

Bonds 101 Presentation to Greater Albany SD No. 8J

October 24, 2016

What is a Bond?

- **“Bonds” are loans that are broken into pieces and sold to investors.**
- **“General Obligation Bonds” are secured by property taxes and District’s “full faith and credit”.**
- **Interest on GO bonds is generally ‘tax exempt’, so rate is lower, but there are many rules to follow!**
- **Debt service on GO Bonds is repaid from an extra property tax levy.**

GO Bonds in Oregon

- Subject to voter approval. 4 election dates: March, May, September, November. November and May are not subject to double majority.
- Districts may have no more than 7.95% of RMV outstanding. **For Greater Albany SD, that's \$494 million!**
- Proceeds may be used for “capital construction and improvements” with a useful life of 1 year or more.
- Ballot title needs “not-to-exceed” amount, description of projects, and maximum maturity.

Calculating the Bond Levy Rate

- Debt service is payable from a dedicated property tax levy in addition to operating levy.
- Levy rate is calculated annually by the County Assessor:

$$\frac{\$950,000 + 50,000}{(\$500 \text{ million}/1,000)} = \$2.00$$

- Districts CANNOT guarantee a rate; actual rate paid will depend on AV in future.

Election Schedule

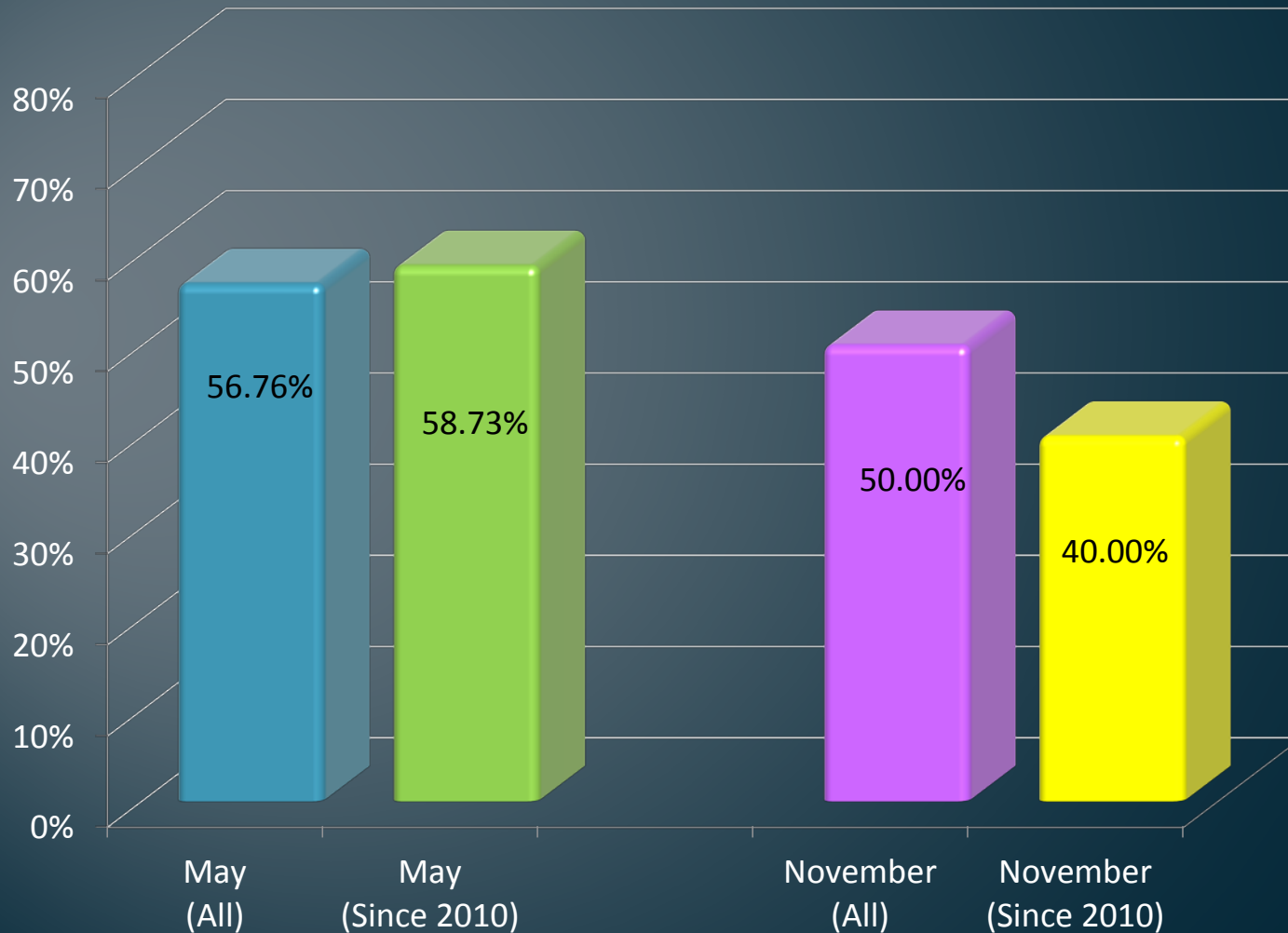
Election Date	County Filing/ Voters' Pamphlet Deadline	Ballots Mailed	First FY Taxes Levied
November 8, 2016	September 8	Oct. 21-25	FY 2017-18
March 14, 2017*	January 12	Feb. 24-28	
May 16, 2017	March 16	April 28 - May 2	
September 19, 2017*	July 20	Sept. 1-5	FY 2018-19
November 7, 2017	September 7	Oct. 20-24	
March 13, 2018*	January 11	Feb. 23-27	
May 15, 2018	March 15	April 27 - May 1	

