Rehab, reconstruct or replace	3.4
Piedmont Middle	Buildings/Campus	ADA Compliant	5.0
Piedmont High	Buildings/Campus	ADA Compliant	5.0
Subtotal			41.0
Escalation / Contingency (35%)			15.0
Total			\$56.0



Outstanding Bonds

- The District has two series of bonds outstanding issued under 1994 Authorization.
- Prior bonds were used to build:
 - A music building and state of the art athletic facilities at the high school;
 - A new science lab, new gym, and new multipurpose room at the middle school;
 - New classroom wings at Beach and Wildwood Elementary Schools; and
 - Internet wiring, heating system upgrades and computer labs District-wide.

Series	Dated Date	Amount Outstanding June 30, 2006	Final Maturity
2001 General Obligation Refunding Bonds	6/27/2001	\$15,480,000	8/1/2018
2005 General Obligation Refunding Bonds	1/25/2005	<u>\$17,650,000</u>	8/1/2020
		\$33,130,000	



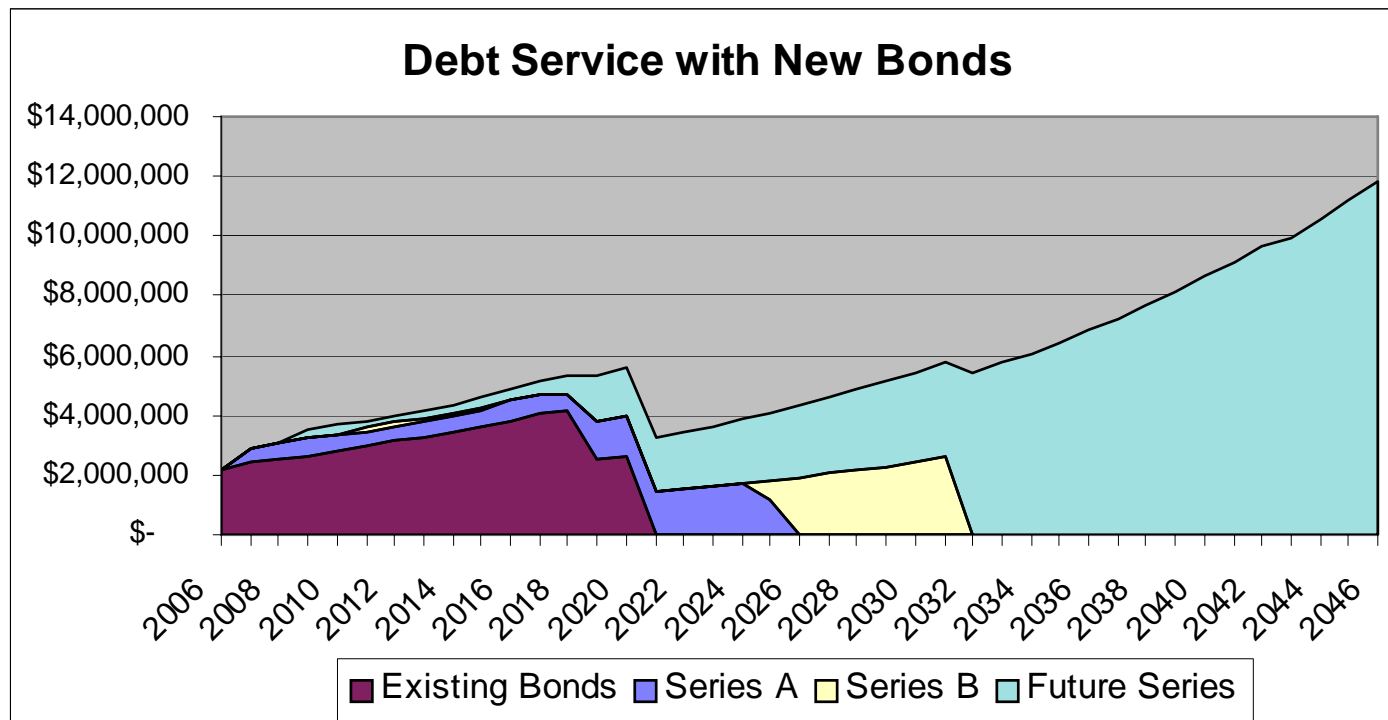
Preliminary Term Sheet

- Issuer: Piedmont Unified School District
- Series: Series A, Current Interest Bonds, \$10,000,000
Series B, Capital Appreciation Bonds, \$5,000,000
- Total Par: \$15,000,000
- Maturity: August 1, 2007 – August 1, 2031
- Dated/Close: August 10, 2006
- Pricing: July 27, 2006
- Purpose: Net proceeds of the Bonds are authorized to be used to repair, reconstruct, or replace Piedmont public school buildings to reduce dangers from earthquakes and to meet state and federal seismic safety standards, provide safe classrooms and facilities and to improve the likelihood of Piedmont schools qualifying for state matching funds
