

PiperJaffray

February 28, 2017



Vashon Island Fire & Rescue
Vashon Park District
Outstanding Debt & Market Update

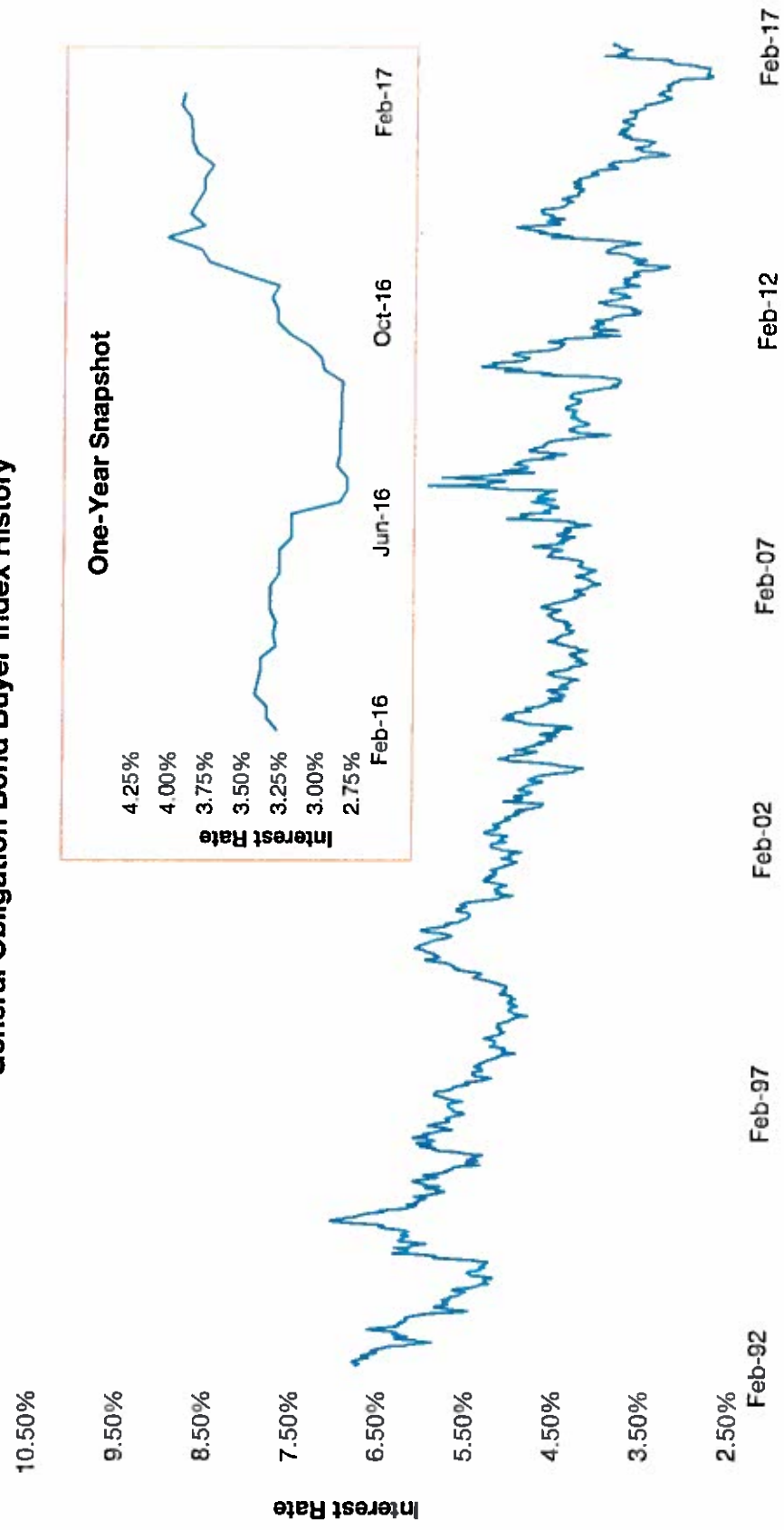
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Short and Long-Term Interest Rates

