

PiperJaffray.

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Bond Issue Planning

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MINNEAPOLIS | BOISE | CHICAGO | LONDON | LOS ANGELES | NEW YORK | PORTLAND | SAN FRANCISCO | SEATTLE | ZURICH

Outstanding Voted Debt Profile

Series	Principal Issued	Principal Outstanding (as of 3/30/2016)	Call Date and Price	Final Maturity	Refunding Option
UTGO 2011A	\$24,000,000	\$23,020,000	6/1/2021 @ 100	12/1/2030	Advance
UTGO 2011B	\$17,500,000	\$17,500,000	Extraordinary	12/1/2025	Current
UTGO 2011C	\$6,200,000	\$3,335,000	12/1/2021 @ 100	12/1/2025	Advance

Moody's
Aa3

Projected Refunding Results

Refunding Bond Candidates

	2011A Bonds	2011B Bonds	2011C Bonds
Dated	10/26/2016	5/12/2011	10/27/2011
Principal Amount of callable bonds	\$19,655,000	\$17,500,000	\$1,300,000
Maturities	2021-2030	2025	2022-2025
Average Coupon	4.98%	5.25%	4.00%
Call Date and Price	6/1/2021 @ par	Anytime Make Whole	12/1/2021 @ par

Projected Refunding Results

	2011A Bonds	2011B Bonds	2011C Bonds
Date of Analysis	7/25/2016	7/25/2016	7/25/2016
Principal Amount of New Bonds	\$18,545,000	--	\$1,425,000
Call Feature	12/1/2026	--	N/A
Final Maturity	12/1/2030	12/1/2025	12/1/2025
True Interest Cost	2.22%	--	1.88%
Savings Pattern	Level	--	Level
Total Savings – Net of all costs	\$1,794,207	--	(\$34,802)
Present Value of Net Savings	\$1,532,541	--	(\$31,209)
PV as % of Old Bonds	7.80%	--	(2.40%)

Projected Refunding Results

Rating:		Calculation Factors			
Aa1 (State Guarantee); Aa3 (Underlying)					
Interest Rates:					
Assessed Value Increases at:		R&P	Timber		
Certified	2016	9.63%	-2.24%		
	2017	2.00%	0.00%		
	2018	2.00%	0.00%		
	2019 - 2065	2.00%	0.00%		
Issue Structure:		Not applicable			
Bonds Issued:					
Issue Size:					

NOTES:
 (1) Certified 2018 levy amounts.
 (2) 2017 and 2018 voter approved M&O levy amounts.
 (3) 2019 & on, M&O levy increases with AV growth assumption.
 (4) Builds DS Fund reserves.