- Security: General obligations of the District payable solely from proceeds of *ad valorem* taxes
- Status: Federal and state tax-exempt
- Callable: August 1, 2016



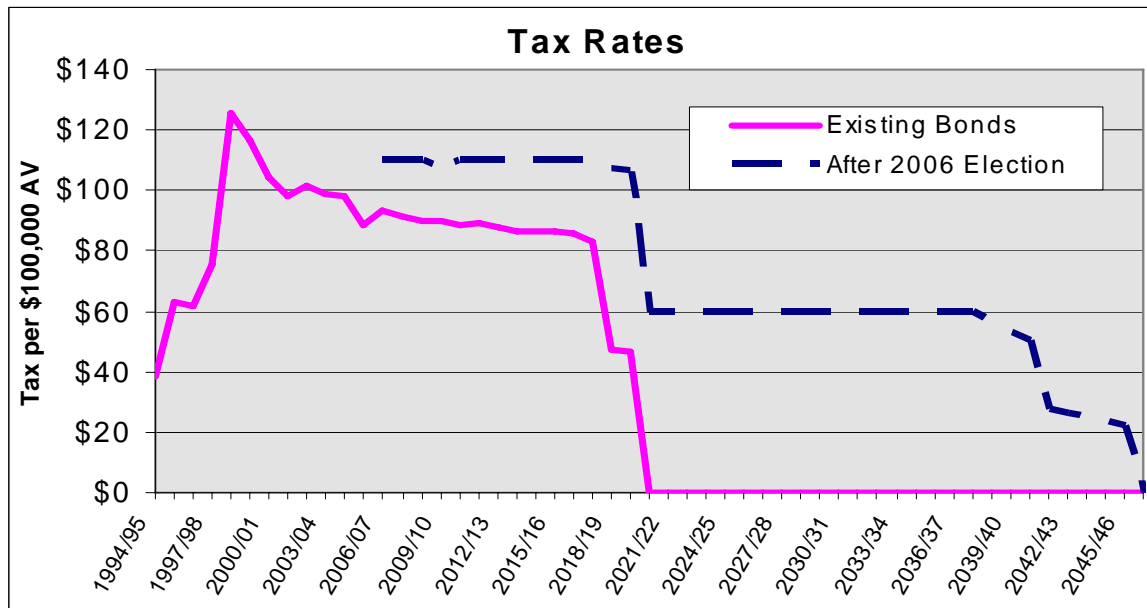
Bond Program – Debt Service

- Debt service is “structured” to stay within tax model
- 40 Year repayment utilized
- Capital Appreciation Bonds utilized



Bond Program – Tax Impact

- Tax Rate increases by approximately \$20 dollars for the new bonds until existing bonds have been paid off.
- Tax Rate for the new bonds will not exceed \$60 dollars, after existing bonds are paid off.
- Model assumes 6% long term AV Growth (10 year average is 7%).



District Finances



District Budget

	Audited Actual <u>2002/03</u>	Audited Actual <u>2003/04</u>	Audited Actuals <u>2004/05</u>	Estimated Actuals <u>2005/06^(a)</u>	Projected <u>2006/07^(a)</u>
Beginning General Fund Balance	\$ 891,535	\$ 644,460	\$ 321,828	\$ 663,636	\$ 956,142
Revenues	22,395,732	22,242,100	24,413,478	24,600,291	26,517,585
Expenditures	22,557,032	22,576,708	23,952,409	24,613,506	26,005,880
Other Sources/(Uses)	<u>(85,775)</u>	<u>11,976</u>	<u>(119,261)</u>	<u>305,721</u>	<u>(618,662)</u>
Net Revenue (Expenditures)	(247,075)	(322,632)	341,808	292,506	(106,957)
Ending General Fund Balance	\$ 644,460	\$ 321,828	\$ 663,636	\$ 956,142	\$ 849,186
Unreserved General Fund Balance	412,730	202,739	475,022	951,143	844,186

^(a) Adopted Budget for FY 2006/07, dated June 28, 2006.