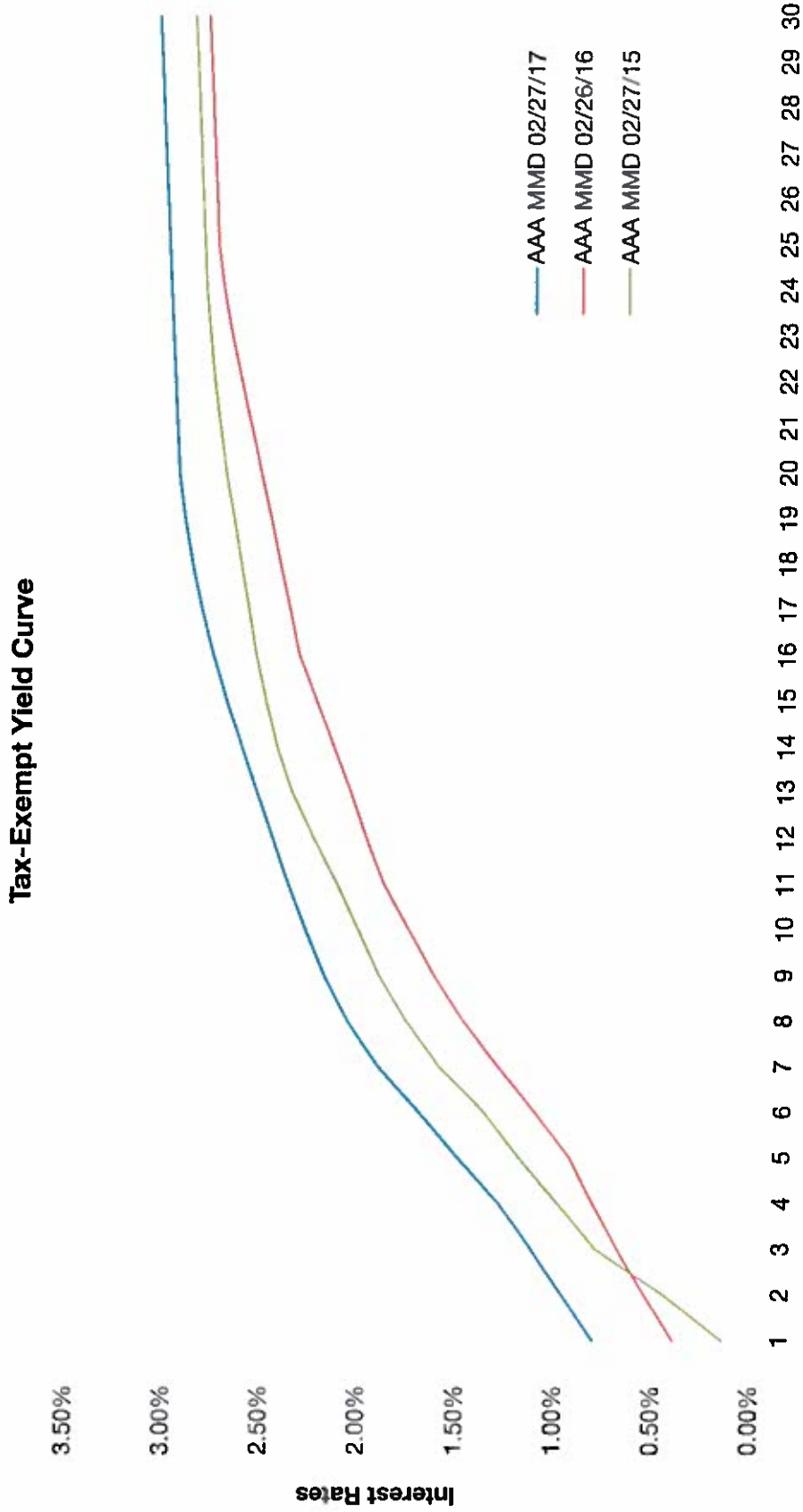
Rates are still very low by historical standards.

General Obligation Bond Buyer Index History



Yield Curve

Short-term interest rates have increases which has slightly flattened the yield curve.



Debt Capacity and Levy Rates

Vashon Park District Computation of Debt Capacity (As of February 28, 2017)

2017 Collection Year Regular Assessed Value	\$ 2,536,247,187
<u>Nonvoted Debt Capacity</u>	
0.375% of Assessed Value	9,510,926
Less: Outstanding Nonvoted Debt	--
Remaining Nonvoted Debt Capacity	<u>\$ 9,510,926</u>
Percent of Nonvoted Debt Capacity Remaining	100%
<u>Voted and Nonvoted Debt Capacity</u>	
1.25% of Assessed Value	31,703,089
Less: Outstanding Nonvoted Debt	--
Less: Outstanding Voted Debt	--
Total Remaining Voted and Nonvoted Debt Capacity	<u>\$ 31,703,089</u>
Percent of Voted and Nonvoted Debt Capacity Remaining	100%

Levy Rates

- Six year regular property tax
- Maximum of \$0.60/\$1,000
- Subject to approval of 60% of voters
- 2017 levy is \$0.49371
- Park districts can also issue revenue bonds supported by operating revenues
 - Debt service coverage
 - Reserve funds

\$5.90/\$1,000 Aggregate Nonvoted Levy Limitation

- Taxing districts are imposed an aggregate limitation on nonvoted regular property tax levies of \$5.90 per \$1,000 of assessed value, except levies for the State; any port or public utility district; excess levies; and certain levies for acquiring conservation futures, for emergency medical services or care, and to finance affordable housing.

