

February 13, 2018

Beverly Hills Unified School District

June 2018 Bond Election & Parcel Tax Considerations



Section I

Bond Election Considerations

Bond Program Considerations

General obligation bond programs are generally structured based on:

- ◆ Funding needs

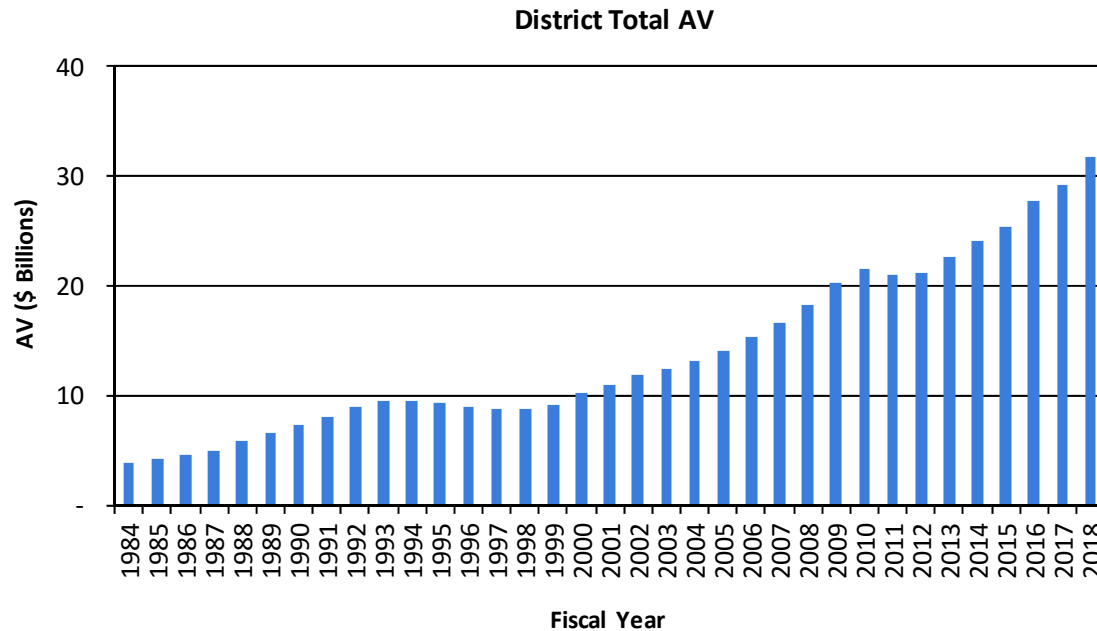
- District projects
 - Scope
 - Cost
 - Timing

- ◆ Financing constraints

- District assessed value (“AV”)
- Interest rates
- Tax rates
- Legal parameters
 - State law
 - Federal law