Reserves

- Part of parcel tax revenues are set aside in first few years to pay for future escalation of costs for programs funded by parcel tax, then drawn down in last few years of parcel tax.

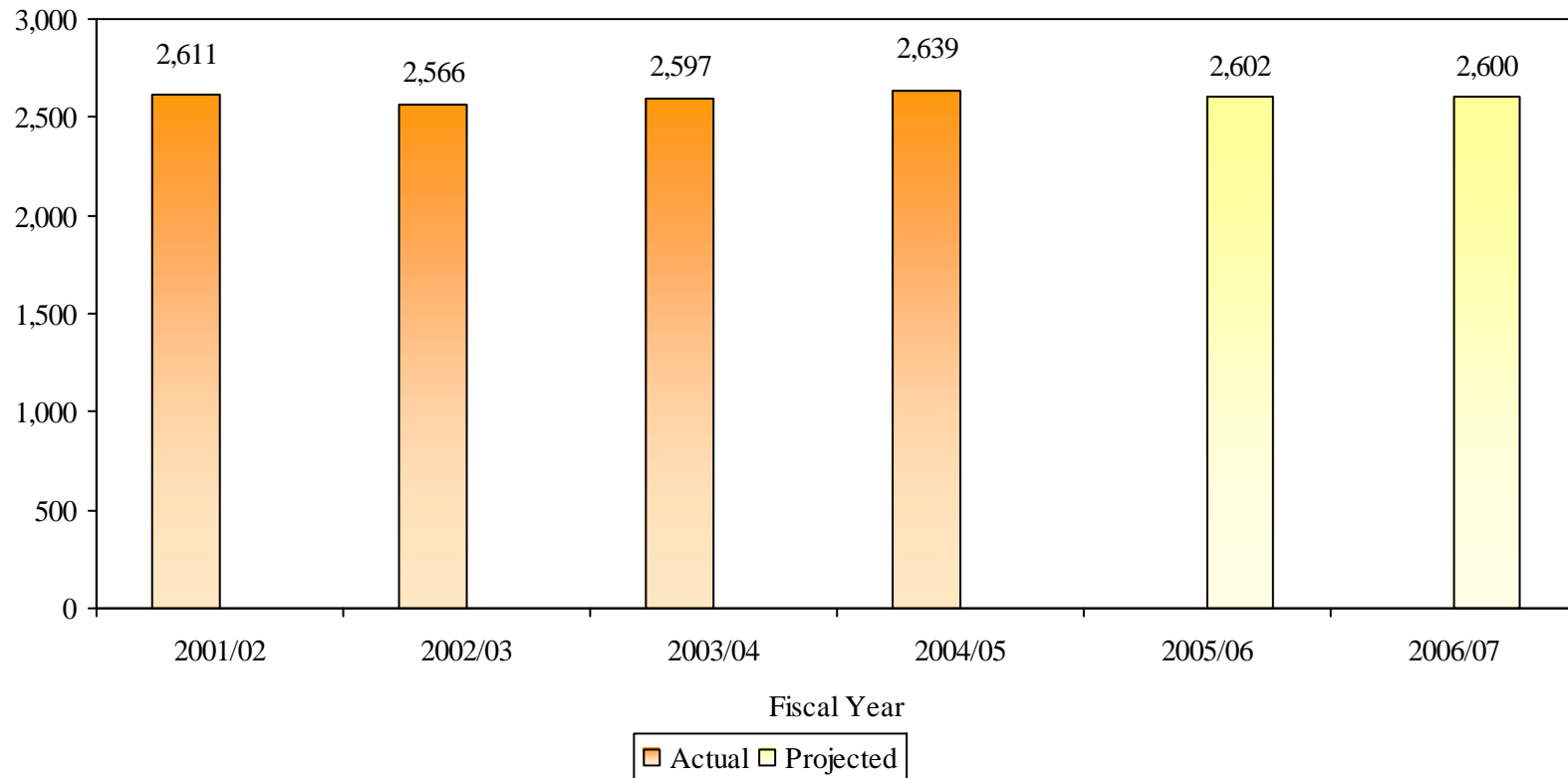
	Audited Actuals <u>2002/03</u>	Audited Actuals <u>2003/04</u>	Audited Actuals <u>2004/05</u>	Estimated Actuals <u>2005/06</u>	Budget <u>2006/07</u>
Reserve Fund Balance	\$496,531	\$497,224	\$507,449	\$102,237	\$602,237
Plus Unreserved General Fund Balance	<u>\$412,730</u>	<u>\$202,739</u>	<u>\$475,022</u>	<u>\$951,143</u>	<u>\$844,186</u>
Total Available Reserves	\$909,261	\$699,963	\$982,471	\$953,380 ^(a)	\$1,346,423 ^(a)
As % of Expenditures	4.03%	3.10%	4.10%	3.87%	5.17%