Taxing District

	<u>Levy rate</u>
King County*	\$ 1.30544
Road District	2.24557
Rural Library District	0.40118
Vashon Island Fire & Rescue	0.93679
King County Flood Zone	0.11740
Vashon Park District	0.04455
Aggregate Levy Rate	<u>\$ 5.05093</u>

Sanitary District
 \$ 55
 \$.39
Available Levy Capacity under \$5.90 Limit \$ 0.84907

* Excludes levies for voter-approved bonds and Conservation Futures.

Proration Under the \$5.90 Limit

- If aggregate levies certified by all taxing districts exceed the aggregate levy limitation, levies certified by junior taxing districts are reduced or eliminated in the following manner in order to bring the aggregate levy into compliance with statutory maximums:
 - o First, the levy rates of park and recreation service areas, park and recreation service districts, cultural arts, stadium and convention districts and city transportation authorities.
 - o Second, the levy rates of flood control districts.
 - o Third, the levy rates of all other junior taxing districts, other than fire protection districts, library districts, the first \$0.50/\$1,000 for public hospital districts and the first \$0.50/\$1,000 for metropolitan park districts.
 - o Fourth, the first \$0.50/\$1,000 of assessed value of metropolitan park districts created after January 1, 2002.
 - o Fifth, the levy rates authorized to fire protection districts.
 - o Sixth, the last assessed valuation levy rate authorized to fire protection districts, and the levy rates of public hospital districts, metropolitan park districts created before January 1, 2002, and library districts.

Bond Issuance Participants

Issuer – issues debt

Bond Counsel – prepares the Bond Resolution and other documents and provides a legal opinion that the bonds are legally issued and comply with tax laws

Financial Advisor – assists with planning services, if desired

Underwriter - provides financial planning services, prepares offering document (“official statement”) and ultimately buys the bonds for resale to investors

Underwriter’s Counsel – may be used by Underwriter to provide legal and due diligence guidance

Rating Agency - determines creditworthiness of issuer

Bond Insurer - allows issuers to sell bonds with their credit rating in return for an upfront premium (if available)

Paying/Fiscal Agent – makes debt service payments to investors on behalf of issuer

Escrow Trustee – holds bond proceeds until bonds can be called/refunded

Verification Agent – confirms escrow sufficiency calculations in a bond refunding

Investors – potentially any entity with a Federal income tax liability

Bond Sale Process - Negotiated

PREPARE FOR THE BOND SALE

- FA/Underwriter works with the District to structure debt service; review the plan with the Board.
- FA/UW/BC prepares the official statement; financing team reviews document.
- Bond counsel prepares the bond resolution and legal opinion; resolution adopted by Board.
- Appoint an underwriter or conduct RFP process.
- The official statement is mailed/posted to prospective investors about one week prior to pricing.

"PRICE" THE BONDS

- The order period runs for about one hour.
- Underwriter presents the offer to purchase the bonds to District staff.
- Staff gives the verbal award that the bond sale meets the District's financing goals.
- A staff member signs the bond purchase agreement.

AFTER THE BOND SALE

- Bond counsel finalizes the closing documents.
- The official statement is finalized and circulated to the investors.
- Underwriter wires money to the District/Escrow Agent upon bond closing - approximately two weeks after pricing.
- The District completes the project/bonds are refunded

Bond Rating Overview

Like your personal credit rating, a higher credit rating for a local government results in a lower borrowing cost.