- ✓ Check with your County elections office to verify filing deadlines.
- ✓ All elections are by mail.

* Subject to double majority provisions.

What are your odds?

53% of Oregon school district GO bond issues from May 2000 to May 2016 have been approved.



OSCIM Program

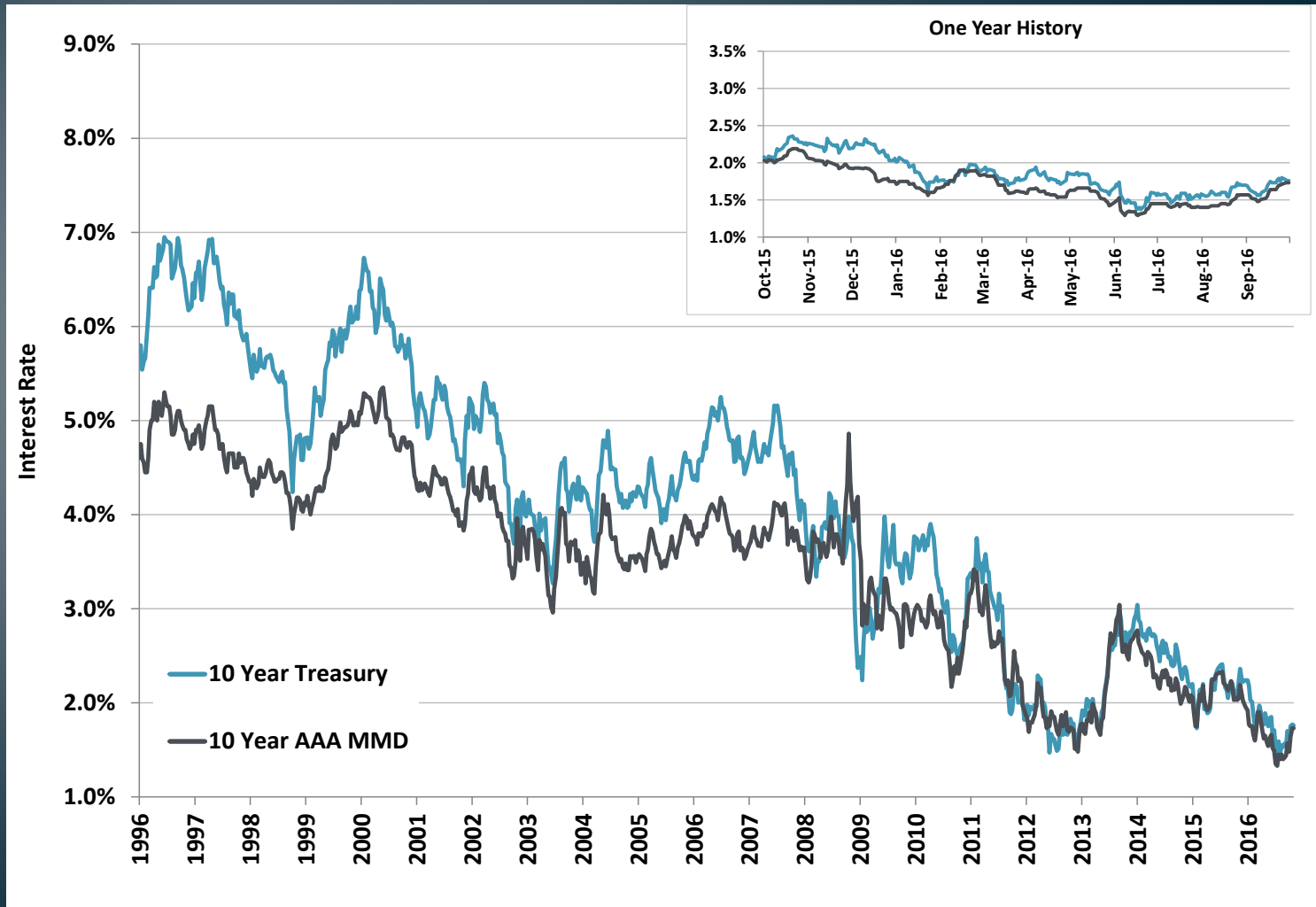
- SB 447 authorized **\$125m** State matching funds for SD GO Bonds in 2015-17.
- Roughly \$94m has been allocated thus far, leaving \$31m for May 2017 election.
- Min = lesser of \$4m or SD bond amount. Max = \$8m.
- Formula sets exact amount, based on property value/ADMw and poverty statistics.
- 60% allocated in rank order based on property value and poverty. 40% allocated 'First in Time'.
- **Greater Albany SD is ranked 102nd; max amount possible is \$8 million. Odds of any funding are low.**