^(a) \$100,000 in Special Reserve is restricted for the secondary arts program, thus is not included in “Available Reserves” calculation.

Actual and Projected Enrollment

- District expects stable enrollment.
- Attendance rate (ratio of enrollment to ADA) is over 97%.



Labor Relations

- All parties have agreed that “compensation” includes salary increases and the increased cost of benefits.
- 5-year history of settling the minimum compensation at least one year in advance; simplifies and stabilizes budget planning process.
- Historic salary settlements for certificated (“APT”) and classified (“CSEA”) employees:

	<u>APT</u>	<u>CSEA</u>
2007/08 (minimum)	3.5%	3.5%
2006/07	4.5%	4.5% (equivalent)
2005/06	0.5%	0.5%
2004/05	0.5%	0.5%
2003/04	3.0%	3.0%
2002/03	4.5%	4.5%
2001/02	7.0%	7.0%

Note: Includes salary increases and the increased cost of benefits up to the Kaiser family rate and dental for all employees.



OPEB

- Required implementation for the District - fiscal year 2008/09.
- District provides post-employment health care benefits to all employees who retire on or after attaining age 55 with at least 15 years service.
 - Full health coverage to Medicare age (65)
 - Supplemental coverage after 65 - Flat rate of \$100 per month for life
 - Currently pay as you go
 - In 2004-05, \$211,255 paid for 65 retirees.
- District is in the process of contracting an actuarial study.