District AV

The District's 2017-18 AV grew by 9.10% over 2016-17



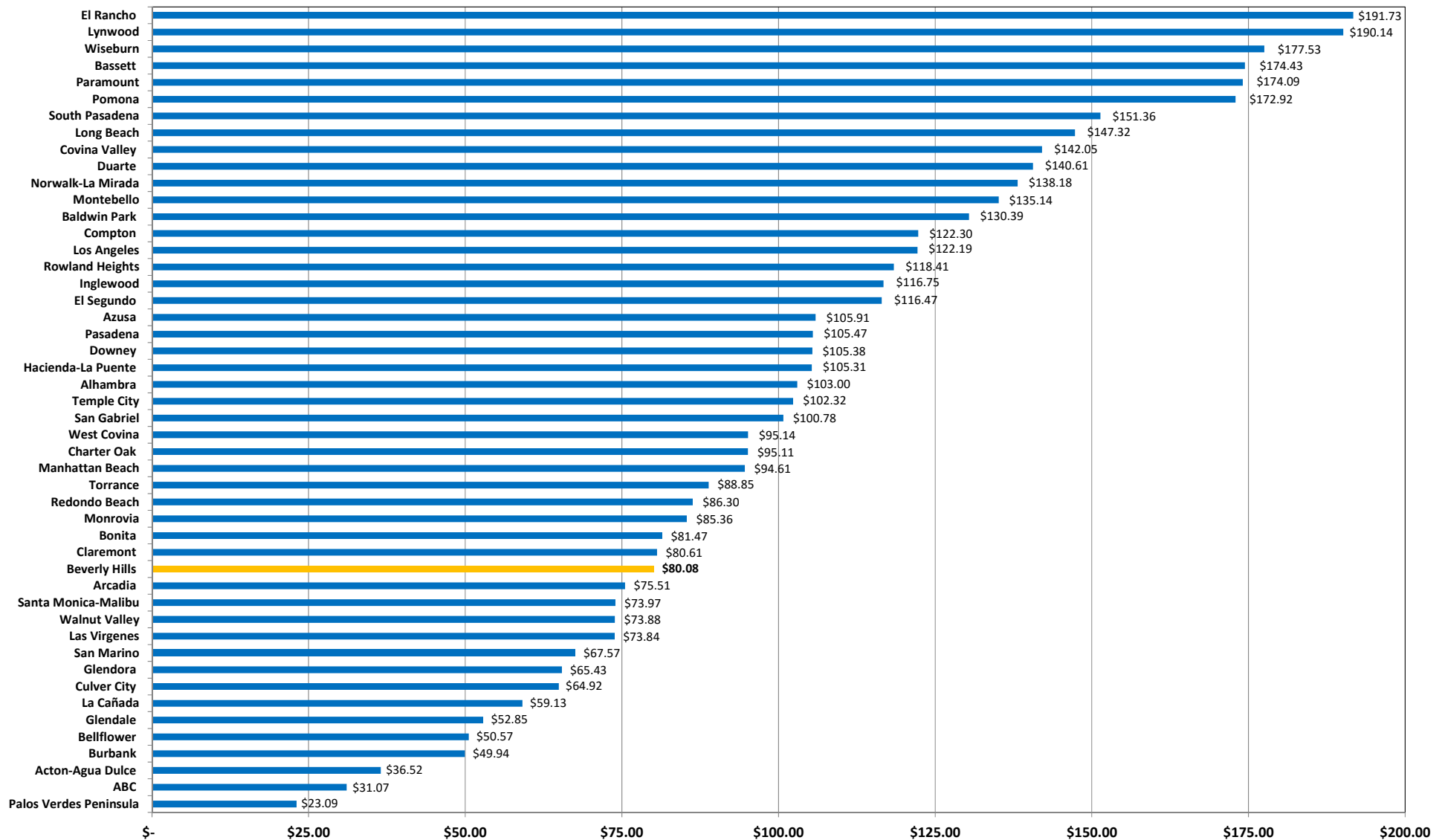
Growth Statistics			
Annualized Growth Rates:		Lowest Rolling Averages:	
1-year:	9.10 %	3-year:	-2.77 %
5-year:	7.04	5-year:	-1.66
10-year:	5.75	10-year:	2.77
15-year:	6.46	15-year:	4.25
20-year:	6.70	20-year:	4.44
25-year:	4.97	25-year:	4.85
30-year:	5.76	30-year:	5.76

FY	Total AV ⁽¹⁾	Annual % Change
1984	\$ 3,770,009,915	
1985	4,184,940,781	11.01 %
1986	4,595,225,234	9.80
1987	4,969,754,024	8.15
1988	5,924,171,850	19.20
1989	6,533,032,514	10.28
1990	7,329,089,485	12.19
1991	8,133,437,105	10.97
1992	8,924,564,007	9.73
1993	9,465,154,234	6.06
1994	9,461,150,966	-0.04
1995	9,375,292,885	-0.91
1996	8,875,438,269	-5.33
1997	8,695,235,409	-2.03
1998	8,707,045,130	0.14
1999	9,076,562,622	4.24
2000	10,164,952,942	11.99
2001	10,963,019,000	7.85
2002	11,863,249,407	8.21
2003	12,435,398,946	4.82
2004	13,177,386,529	5.97
2005	14,099,405,126	7.00
2006	15,357,318,259	8.92
2007	16,658,216,637	8.47
2008	18,192,827,010	9.21
2009	20,336,885,893	11.79
2010	21,580,660,411	6.12
2011	21,015,293,124	-2.62
2012	21,270,744,327	1.22
2013	22,650,004,158	6.48
2014	24,138,138,896	6.57
2015	25,393,783,976	5.20
2016	27,706,036,395	9.11
2017	29,170,023,674	5.28
2018	31,824,217,427	9.10

(1) Source: California Municipal Statistics, Inc. and Los Angeles County.

LA County Unified School District Tax Rates ⁽¹⁾

2017-18 Los Angeles County Unified School District Tax Rates ⁽¹⁾



(1) Source: Los Angeles County Auditor-Controller as of 2017-18. Tax rates per \$100,000 of AV.

2017-18 Total Typical Tax Rates

As of 2017-18, the Beverly Hills Unified School District's bond tax rate constituted approximately 6.94% of the total property taxes assessed against homeowners (within a typical tax rate area #2410):

	Tax Rate (%)	Tax Rate (per \$100,000 of AV)	Estimated Taxes for Median Single Family Home in BHUSD ⁽¹⁾
General Tax Rate	1.00000%	\$1,000.00	\$17,867.07
City of Beverly Hills	0.02387	23.87	426.49
Beverly Hills Unified School District	0.08008	80.08	1,430.74
Los Angeles Community College District	0.04599	45.99	821.71
Metropolitan Water District	0.00350	3.50	62.53
Total Tax Rate	1.15344%	\$1,153.44	\$20,608.54

(1) AV of median single family home in the District as of 2017-18: \$1,786,707.

June 2018 Election Scenario A: Two Bond Issuances

Summary: Request voters to authorize a new tax in an amount of up to \$60 per \$100,000 of AV; tax would be added to the existing aggregate tax rate for previously issued bonds

◆ **Assumptions:**

- Two bond issuances
- Interest rates: 5.50% - 6.00% ⁽¹⁾
- Up to 26-year financings
- Current interest bonds only
 - No capital appreciation bonds (“CABs”)
- Annual AV growth rate: 4.00%

Note: the District’s 2016 election assumed a \$44 tax rate to generate \$260 million.

Prospective Issuance Schedule ⁽²⁾

Issue	Issue Date	Proceeds	Estimated % CABs	Estimated Repayment Ratio
Series A	August 2018	\$ 207,000,000	0.00 %	2.07 to 1
Series B	August 2020	207,000,000	0.00	2.18 to 1
Total		\$ 414,000,000	0.00 %	2.13 to 1

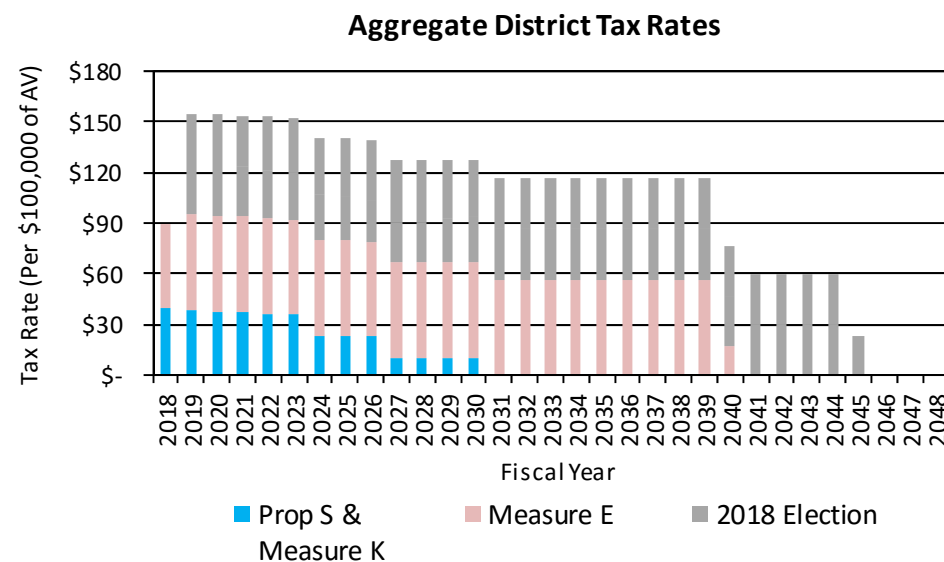
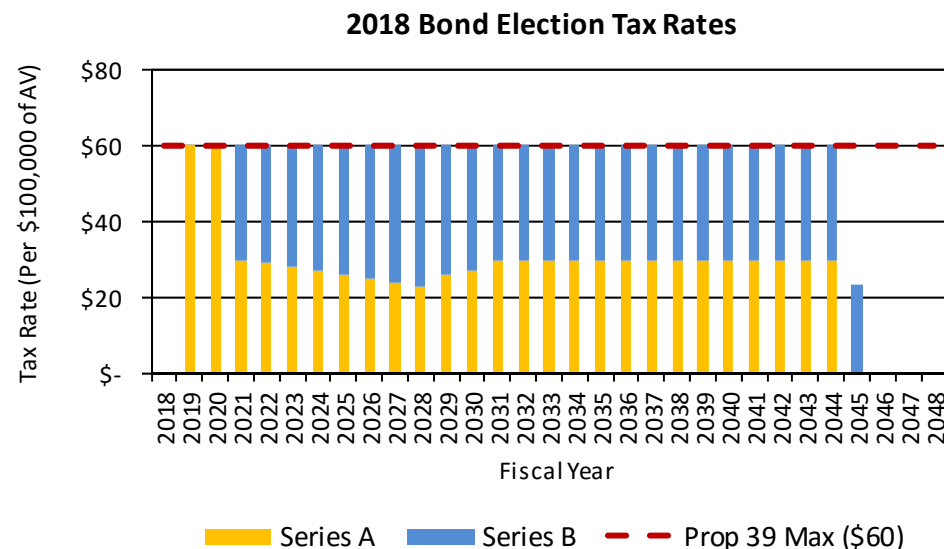
Sensitivity Analysis

Tax Rate per \$100,000 of AV	Bond Proceeds
\$60.00	\$ 414,000,000
50.00	345,000,000
44.00	303,600,000
40.00	276,000,000
37.68	260,000,000
30.00	207,000,000
20.00	138,000,000
10.00	69,000,000

(1) Assumes higher than current market interest rates. Subject to market fluctuations.

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

Projected Tax Rates: Scenario A ⁽¹⁾



(1) Assumes AV growth of 4% annually.

June 2018 Election Scenario B: Four Bond Issuances

Summary: Request voters to authorize a new tax in an amount of up to \$60 per \$100,000 of AV; tax would be added to the existing aggregate tax rate for previously issued bonds

◆ **Assumptions:**

- Four bond issuances
- Interest rates: 5.50% - 6.00% ⁽¹⁾
- Up to 27-year financings
- Current interest bonds only
 - No CABs
- Annual AV growth rate: 4.00%

Prospective Issuance Schedule ⁽²⁾

Issue	Issue Date	Proceeds	Estimated % CABs	Estimated Repayment Ratio
Series A	August 2018	\$ 127,200,000	0.00 %	1.98 to 1
Series B	August 2020	127,200,000	0.00	2.02 to 1
Series C	August 2022	127,200,000	0.00	2.14 to 1
Series D	August 2024	127,200,000	0.00	2.25 to 1
Total		\$ 508,800,000	0.00 %	2.10 to 1

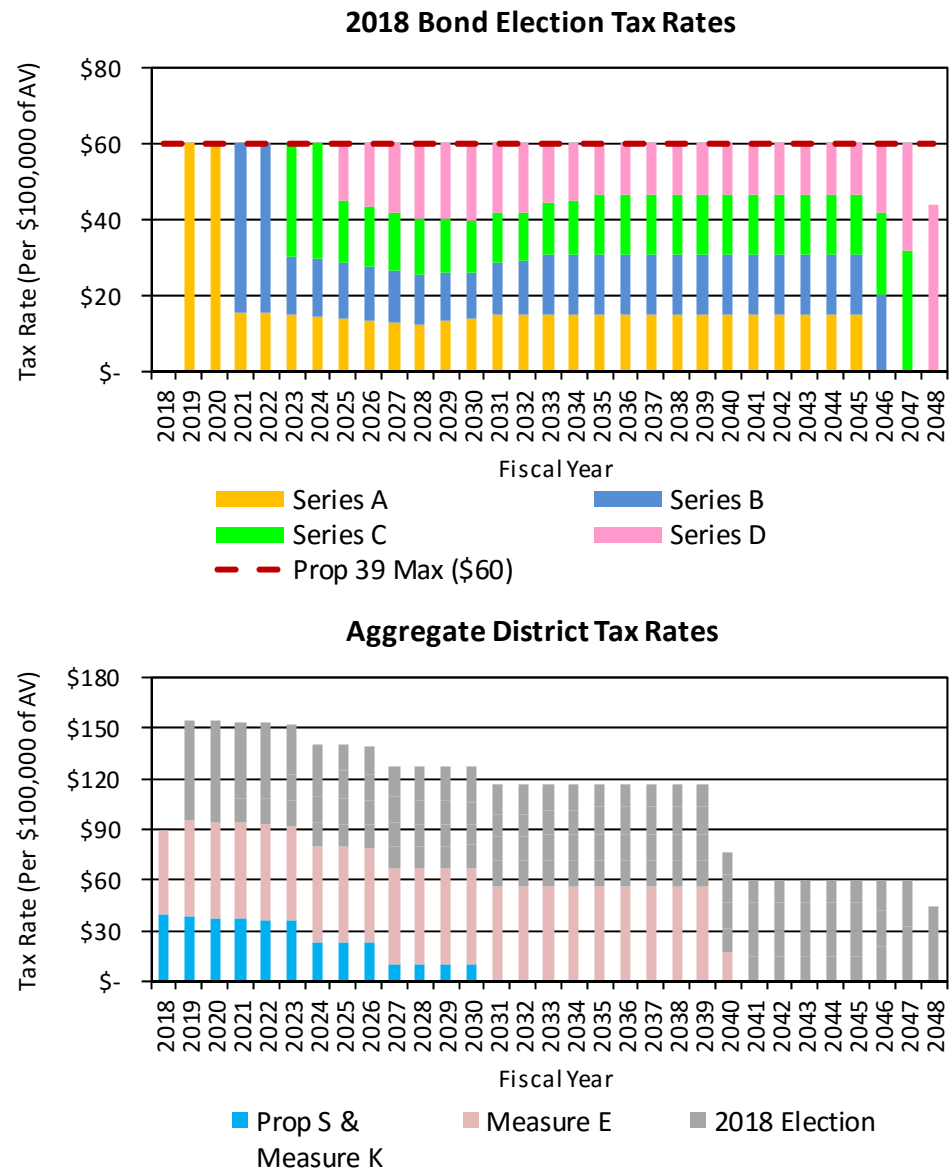
Sensitivity Analysis

Tax Rate per \$100,000 of AV	Bond Proceeds
\$60.00	\$ 508,800,000
50.00	424,000,000
44.00	373,120,000
40.00	339,200,000
30.66	260,000,000
30.00	254,400,000
20.00	169,600,000
10.00	84,800,000

(1) Assumes higher than current market interest rates. Subject to market fluctuations.

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

Projected Tax Rates: Scenario B ⁽¹⁾



(1) Assumes AV growth of 4% annually.

Section II

Parcel Tax Considerations

Parcel Tax Overview

A parcel tax is a special tax that generates proceeds which can be used for virtually any purpose (as long as it is designated), such as:

- ◆ Certificated and classified salaries and benefits
- ◆ Books, materials and supplies
- ◆ Computers and other equipment
- ◆ Educational programs
- ◆ Facilities

Set as a fixed rate per parcel of taxable property within District boundaries

- ◆ May be subject to annual inflation increases
- ◆ No maximum term of tax
- ◆ Certain exemptions allowed
 - Senior exemptions
 - Supplemental Security Income (“SSI”) disability exemption
 - Contiguous parcels exemption
- ◆ Requires approval of 2/3rds of District’s registered voters

Assessed Values and Parcels by Land Use ⁽¹⁾

As of 2016-17, the District had 10,102 taxable parcels

	2016-17 Assessed Valuation ⁽²⁾	% of Total	# of Parcels	% of Total
Non-Residential:				
Commercial/Office/Hotel	\$8,080,146,374	28.25 %	549	5.43 %
Vacant Commercial	87,614,470	0.31	44	0.44
Industrial	15,477,396	0.05	12	0.12
Recreational	18,046,691	0.06	8	0.08
Government/Social/Institutional	165,814,801	0.58	151	1.49
Subtotal Non-Residential	\$8,367,099,732	29.25 %	764	7.56 %
Residential:				
Single Family Residence	\$16,187,036,579	56.60 %	6,000	59.39 %
Condominium/Townhouse	1,658,367,060	5.80	1,937	19.17
2-4 Residential Units	517,625,110	1.81	472	4.67
5+ Residential Units/Apartments	1,252,675,611	4.38	669	6.62
Vacant Residential	616,357,646	2.16	260	2.57
Subtotal Residential	\$20,232,062,006	70.75 %	9,338	92.42 %
Total	\$28,599,161,738	100.00 %	10,102	100.00 %

(1) Source: California Municipal Statistics, Inc.

(2) Local secured assessed valuation; excluding tax-exempt property.

Estimating the Senior Exemption

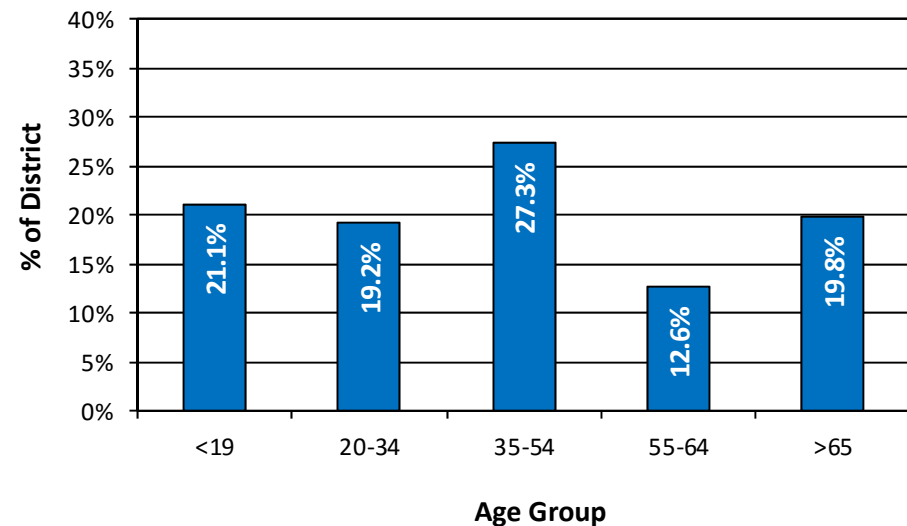
Senior exemptions (and other miscellaneous fees) will result in a loss of revenue

- ◆ For purposes of the analysis on page five, 20% is the assumed senior exemption

Age of Voters in Beverly Hills USD
November 2016 Election ⁽¹⁾

Age Group	# of Voters	% of Voters
Age 18-24	1,470	6.96 %
Age 25-34	3,533	16.72
Age 35-44	2,982	14.11
Age 45-54	3,531	16.71
Age 55-64	3,460	16.37
Age 65+	6,157	29.13
Total Voters	21,133	100.00 %

Age Group Breakdown within Beverly Hills USD ⁽²⁾



(1) Source: Political Data Inc.

(2) Source: U.S. Census Bureau, 2010-2014 American Community Survey 5-Year Estimates.

Illustrative Parcel Tax Amounts

Tax Amount	Taxable Parcels	Senior Exemptions & Miscellaneous	1st Year Net Revenues	2nd Year 3% Annual Inflation Factor	3rd Year 3% Annual Inflation Factor	4th Year 3% Annual Inflation Factor	5th Year 3% Annual Inflation Factor
\$50	10,102	-20.0%	\$404,080	\$416,202	\$428,688	\$441,549	\$454,796
\$100	10,102	-20.0%	\$808,160	\$832,405	\$857,377	\$883,098	\$909,591
\$150	10,102	-20.0%	\$1,212,240	\$1,248,607	\$1,286,065	\$1,324,647	\$1,364,387
\$200	10,102	-20.0%	\$1,616,320	\$1,664,810	\$1,714,754	\$1,766,197	\$1,819,182
\$250	10,102	-20.0%	\$2,020,400	\$2,081,012	\$2,143,442	\$2,207,746	\$2,273,978
\$300	10,102	-20.0%	\$2,424,480	\$2,497,214	\$2,572,131	\$2,649,295	\$2,728,774
\$350	10,102	-20.0%	\$2,828,560	\$2,913,417	\$3,000,819	\$3,090,844	\$3,183,569
\$400	10,102	-20.0%	\$3,232,640	\$3,329,619	\$3,429,508	\$3,532,393	\$3,638,365

Parcel Tax Considerations

Tax Amount

- ◆ Amount?
- ◆ Inflation adjustment?

Duration

- ◆ Term of the tax?
- ◆ Permanent tax?

Exemption

- ◆ Include senior exemption?

Other

- ◆ Which programs to be funded?