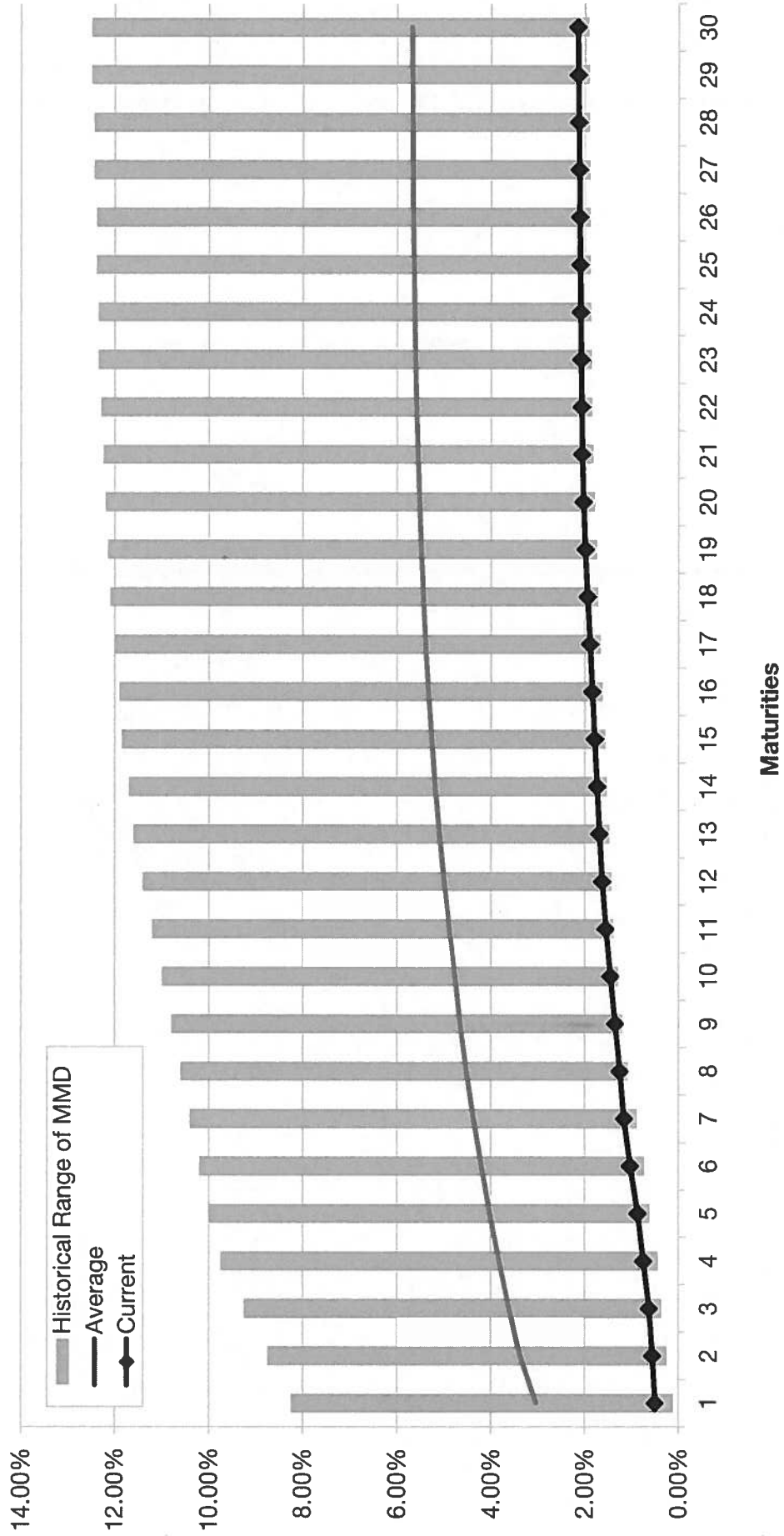
Levy Year	Bond Assessed Value	M&O Assessed Value	Prior Debt	Debt Service		Total Bonds	Capital Levy	M&O Levy	
				Original	-5.90%				
2016	\$2,429,164	\$2,429,403	\$4,519	\$63	\$4,010	\$900	\$3,974	(1)	
2017	2,477,747	2,477,985	4,533	63	3,833		4,161	(2)	
2018	2,527,301	2,527,540	4,548	63	3,647		4,344	(2)	
2019	2,577,846	2,578,085	4,551	63	3,650		4,431	(3)	
2020	2,629,403	2,629,641	4,551	63	3,650		4,518		
2021	2,681,990	2,682,228	4,549	63	3,533		4,610		
2022	2,735,629	2,735,868	4,539	63	3,521		4,702		
2023	2,790,341	2,790,580	4,523	63	3,506		4,786		
2024	2,846,147	2,846,386	4,504	63	3,489		4,862		
2025	2,903,070	2,903,308	4,474	63	3,460		4,990		
2026	2,961,130	2,961,369	3,554	63	3,393		5,090		
2027	3,020,352	3,020,591	3,507	63	3,344		5,191		
2028	3,080,759	3,080,997	3,458	63	3,296		5,295		
2029	3,142,373	3,142,612	3,397	63	3,238		5,401		
2030	3,205,220	3,205,459	3,324	63	3,168		5,508		
2031	3,269,324	3,269,562	0	63	0		5,619		
Total Debt Service:									
Total Interest:									
Net Interest Cost:									
Vashon_200									