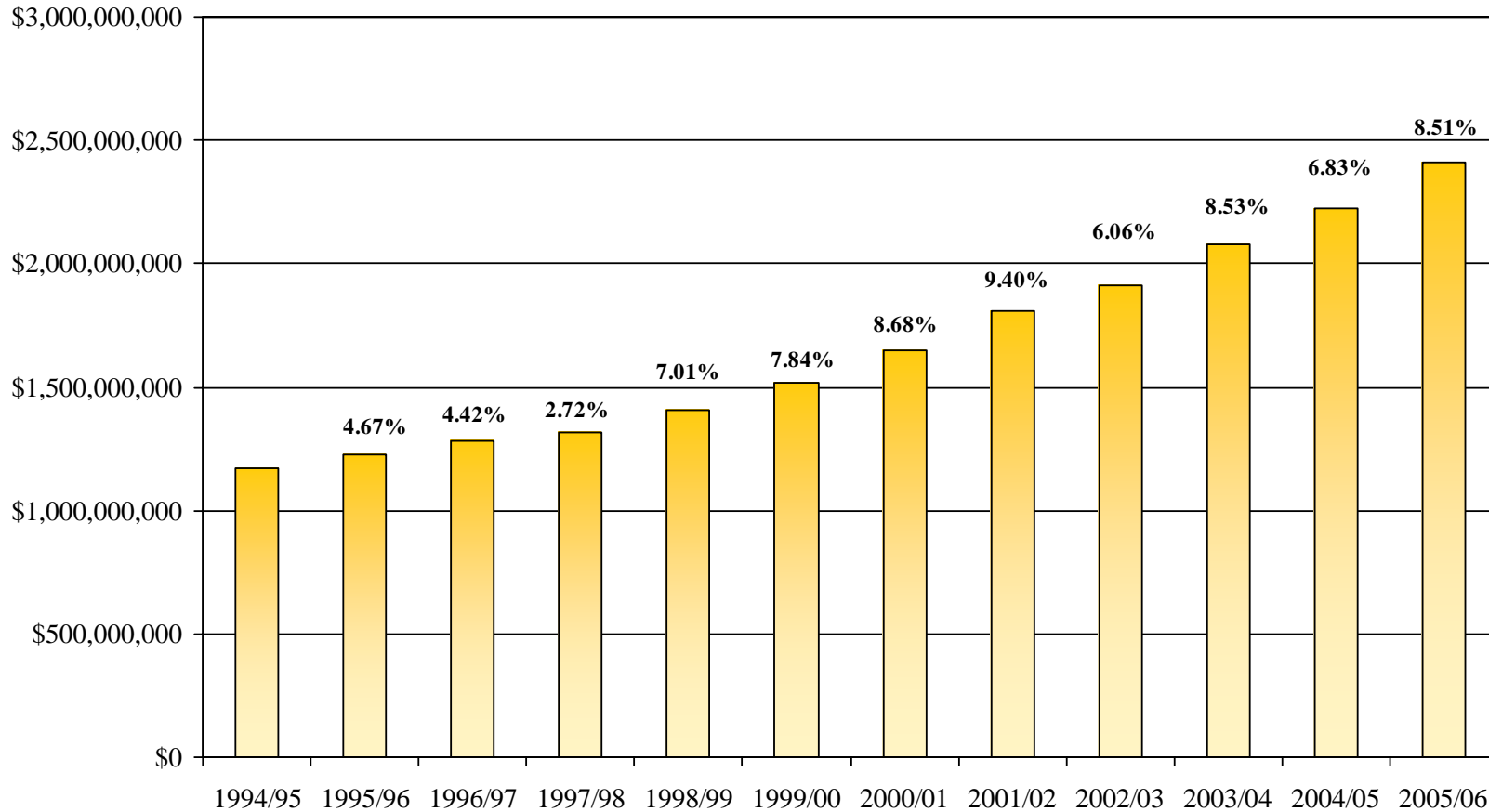


Tax Base



History of Assessed Valuation

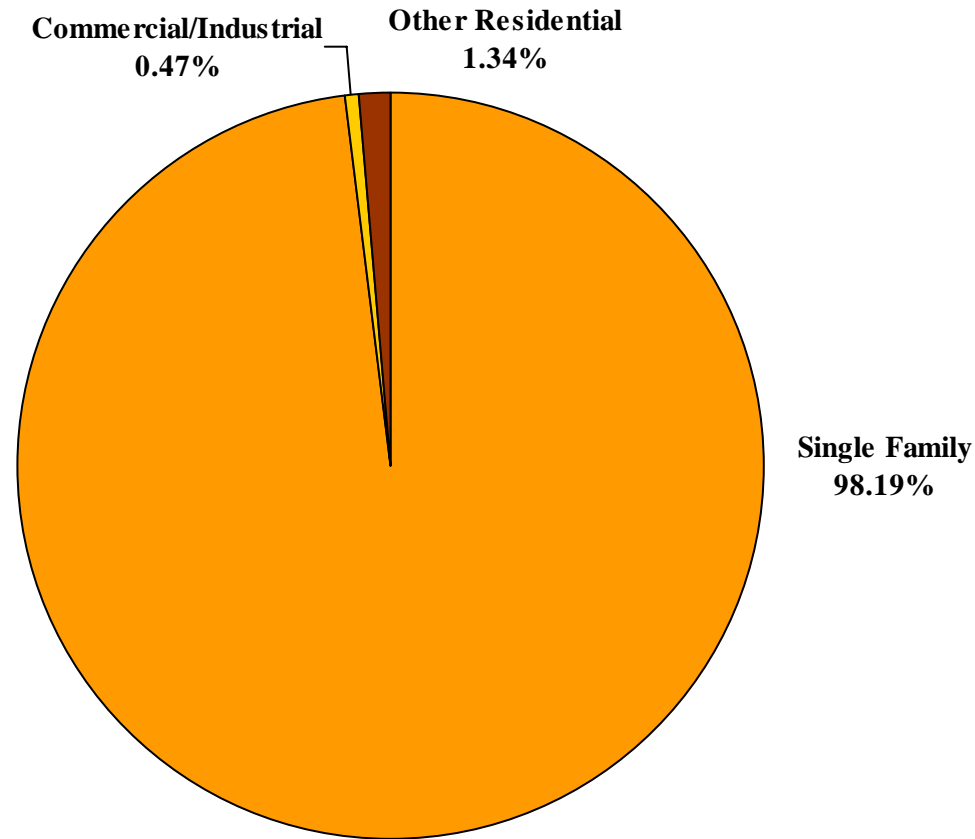
- Continued strong growth in AV.