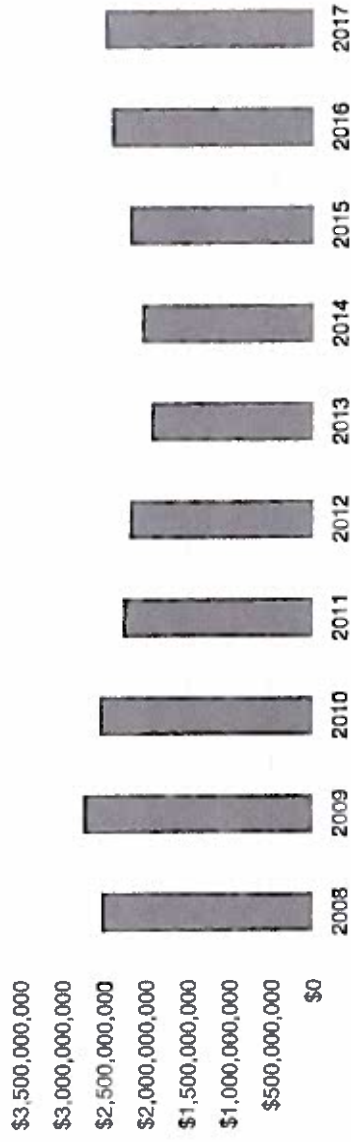
With bonds, investors view the credit rating as an indication of risk (i.e. likelihood to default on payments). A higher bond credit rating results in lower interest rates because investors feel this is an indication of reduced risk. Therefore, the higher the district's credit rating, the lower the interest rate on the bonds.

Historically, a district would pursue an underlying credit rating once it could qualify in the "A" category. If an entity does not have an underlying credit rating, it is referred to as "non-rated."

	S&P	Moody's	
Investment Grade	Best Quality	Aaa	
	High Quality	AAA	Aaa
		AA+	Aa1
		AA	Aa2
	Upper Medium Grade	AA-	Aa3
		A+	A1
		A	A2
	Lower Medium Grade	A-	A3
		BBB+	Baa1
		BBB	Baa2
Non-investment grade / speculative	BBB-	Baa3	
	BB+	Ba1	
	BB	Ba2	
Junk Bonds	BB-	Ba3	
	B+	B1	
	B	B2	
	B-	B3	
	Substantial risks	CCC+	Caa1
		Extremely speculative	Caa2
	Default imminent with little prospect for recovery	CCC	Caa2
		CCC-	Caa3
	In default	CC	Ca
		C	C
	D	C	

Assessed Value

Vashon Island Fire & Rescue/ Vashon Park District Bond Assessed Value



History

- 2017 bond assessed value: \$2,507,413,672
- Compound annual growth rate (2007-2017): 2.52%
- Compound annual growth rate (2012-2017): 1.60%

Projection

Final 2015	7.1% growth
Final 2016	9.6% growth
Final 2017	3.2% growth
Assumed 2018	0.0% growth
Assumed 2019 and on	0.0% annual growth

- Higher assessed values will lower the District's tax rates (but not the overall payment).
- An individual's taxes will be based on the assessed value of his or her own property.

Bond Assessed Value

Year	Assessed Value Total	% Change
1997	\$ 916,605,314	--
1998	1,121,816,609	4.8%
1999	1,176,187,714	9.2%
2000	1,284,375,396	10.1%
2001	1,414,308,136	9.8%
2002	1,552,884,113	4.8%
2003	1,628,045,210	5.3%
2004	1,714,293,400	6.9%
2005	1,832,962,809	8.4%
2006	1,986,349,164	7.7%
2007	2,140,270,682	18.8%
2008	2,541,721,190	8.7%
2009	2,763,808,821	-7.2%
2010	2,564,502,827	-10.7%
2011	2,291,297,271	-3.4%
2012	2,214,257,778	-11.8%
2013	1,953,120,449	5.9%
2014	2,069,074,496	7.1%
2015	2,215,687,530	9.6%
2016	2,429,163,991	3.2%
2017	2,507,413,672	4.8%

Projected Bond Tax Rates

Calculation Factors	
Interest Rates: 2019 Issue: Current Plus 1.00 Percent	
Assessed Value Increases at:	
	R&P
2017	3.22%
2018	0.00%
2019	0.00%
2020 - 2066	0.00%
Issue Structure Level Tax Rate	
Bonds Issued:	Issue 1
Issue Size:	6/1/2019
	\$5,000,000
	Total
	\$5,000,000