The image features a background of thin, vertical, light blue lines of varying lengths and positions, creating a textured, rain-like effect. A solid teal horizontal bar spans the bottom portion of the image, containing the text 'Numerical Analysis' in white. Two thin yellow horizontal lines are positioned above and below the teal bar.

Numerical Analysis

Historic Interest Rates

10 Year Tax-Exempt (AAA MMD) vs. 10 Year Treasury Rates



Historic Valuation Trends

Greater Albany School District No. 8J (2001-2017)

Fiscal Year	M5 Real Market Value	Total Assessed Value	Urban Renewal Excess	Net Assessed Value	% AV Growth
2017	\$ 6,212,050,537	\$ 5,355,092,539	\$ 187,383,932	\$ 5,167,708,607	4.54%
2016	5,870,108,176	5,122,638,421	166,529,559	4,956,108,862	4.08%
2015	5,544,161,424	4,921,741,527	147,927,166	4,773,814,361	3.44%
2014	5,403,387,977	4,758,279,226	135,999,495	4,622,279,731	2.29%
2013	5,337,471,778	4,651,859,222	123,803,553	4,528,055,669	1.06%
2012	5,548,506,635	4,602,916,467	111,196,690	4,491,719,777	0.54%
2011	5,788,902,308	4,578,380,395	101,564,871	4,476,815,524	1.40%
2010	5,942,994,930	4,515,096,068	90,157,811	4,424,938,257	4.58%
2009	5,980,622,904	4,317,435,217	83,900,206	4,233,535,011	4.99%
2008	5,658,767,176	4,112,132,444	62,008,472	4,050,123,972	4.28%
2007	5,163,258,808	3,943,281,954	50,945,385	3,892,336,569	7.68%
2006	4,418,774,877	3,661,999,796	41,571,478	3,620,428,318	7.51%
2005	4,097,266,057	3,406,113,771	34,121,937	3,371,991,834	7.21%
2004	3,699,446,541	3,177,007,382	24,077,227	3,152,930,155	3.21%
2003	3,643,366,618	3,078,074,145	22,646,610	3,055,427,535	5.25%
2002	3,436,107,463	2,924,460,196	-	2,924,460,196	4.50%
2001	3,428,969,068	2,798,511,387	-	2,798,511,387	--

Source: Linn and Benton Counties Department of Assessment and Taxation.