Source: California Municipal Statistics, Inc.

2005-06 Assessed Valuation By Land Use

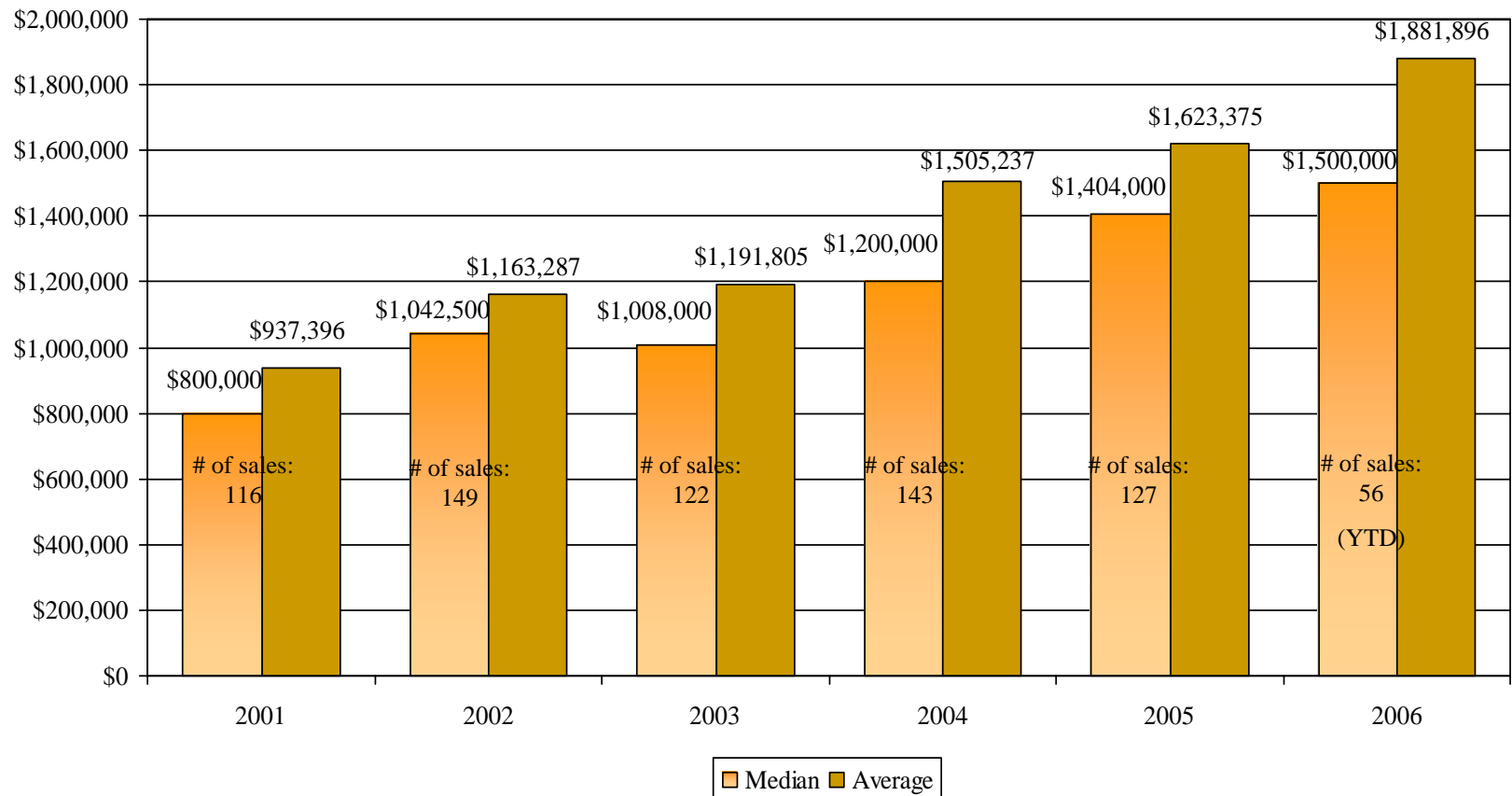
- Nearly all AV represented by residential uses.



Source: California Municipal Statistics, Inc.