(\$1,794)

Prior Debt	QSCB Subsidy Original	QSCB Subsidy -6.90%	Refunding Savings	Projected Tax Rates Total Bonds	Capital Levy	M&O Levy	Combined Tax Rates
\$1.86	(\$0.38)	\$0.03	(\$0.00)	\$1.65	\$0.37	\$1.64	\$3.66 (4)
1.83	(0.37)	0.03	(0.02)	1.47	0.00	1.68	3.15
1.80	(0.36)	0.03	(0.02)	1.44	0.00	1.72	3.16
1.77	(0.36)	0.02	(0.02)	1.42	0.00	1.72	3.13
1.73	(0.35)	0.02	(0.02)	1.39	0.00	1.72	3.11
1.66	(0.34)	0.02	(0.06)	1.32	0.00	1.72	3.01
1.62	(0.33)	0.02	(0.06)	1.29	0.00	1.72	2.86
1.58	(0.32)	0.02	(0.05)	1.23	0.00	1.72	2.84
1.20	0.00	0.00	(0.05)	1.15	0.00	1.72	2.86
1.16	0.00	0.00	(0.05)	1.11	0.00	1.72	2.83
1.12	0.00	0.00	(0.05)	1.07	0.00	1.72	2.79
1.06	0.00	0.00	(0.05)	1.03	0.00	1.72	2.75
1.04	0.00	0.00	(0.05)	0.99	0.00	1.72	2.71
0.00	0.00	0.00	0.00	0.00	0.00	1.72	1.72

Historical MMD

Range of MMD
(1991-Present)



Projected Refunding Results

Refunding Bond Candidates

	2011A Bonds
Dated	10/26/2016
Principal Amount of callable bonds	\$19,655,000
Maturities	2021-2030
Average Coupon	4.98%
Call Date and Price	6/1/2021 @ par

Projected Refunding Results

	2011A Bonds	2011A Bonds
Date of Issue	10/26/2016	3/25/2021
Principal Amount of New Bonds	\$18,545,000	\$16,800,000
Call Feature	12/1/2026	N/A
Final Maturity	12/1/2030	12/1/2025
True Interest Cost	2.22%	1.49%
Savings Pattern	Level	Level
Total Savings – Net of all costs	\$1,794,207	\$4,052,689
Present Value of Net Savings	\$1,532,541	\$3,538,014
PV as % of Old Bonds	7.80%	18.00%

Q: How much would current interest rates need to increase for projected savings in 2021 to equate to savings in 2016?

A: 173 basis points or 1.73%

Planning a Bond Refinancing

How does a refunding work?

- The District issues new bonds at interest rates lower than the existing 2007 bonds
- The new bond proceeds are placed in an escrow account
- The escrow is invested in US Treasury securities
- The investments in the escrow are used to redeem the callable bonds at the call date (June 1, 2017)
- Taxpayers realize a lower property burden due to the interest cost savings

Participants

- The Underwriter or Financial Advisor provides financial planning.
- The Underwriter buys the bonds to resell to investors.
- The Bond Counsel prepares documents and provides a legal opinion that the bonds are legally issued and are exempt from Federal income taxes.
- The County Treasurer is the District's treasurer and takes receipt of the bond proceeds.
- The Office of the State Treasurer which implements the Washington State School Bond Guarantee Program

Advance Refunding Savings Targets

- State of Washington, City of Seattle, King County, City of Tacoma, University of Washington
 - Net present value savings of at least 5%
- City of Bellevue
 - Net present value savings of at least 3%
- State of Oregon issuers
 - Net present value savings of at least 3% (dictated by state law until 2014; currently common practice)
- Port of Seattle
 - Net present value savings of at least 4% (call date < 5 years)