Outstanding General Obligation Bond Issues

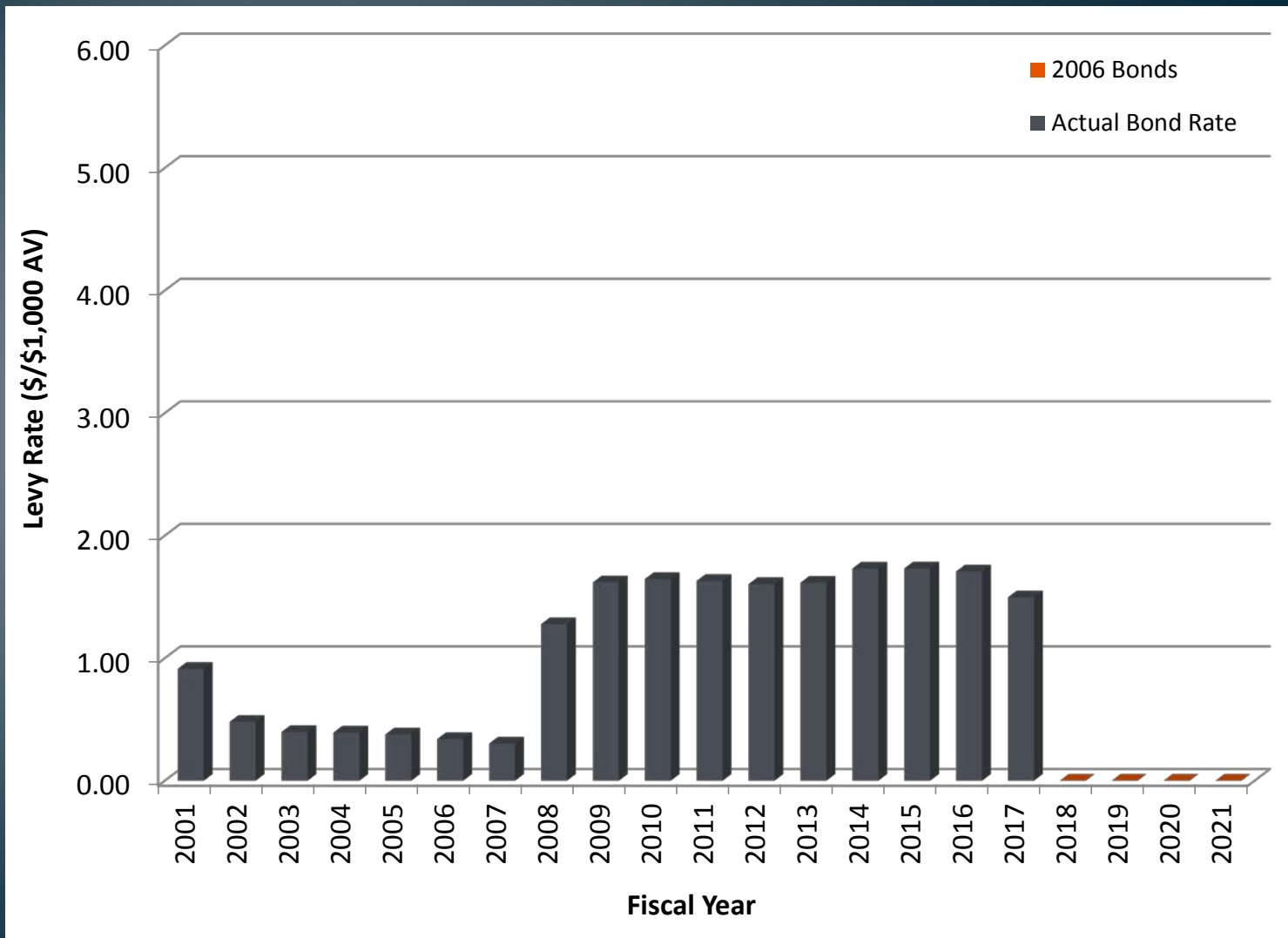
	Purpose	Date of Issue	Date of Maturity	Amount Issued	Amount Outstanding
General Obligation Bonds:					
Series 2006	Additions & improvements to District facilities	12/20/06	06/15/17	\$ 55,000,000	\$ 7,755,000

Outstanding GO Bonds – Actual and Projected Levy

		Outstanding General Obligation Bonds			Total Assessed Value	% AV Growth	Actual Bond Rate	Taxes Collected	Projected Bond Rate
Fiscal Year ⁽¹⁾	1996 Bonds	Debt Service 2006 Bonds	Total						
Actual	2001	\$ 2,353,560	\$ -	\$ 2,353,560	\$ 2,798,511,387	--	\$ 0.9131		
	2002	1,292,360	-	1,292,360	2,924,460,196	4.50%	0.4802		
	2003	1,122,235	-	1,122,235	3,078,074,145	5.25%	0.3976		
	2004	1,138,048	-	1,138,048	3,177,007,382	3.21%	0.3930		
	2005	1,179,048	-	1,179,048	3,406,113,771	7.21%	0.3768		
	2006	1,155,798	-	1,155,798	3,661,999,796	7.51%	0.3399		
	2007	1,170,308	-	1,170,308	3,943,281,954	7.68%	0.3027		
	2008	1,179,920	6,416,114	7,596,034	4,112,132,444	4.28%	1.2767		
	2009		6,407,563	6,407,563	4,317,435,217	4.99%	1.6181		
	2010		6,701,963	6,701,963	4,515,096,068	4.58%	1.6449		
	2011		7,012,100	7,012,100	4,578,380,395	1.40%	1.6305		
	2012		7,188,700	7,188,700	4,602,916,467	0.54%	1.6038		
	2013		7,366,738	7,366,738	4,651,859,222	1.06%	1.6151		
	2014		7,549,750	7,549,750	4,758,279,226	2.29%	1.7306		
	2015		7,738,500	7,738,500	4,921,741,527	3.44%	1.7317		
	2016		7,932,500	7,932,500	5,122,638,421	4.08%	1.7068		
Current	2017		8,132,750	8,132,750	5,355,092,539	4.54%	1.4962		
Projected	2018		-	-	5,515,745,315	3.00%		97.5%	-
	2019		-	-	5,681,217,675	3.00%		97.5%	-
	2020		-	-	5,851,654,205	3.00%		97.5%	-
	2021		-	-	6,027,203,831	3.00%		97.5%	-

(1) Fiscal years ended June 30.

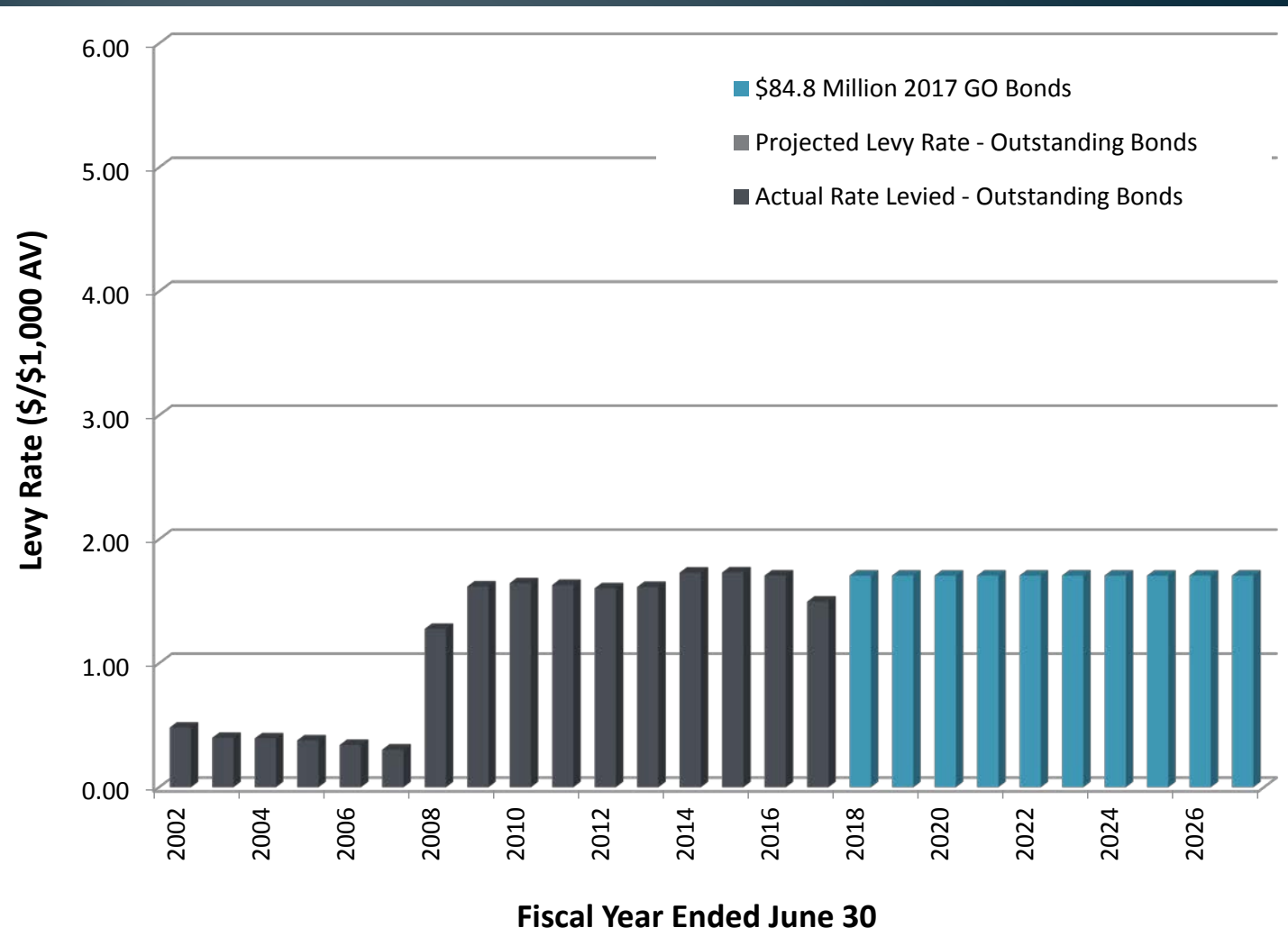
Outstanding GO Bonds – Actual and Projected Levy Rates