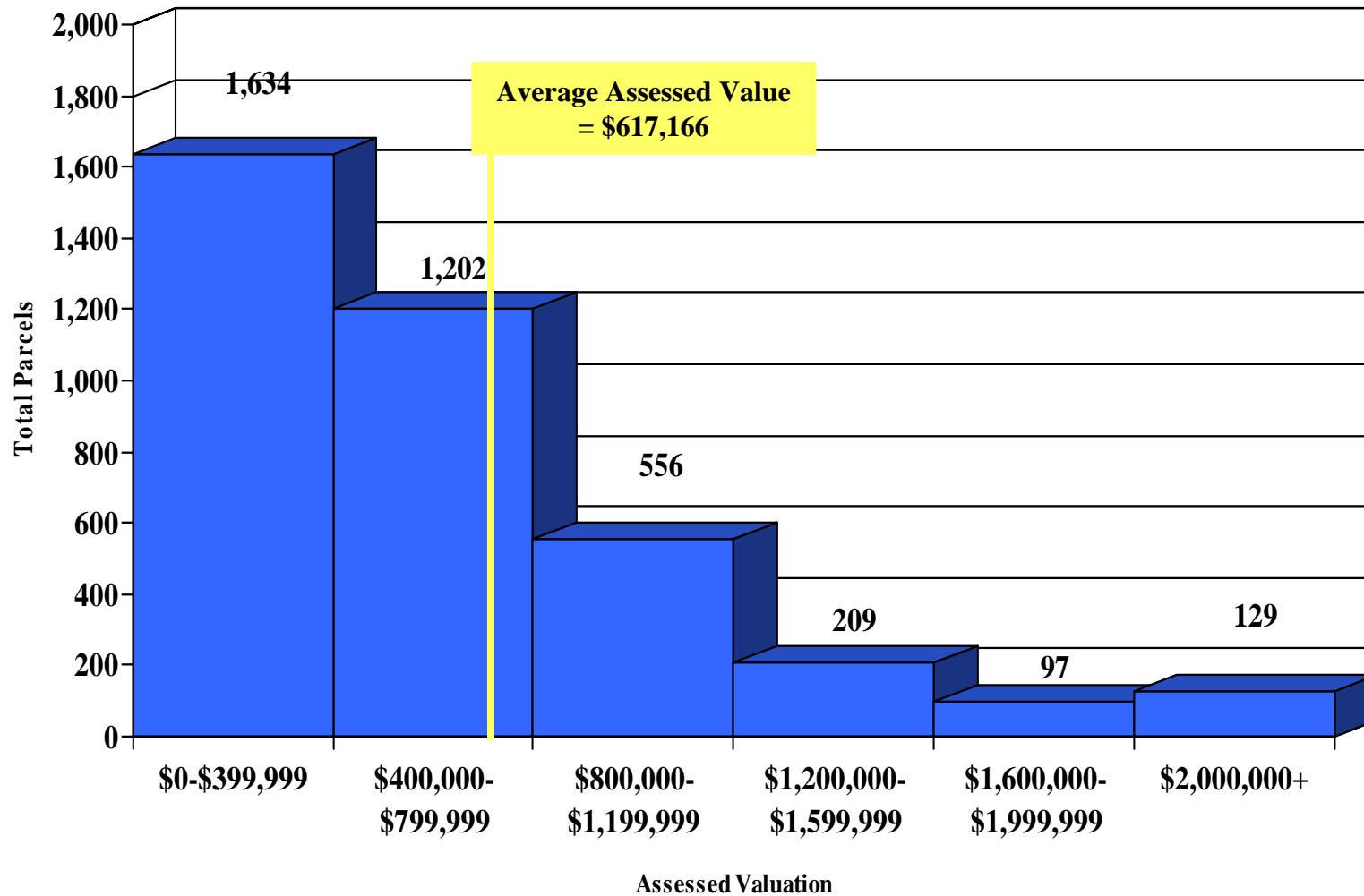
Median & Average Home Prices

- Five year history of median and average home prices in the City of Piedmont (plus year to date).
- Home prices have doubled in past 5 years.

