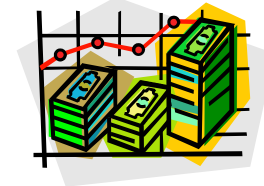


Mother Lode Union School District

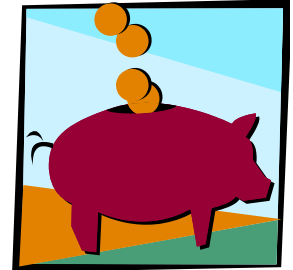
Funding Facilities Needs: 2018 Certificates of Participation Sale Results



Presented by Lori Raineri and Matt Kolker
May 16, 2018

Agenda

- ◆ Sale Process and Results
- ◆ District's Use of GFOA Best Practices
- ◆ Conclusion
- ◆ For Reference
 - ▶ Detailed Costs of Issuance
 - ▶ March 7, 2018 Presentation



Competitive Sale Proves Itself

(Summary provided by placement agent, Brandis Tallman LLC)

	BBVA Compass [2]	Branch Banking & Trust	California Bank & Trust	Capital One	City National Bank [3]	CoBiz Public Financial	Opus Bank [4]	Pacific Western Bank	Sterling National Bank	Texas Capital Bank	Umpqua Bank [5]
Interest Rate:	3.57%	3.52%	3.52%	3.77%	3.70%	3.59%	3.41%	3.70%	3.691%	4.16%	3.65%
Rate Lock Terms:	30 days before closing. Rate is locked upon formal credit approval	Rate locked through closing	Rate locked through closing	Rate locked through closing	Rate locked through closing	Rate locked 30 days prior to closing	Rate locked through closing	Rate locked through closing	Rate locked until April 29, 2018	Rate locked through closing	Rate locked 3 weeks prior to closing
Title Insurance:	Required	Required	Required	None required pending title search	Required	None required pending title search	Required	Required	Required	Required	Required
Prepayment Provisions:	Par call after year 10, but District can opt for a par call after 18 months at a premium of 72 bps to the proposed rate	Callable @ par any payment date after 18 months. One time partial prepayment is available at a minimum of \$250,000.	Callable in whole or in part anytime @ par with 30 days notice	Callable after 18 months then @ 103 thru year 5, 102 thru year 7, 101 thru year 8, par thru final maturity. Eligible for partial call AID once per calendar year, in a minimum of \$500k & max of \$2 million	Callable in whole or in part on any date @ par with 30 days notice	Callable any date after May 1, 2020 @ 103% May 1, 2021 @ 102% May 1, 2022 @ 101% May 1, 2023 @ par	5% in years 1-5 4% in years 6-10 3% in years 11-12 2% in years 13-14 1% in year 15 or callable on or after year 10 at par	Callable in part or whole on any date @ par with 30 day notice	One time ability to prepay in whole or in part from months 18 - 24 @ par Years 3-5 @ 102% Years 6-10 @ 101% Years 11-15 @ par	Callable @ par in 5 years	3% in years 1-3 2% in years 4-6 1% in years 7-9 par in year 10 (Can prepay up to 20% annually with no penalty)
Costs: [1]											
Bank Counsel	\$7,500	\$10,000	\$0	\$0	\$0	\$11,000	\$12,500	\$10,000	Approx. \$7,000	\$7,500	\$12,500
COI Processing Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$1,000	\$0	\$0	\$0	\$0
Lender Rep Fee	\$0	\$0	\$0	\$0	\$5,000	\$0	\$0	\$0	\$0	\$0	\$0
Proposal Expiration:	4/15/2018	4/13/2018		4/5/2018	4/3/2018						

Estimated Closing Date: April 26, 2018
 Approximate Par Amount: \$3,790,000
 Average Life: 9.5 years
 Final Maturity : 5/1/2033
California Bank & Trust Average Annual Debt Service: \$367,000
Opus Bank Average Annual Debt Service: 369,500 without utilizing draw down structure

[1] Additionally, financial advisor, bond counsel, placement agent, paying agent/COI custodian, CDIA, non-profit counterparty and miscellaneous fees apply to all proposals.

[2] The pricing is conditioned upon the opportunity to bid on ancillary financial services in good faith.

[3] PPFC non-profit counterparty fee waived if selected as lender

[4] Up to 10% of principal can be prepaid every year without prepayment penalty or limitation as long as such prepayment is not through refinancing. If District wants flexibility to prepay the lease through grant funding, bank can allow that at any time without prepayment penalty with 1% up-front origination fee (fee is included in estimated Average Annual Debt Service). All such payments would be applied against the back end of amort schedule. If the project schedule allows, the lease will be funded in monthly draws over an 18-month Project Period into a construction account at the bank. At the end of the project period the District will have the option to cancel any portion of the remaining unfunded commitment without penalty, with the cancelled portion applied against the back end of the amort schedule. Remaining unfunded commitment will be funded to be used for future project costs.