10 Year Financing Summary

		Continuation Levy		\$120 Million		\$140 Million		\$160 Million		\$180 Million		\$200 Million	
Structure													
Par Amount		\$84,840,000		\$120,000,000		\$140,000,000		\$160,000,000		\$180,000,000		\$200,000,000	
Dated Date		6/15/2017		6/15/2017		6/15/2017		6/15/2017		6/15/2017		6/15/2017	
Final Maturity		6/15/2027		6/15/2027		6/15/2027		6/15/2027		6/15/2027		6/15/2027	
Amortization Period		10 Years		10 Years		10 Years		10 Years		10 Years		10 Years	
Levy Rates*													
	Prior Debt	New Bonds	Combined	New Bonds	Combined	New Bonds	Combined	New Bonds	Combined	New Bonds	Combined	New Bonds	Combined
2016.....	\$ 1.71	\$ -	\$ 1.71	\$ -	\$ 1.71	\$ -	\$ 1.71	\$ -	\$ 1.71	\$ -	\$ 1.71	\$ -	\$ 1.71
2017.....	1.50	-	1.50	-	1.50	-	1.50	-	1.50	-	1.50	-	1.50
2018-2027.....	-	1.71	1.71	2.41	2.41	2.82	2.82	3.22	3.22	3.62	3.62	4.02	4.02
Interest													
Current Interest Rates		+ 1.25%		+ 1.25%		+ 1.25%		+ 1.25%		+ 1.25%		+ 1.25%	
True Interest Cost (TIC)		3.03%		3.03%		3.03%		3.03%		3.03%		3.03%	
Total Interest Cost		\$15,183,436		\$21,476,642		\$25,056,873		\$28,635,022		\$32,215,253		\$35,794,087	
Total Interest Cost % of Par		18%		18%		18%		18%		18%		18%	