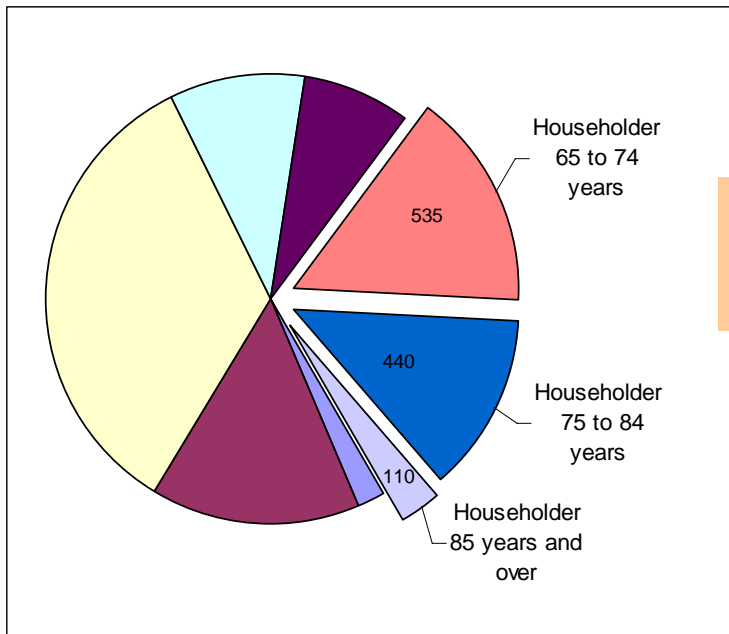


Source: Montclair Better Homes Realty.

2005-06 AV By Parcel Breakdown



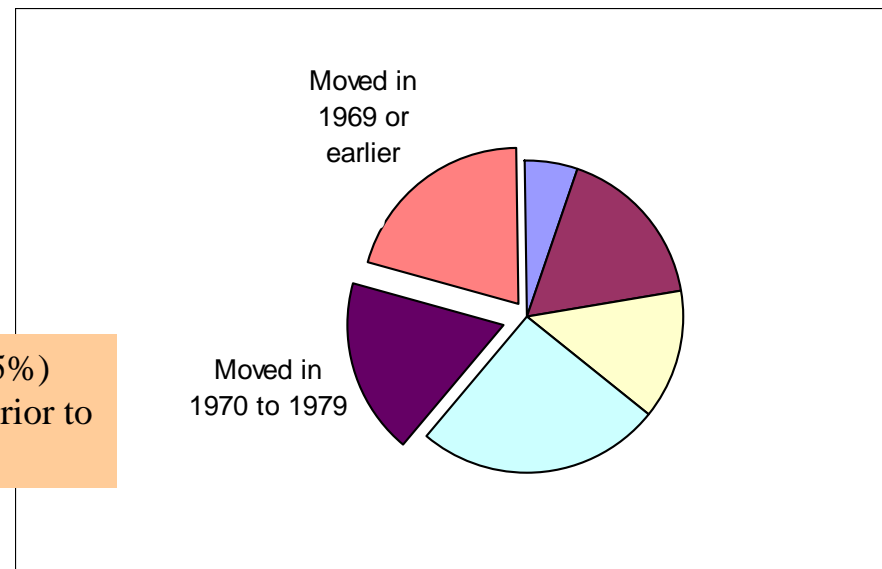
Housing Statistics



1,085 (27%) of parcels are owned by Seniors (over 65)

Source: U.S. Census 2000, Table H.14 Tenure by Age of Householder, for Owner-Occupied Units.

1,355 (35%) purchased prior to 1980



Source: U.S. Census 2000, Table H.38 Tenure by Year Householder Moved into Unit, for Owner-Occupied Units.



Potential for Future Growth

- The District's tax base is substantially undervalued based on current residential market values. If re-evaluated based on current residential market values only, the value of the District's tax base would increase by 143%

Current Assessed Value			Potential Assessed Value		
Type	# of Parcels	Secured A.V.	Type	# of Parcels	Secured A.V.
Single Family Residential	3,827	\$2,361,894,282	Single Family Residential	3,827	\$5,740,500,000
(1) Average Assessed Value per SFR parcel of \$617,166			(1) Assumes Estimated Average Sales Price of \$1,500,000		



Closing Summary

- One of highest achieving school districts in the State
- Rich academic programs, requested and supported by community
- Community acts as savings account
- Community involved in budget process and bond oversight
- Bond funds to be used for seismic work and modernization
- Well-managed finances; good labor relations.
- Assessed values well below market values
- Affluent community demographics