[5] Rates include a relationship discount that assumes the District will establish a deposit relationship with Bank of at least \$500,000 within a LAIF similar account

Competitive Sale Proves Itself

(Summary provided by placement agent, Brandis Tallman LLC)

	BBVA Compass [2]	Branch Banking & Trust	California Bank & Trust	Capital One	City National Bank [3]	CoBiz Public Financial	Opus Bank [4]	Pacific Western Bank	Sterling National Bank	Texas Capital Bank	Umpqua Bank [5]
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Costs: [1]											
Bank Counsel	\$7,500	\$10,000	\$0	\$0	\$0	\$11,000	\$12,500	\$10,000	Approx. \$7,000	\$7,500	\$12,500
COI Processing Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$1,000	\$0	\$0	\$0	\$0
Lender Rep Fee	\$0	\$0	\$0	\$0	\$5,000	\$0	\$0	\$0	\$0	\$0	\$0
Proposal Expiration:	4/15/2018	4/13/2018		4/5/2018	4/3/2018						

Estimated Closing Date: April 26, 2018
 Approximate Par Amount: \$3,790,000
 Average Life: 9.5 years
 Final Maturity : 5/1/2033
California Bank & Trust Average Annual Debt Service: \$367,000
Opus Bank Average Annual Debt Service: 369,500 without utilizing draw down structure

✓ *The top two bids were very close; with a lower average annual debt service from California Bank & Trust (\$367,000 compared to \$369,500 from Opus Bank) due to lower costs of issuance*

Zooming in on the Details

	<u>BBVA Compass [2]</u>	<u>Branch Banking & Trust</u>	<u>California Bank & Trust</u>	<u>Capital One</u>	<u>City National Bank [3]</u>	<u>CoBiz Public Financial</u>	<u>Opus Bank [4]</u>
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Title Insurance:	Required	Required	Required	None required pending title search	Required	None required pending title search	Required
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Costs: [1]							
Bank Counsel	\$7,500	\$10,000	\$0	\$0	\$0	\$11,000	\$12,500
COI Processing Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$1,000
Lender Rep Fee	\$0	\$0	\$0	\$0	\$5,000	\$0	\$0
Proposal Expiration:	4/15/2018	4/12/2018		4/15/2018	4/12/2018		

Terms from Opus Bank More Favorable

[1] Additionally, financial advisor, bond counsel, placement agent, paying agent/COI custodian, CDIA, non-profit counterparty and miscellaneous fees apply to all proposals.

[2] The pricing is conditioned upon the opportunity to bid on ancillary financial services in good faith.

[3] PPFC non-profit counterparty fee waived if selected as lender

[4] Up to 10% of principal can be prepaid every year without prepayment penalty or limitation as long as such prepayment is not through refinancing. If District wants flexibility to prepay the lease through grant funding, bank can allow that at any time without prepayment penalty with 1% up-front origination fee (fee is included in estimated Average Annual Debt Service). All such payments would be applied against the back end of amort schedule. If the project schedule allows, the lease will be funded in monthly draws over an 18-month Project Period into a construction account at the bank. At the end of the project period the District will have the option to cancel any portion of the remaining unfunded commitment without penalty, with the cancelled portion applied against the back end of the amort schedule. Remaining unfunded commitment will be funded to be used for future project costs.

[5] Notes include a relationship discount that assumes the District will establish a deposit relationship with Bank of at least \$500,000 within a LAIF similar account

- ◆ “Up to 10% of principal can be prepaid every year without prepayment penalty or limitation as long as such prepayment is not through refinancing. If District wants flexibility to prepay the lease through grant funding, bank can allow that at any time without prepayment penalty with 1% up-front origination fee (fee is included in estimated Average Annual Debt Service). All such payments would be applied against the back end of amort schedule. If the project schedule allows, the lease will be funded in monthly draws over an 18-month Project Period into a construction account at the bank. At the end of the project period the District will have the option to cancel any portion of the remaining unfunded commitment without penalty, with the cancelled portion applied against the back end of the amort schedule. Remaining unfunded commitment will be funded to be used for future project costs.”
- ✓ *After discussing with District staff and factoring in a potential “drawdown” schedule, it was determined that Opus Bank provided the bid with the lowest total cost to the District.*

Actual Results Near Estimates

15 Year Lease-Purchase Financing - No State Funding		
	<u><i>Pre-Sale Estimate (Mar 7)</i></u>	<u><i>Actual</i></u>
Amount for Projects:	\$3,700,000	\$3,700,000
Costs of Issuance:	\$100,000	\$90,000
Origination Fee:	\$0	\$38,283
Total Borrowed:	<u>\$3,800,000</u>	<u>\$3,828,283</u>
Closing Date:	Apr 26, 2018	May 10, 2018
Term:	15 years	15 years
Basis:	annual in arrears	annual in arrears
Interest Rate:	4.250%	3.410%

- ✓ *Origination fee of 1% (or \$38,283) allows for prepayment of outstanding balance when State funding is received, without penalty*

Drawing Funds as Needed Reduces Expected Total Repayment

<u>Date</u>	<u>Expected Draw</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Repayment</u>	<u>Balance</u>
May 10, 2018	\$128,283	\$0	\$0	\$0	\$128,283
Jun 1, 2018	\$1,300,000	\$0	\$0	\$0	\$1,428,283
Aug 1, 2018	\$1,200,000	\$0	\$0	\$0	\$2,628,283
Oct 1, 2018	\$1,200,000	\$0	\$0	\$0	\$3,828,283
Nov 1, 2018	\$0	\$0	(\$34,189)	(\$34,189)	\$3,828,283
May 1, 2019	\$0	\$0	(\$65,272)	(\$65,272)	\$3,828,283
Nov 1, 2019	\$0	\$0	(\$65,272)	(\$65,272)	\$3,828,283
May 1, 2020	\$0	\$0	(\$65,272)	(\$65,272)	\$3,828,283
Nov 1, 2020	\$0	\$0	(\$65,272)	(\$65,272)	\$3,828,283
May 1, 2021	\$0	(\$238,931)	(\$65,272)	(\$304,203)	\$3,589,352
Nov 1, 2021	\$0	\$0	(\$61,198)	(\$61,198)	\$3,589,352
May 1, 2022	\$0	(\$247,079)	(\$61,198)	(\$308,277)	\$3,342,273
Nov 1, 2022	\$0	\$0	(\$56,986)	(\$56,986)	\$3,342,273
May 1, 2023	\$0	(\$255,504)	(\$56,986)	(\$312,490)	\$3,086,769
Nov 1, 2023	\$0	\$0	(\$52,629)	(\$52,629)	\$3,086,769
May 1, 2024	\$0	(\$264,217)	(\$52,629)	(\$316,846)	\$2,822,552
Nov 1, 2024	\$0	\$0	(\$48,125)	(\$48,125)	\$2,822,552
May 1, 2025	\$0	(\$273,227)	(\$48,125)	(\$321,351)	\$2,549,326
Nov 1, 2025	\$0	\$0	(\$43,466)	(\$43,466)	\$2,549,326
May 1, 2026	\$0	(\$282,544)	(\$43,466)	(\$326,010)	\$2,266,782
Nov 1, 2026	\$0	\$0	(\$38,649)	(\$38,649)	\$2,266,782
May 1, 2027	\$0	(\$292,178)	(\$38,649)	(\$330,827)	\$1,974,604
Nov 1, 2027	\$0	\$0	(\$33,667)	(\$33,667)	\$1,974,604
May 1, 2028	\$0	(\$302,142)	(\$33,667)	(\$335,809)	\$1,672,462
Nov 1, 2028	\$0	\$0	(\$28,515)	(\$28,515)	\$1,672,462
May 1, 2029	\$0	(\$312,445)	(\$28,515)	(\$340,960)	\$1,360,018
Nov 1, 2029	\$0	\$0	(\$23,188)	(\$23,188)	\$1,360,018
May 1, 2030	\$0	(\$323,099)	(\$23,188)	(\$346,287)	\$1,036,919
Nov 1, 2030	\$0	\$0	(\$17,679)	(\$17,679)	\$1,036,919
May 1, 2031	\$0	(\$334,117)	(\$17,679)	(\$351,796)	\$702,802
Nov 1, 2031	\$0	\$0	(\$11,983)	(\$11,983)	\$702,802
May 1, 2032	\$0	(\$345,510)	(\$11,983)	(\$357,493)	\$357,292
Nov 1, 2032	\$0	\$0	(\$6,092)	(\$6,092)	\$357,292
May 1, 2033	\$0	(\$357,292)	(\$6,092)	(\$363,384)	\$0
Nov 1, 2033	\$0	\$0	\$0	\$0	\$0
	\$3,828,283	(\$3,828,283)	(\$1,204,905)	(\$5,033,188)	

Note: Taking into account the net proceeds for projects and the repayments, the All-In True Interest Cost = 3.74%.

<u>Fiscal Year</u>	<u>Fiscal Year Repayment</u>	<u>Pre-Sale Est Repayment</u>
2017 -18	\$0	\$0
2018 -19	\$99,461	\$161,500
2019 -20	\$130,544	\$161,500
2020 -21	\$369,476	\$386,473
2021 -22	\$369,476	\$386,473
2022 -23	\$369,476	\$386,473
2023 -24	\$369,476	\$386,473
2024 -25	\$369,476	\$386,473
2025 -26	\$369,476	\$386,473
2026 -27	\$369,476	\$386,473
2027 -28	\$369,476	\$386,473
2028 -29	\$369,476	\$386,473
2029 -30	\$369,476	\$386,473
2030 -31	\$369,476	\$386,473
2031 -32	\$369,476	\$386,473
2032 -33	\$369,476	\$386,473
	\$5,033,188	\$5,347,148

- ✓ Expected total obligation nearly 6% less than pre-sale estimate
- ✓ Less risk

- ