TWO SIDES OF THE SAME COIN – BOND FINANCING & PROJECT MANAGEMENT
GUIDE

- Who’s Who
- Preliminary Planning
- Election
- Bond Sale
- Construction
WHO’S WHO
PARTIES INVOLVED

**Bond Planning**
- **Issuer Contacts:**
  - Finance/Operations Staff
  - President
- **Outside Parties Involved:**
  - Underwriter or Financial Advisor
  - Bond Counsel

**Project Management**
- **Issuer Contacts:**
  - Facilities Department
  - Administration
- **Outside Parties Involved:**
  - Architects
  - Owner’s Rep
  - Contractors
PRELIMINARY PLANNING
WHAT IS A BOND, AGAIN?

- A loan broken into pieces and sold to multiple investors
- Finance major capital projects
- Tax-exempt bonds
  - Interest not subject to federal or state income taxes
    - Lower interest rate
    - Strings attached
- Taxable bonds
  - Interest subject to federal (not state) income taxes
Very secure form of debt
  - Full faith and credit pledge
  - Payable from additional, unlimited property tax levy

Levies outside M5 and M50 rate limits
  - Not subject to compression

Voter approval required
  - Simple majority at May or November elections
  - Double majority (majority approval and majority turnout) at March or September elections
State law allows a community college to issue up to 1.50% of Real Market Value.

- Real Market Value: $37,127,451,547
- Statutory Debt Limit (1.50%): 556,911,773
- Outstanding GO Bonds: (69,370,000)
- Remaining GO Bond Capacity: $487,541,773

Issuing up to limit would result in very high levy rate.

Voters and the levy rate they are willing to support are your true constraint.
WHAT CAN I SPEND PROCEEDS ON?

Proceeds must used as follows:

- For “capital costs” with a useful life of 1 year or more
- Life of bonds can not exceed life of projects
  - i.e. can’t issue 30 year bonds for computers
- Routine maintenance or supplies not eligible

<table>
<thead>
<tr>
<th>Land and other assets</th>
<th>Furnishing &amp; Equipping</th>
<th>Maintenance or Repair</th>
<th>Improvements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Remodeling</td>
<td>Acquisition</td>
<td>Construction</td>
<td>Technology</td>
</tr>
</tbody>
</table>
DEBT REPAYMENT CONSIDERATIONS

- **Length of Issue**
  - Useful life of projects
  - Trade-off between annual and overall cost
  - Community priorities and outstanding debt

- **Levy Impact**
  - Structure of levy rate?
  - Future debt plans?

- **Bond Type**
  - Current interest bonds pay interest semiannually
  - Deferred interest bonds pay interest only at maturity
    - Used to keep the levy rate lower upfront but are more expensive
PLANNING PROCESS

- Needs Assessment
- Create a Plan
- Test the Plan
ACCESS NEEDS
INSTRUCTIONAL VISION

- Academic Transfer
- Career Tech Ed
- Community Ed / GED
- Student Life
- Partnerships
ACCESS NEEDS CAMPUS

- Infrastructure
- Buildings
- Deferred Maintenance
ACCESS NEEDS PARTNERSHIPS

- Nursing
- Dental
- Culinary Arts
- Machining
- Welding
CREATE A PLAN

- Who is at the Table?
- What is our Process?
- Prioritize the Needs
TEST THE PLAN

- Know your Community
- Engagement Plan
- Quality Feedback
- Plan Adjustment
ELECTION
### SELECT ELECTION DATE

<table>
<thead>
<tr>
<th>Election Date</th>
<th>County Filing/ Voters' Pamphlet Deadline</th>
<th>Ballots Mailed</th>
<th>First FY Taxes Levied</th>
</tr>
</thead>
<tbody>
<tr>
<td>November 3, 2015</td>
<td>September 3</td>
<td>Oct. 16 - 20</td>
<td>FY 2016-17</td>
</tr>
<tr>
<td>March 8, 2016*</td>
<td>January 7</td>
<td>Feb. 19 - 23</td>
<td>FY 2016-17</td>
</tr>
<tr>
<td>May 17, 2016</td>
<td>March 17</td>
<td>April 29 - May 3</td>
<td>FY 2017-18</td>
</tr>
<tr>
<td>September 20, 2016*</td>
<td>July 21</td>
<td>Sept. 2-6</td>
<td>FY 2018-19</td>
</tr>
<tr>
<td>November 8, 2016</td>
<td>September 8</td>
<td>Oct. 21-25</td>
<td>FY 2016-17</td>
</tr>
<tr>
<td>March 14, 2017*</td>
<td>January 12</td>
<td>Feb. 24-28</td>
<td>FY 2017-18</td>
</tr>
<tr>
<td>May 16, 2017</td>
<td>March 16</td>
<td>April 28 - May 2</td>
<td>FY 2018-19</td>
</tr>
<tr>
<td>September 19, 2017*</td>
<td>July 20</td>
<td>Sept. 1-5</td>
<td>FY 2018-19</td>
</tr>
</tbody>
</table>

*Double majority required*

- Check with your County elections office to verify filing deadlines
- All elections are by mail
# FACTORS TO CONSIDER

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<tr>
<th>May</th>
<th>November</th>
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<td>Easy budgeting of debt service payments for the following fiscal year.</td>
<td>Election occurs after completion of the budget, debt service cannot be paid until the following fiscal year, potentially leading to higher costs for the issue.</td>
</tr>
<tr>
<td>May allow districts to hit the summer construction season immediately if they have shovel-ready projects.</td>
<td>Election occurs right after property tax bills arrive.</td>
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<tr>
<td></td>
<td>Typically have higher turnout, particularly in presidential years. But there may be many other things on the ballot competing for attention.</td>
</tr>
</tbody>
</table>

**Bottom line: it’s important to select the election that works best for YOUR District and where things stand in YOUR community**
Bond counsel prepares with input from District staff & other parties

- **Election Resolution**
- **Ballot Title**
  - Contains:
    - a not-to-exceed amount
    - a not-to-exceed maturity
    - a list of identified projects
  - **CANNOT** guarantee a $ per thousand levy rate, but **CAN** provide estimate of projected levy rate
- **Explanatory Statement**
SELLING THE PLAN

- What did we learn
- Boots on the Ground
- Technology is your Friend
BOND SALE
FIRST THINGS FIRST

- Celebrate!!

- One sale or multiple sales?
  - Reasonable expectation to spend 85% of proceeds within 3 years of issue date

- Timing of sale
  - Usually takes 2.5 to 3 months to sell bonds and get $ in the bank
  - Considerations with property tax levy timing
    - Extension for filing ED-50 for May elections
    - Interest accrual for November elections
THE LEAD UP

- Adopt authorizing resolution & certify vote count
- Apply for Oregon School Bond Guaranty
- Compile Official Statement
  - Disclosure document provided to investors
  - Includes financial, demographic and economic info
  - Multiple drafts reviewed by team
- Obtain credit rating
Sell the bonds
  - Investors place orders
  - Interest rates and debt service payments locked in

Closing documents drafted and reviewed

Documents signed and funds wired
  - Usually occurs ~2 weeks after sale
CONSTRUCTION
How much time has passed?

Campus Management

Project Priorities
  - Who goes first?

Project Budgets
MANAGEMENT STRUCTURE

- Owner
  - Hire Staff
  - Owners Rep

- Architect
  - Campus Architect
  - Multiple Architects

- Contractor
  - CM/GC
  - Hard Bid
PROJECT DELIVERY

- Know your construction market

- Design/Bid/Build
  - “Hard Bid”

- Integrated Project Team
  - “CM/GC”
QUESTIONS

???
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