Levy Year	Bond Assessed Value	Debt Service (in 1,000's)			Total Bonds
		Prior Debt	2019 Issue	Total	
2017	\$2,507,414	\$0	\$0	\$0	\$0
2018	2,507,414	0	0	0	0
2019	2,507,414	0	0	0	0
2020	2,507,414	0	325	325	325
2021	2,507,414	0	412	412	412
2022	2,507,414	0	411	411	411
2023	2,507,414	0	414	414	414
2024	2,507,414	0	412	412	412
2025	2,507,414	0	414	414	414
2026	2,507,414	0	416	416	416
2027	2,507,414	0	411	411	411
2028	2,507,414	0	411	411	411
2029	2,507,414	0	416	416	416
2030	2,507,414	0	414	414	414
2031	2,507,414	0	412	412	412
2032	2,507,414	0	414	414	414
2033	2,507,414	0	411	411	411
2034	2,507,414	0	411	411	411
2035	2,507,414	0	411	411	411
2036	2,507,414	0	415	415	415
2037	2,507,414	0	413	413	413
2038	2,507,414	0	414	414	414
2039	2,507,414	0	0	0	0
Total Debt Service:			\$7,757		
Total Interest:			\$2,757		
Net Interest Cost:			4.62%		
Vashon Fire_01					

Levy Year	Bond Assessed Value	Debt Service (in 1,000's)			Total Bonds
		Prior Debt	2019 Issue	Total	
2017	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2018	0.00	0.00	0.00	0.00	0.00
2019	0.00	0.00	0.13	0.16	0.16
2020	0.00	0.00	0.16	0.16	0.16
2021	0.00	0.00	0.17	0.17	0.17
2022	0.00	0.00	0.16	0.16	0.16
2023	0.00	0.00	0.17	0.17	0.17
2024	0.00	0.00	0.17	0.17	0.17
2025	0.00	0.00	0.16	0.16	0.16
2026	0.00	0.00	0.17	0.17	0.17
2027	0.00	0.00	0.16	0.16	0.16
2028	0.00	0.00	0.17	0.17	0.17
2029	0.00	0.00	0.16	0.16	0.16
2030	0.00	0.00	0.17	0.17	0.17
2031	0.00	0.00	0.16	0.16	0.16
2032	0.00	0.00	0.17	0.17	0.17
2033	0.00	0.00	0.16	0.16	0.16
2034	0.00	0.00	0.16	0.16	0.16
2035	0.00	0.00	0.16	0.16	0.16
2036	0.00	0.00	0.16	0.16	0.16
2037	0.00	0.00	0.17	0.17	0.17
2038	0.00	0.00	0.16	0.16	0.16
2039	0.00	0.00	0.17	0.17	0.17
Total Debt Service:			\$7,757		
Total Interest:			\$2,757		
Net Interest Cost:			4.62%		
Vashon Fire_01					

Projected Tax Impact Analysis

Bond Authorization Amount: **\$5,000,000**

Estimated 2020 Tax Rate Increase over 2019 Tax Rate
(per \$1,000 assessed value): **\$0.16**

Monthly Net Tax Increase from
Bonds After Allowing for
Income Tax Deduction

Assessed Value of Property	Gross Property Tax Increase for Bonds	Monthly Gross Increase	Federal Income Tax Bracket		
			25%	28%	33%
\$200,000	\$32.00	\$2.67	\$2.00	\$1.92	\$1.73
250,000	40.00	3.33	2.50	2.40	2.17
300,000	48.00	4.00	3.00	2.88	2.60
350,000	56.00	4.67	3.50	3.36	3.03
400,000	64.00	5.33	4.00	3.84	3.47

NOTE: Qualified homeowners may apply for a senior exemption. Please contact the King County Assessor for details at (206) 296-7300.

Election Dates and Timeline

2017-2018 Special Election and Resolution Filing Dates, Under Current Law

Election Date	Resolution Filing Date	Approximate Ballot Mailing Date ⁽¹⁾
April 25, 2017	February 24, 2017	April 7, 2017
August 1, 2017	May 12, 2017	July 14, 2017
November 7, 2017	August 1, 2017	October 20, 2017
February 13, 2018 ⁽²⁾	December 15, 2017	January 26, 2018
April 24, 2018 ⁽²⁾	February 23, 2018	April 6, 2018
August 7, 2018 ⁽²⁾	May 11, 2018	July 20, 2018
November 6, 2018 ⁽²⁾	August 7, 2018	October 19, 2018

⁽¹⁾ Ballots are required to be mailed no later than 18 days prior to the election date.

⁽²⁾ Projected dates as of January 2017 and subject to change by legislation.

Example Time Frame for Major Decisions



Timeframe Prior to Election	Facility Needs Planning	Bond Issue Planning	Select Election Date	Draft Election Resolution	File Ballot Title With Co.
12 Months					
5 Months					
4 Months					
3 Months					