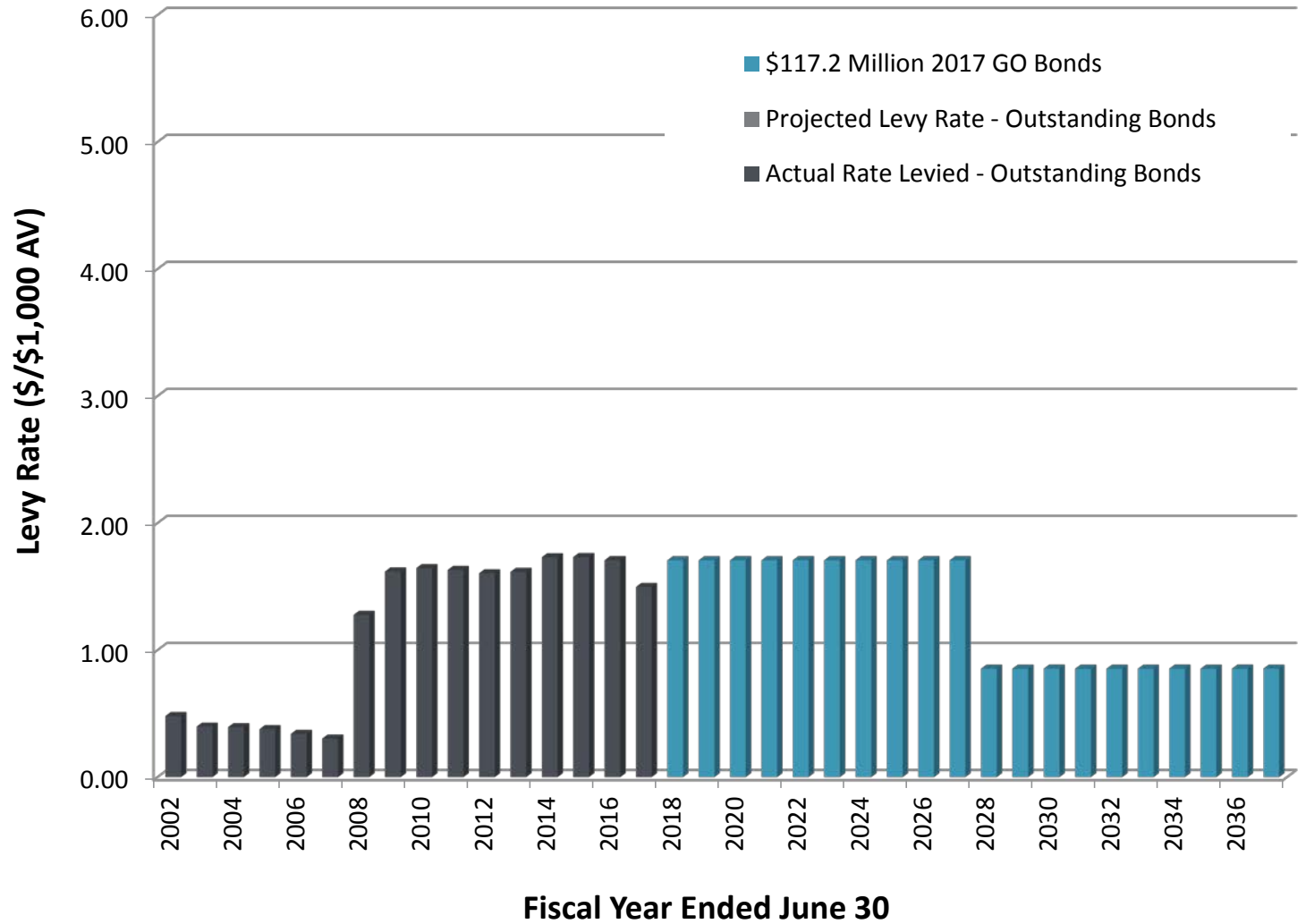
10 Year "Continuation" Levy



10/20 Year Summary

		Continuation Levy		\$120 Million		\$140 Million		\$160 Million		\$180 Million		\$200 Million	
Structure													
Par Amount		\$117,245,000		\$120,000,000		\$140,000,000		\$160,000,000		\$180,000,000		\$200,000,000	
Dated Date		6/15/2017		6/15/2017		6/15/2017		6/15/2017		6/15/2017		6/15/2017	
Final Maturity		6/15/2037		6/15/2037		6/15/2037		6/15/2037		6/15/2037		6/15/2037	
Amortization Period		20 Years		20 Years		20 Years		20 Years		20 Years		20 Years	
Levy Rates*													
	Prior Debt	New Bonds	Combined	New Bonds	Combined	New Bonds	Combined	New Bonds	Combined	New Bonds	Combined	New Bonds	Combined
2016.....	\$ 1.71	\$ -	\$ 1.71	\$ -	\$ 1.71	\$ -	\$ 1.71	\$ -	\$ 1.71	\$ -	\$ 1.71	\$ -	\$ 1.71
2017.....	1.50	-	1.50	-	1.50	-	1.50	-	1.50	-	1.50	-	1.50
2018-2027.....	-	1.71	1.71	1.75	1.75	2.04	2.04	2.33	2.33	2.62	2.62	2.91	2.91
2028-2037.....	-	0.85	0.85	0.87	0.87	1.02	1.02	1.16	1.16	1.31	1.31	1.46	2.33
Interest													
Current Interest Rates		+ 1.25%		+ 1.25%		+ 1.25%		+ 1.25%		+ 1.25%		+ 1.25%	
True Interest Cost (TIC)		3.95%		3.95%		3.95%		3.95%		3.94%		3.94%	
Total Interest Cost		\$49,066,968		\$50,216,723		\$58,592,615		\$66,964,024		\$75,331,133		\$83,699,895	
Total Interest Cost % of Par		42%		42%		42%		42%		42%		42%	

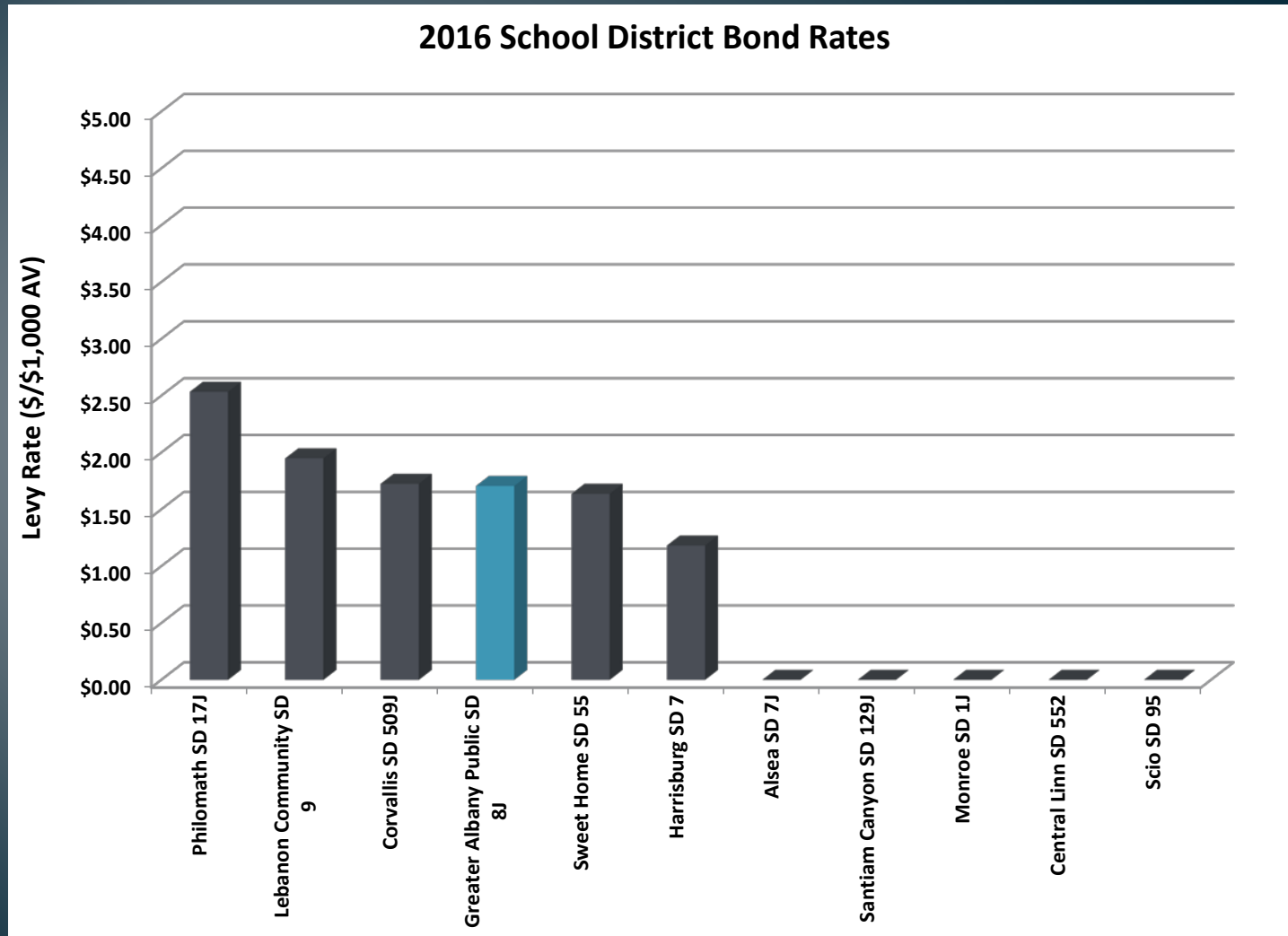
10/20 Year “Continuation” Levy



School District Levy Rates in Neighboring Districts

District	2016 ADMw (09-09-15)	Assessed Value (Net of Urban Renewal)	2016 Levy Rates			
			Permanent Rate	Local Option Rate	Bond Rate	Total District Rate
Philomath SD 17J	1,838.5	684,454,250	4.8664	1.5000	2.5345	8.9009
Corvallis SD 509J	7,714.5	5,755,861,571	4.4614	1.5000	1.7251	7.6865
Sweet Home SD 55	2,800.2	885,698,952	5.0057	0.3200	1.6371	6.9628
Lebanon Community SD 9	5,075.6	1,798,370,651	4.9925	-	1.9492	6.9417
Greater Albany Public SD 8J	11,099.5	4,956,108,862	4.5855	-	1.7068	6.2923
Harrisburg SD 7	1,076.5	376,298,699	4.6552	-	1.1819	5.8371
Alsea SD 7J	293.5	75,144,611	5.0811	-	-	5.0811
Santiam Canyon SD 129J	4,782.6	358,305,661	4.8880	-	-	4.8880
Monroe SD 1J	623.6	242,082,772	4.6341	-	-	4.6341
Central Linn SD 552	851.8	667,814,910	4.6179	-	-	4.6179
Scio SD 95	1,279.7	279,185,361	4.5080	-	-	4.5080

Comparative School District Bond Rates



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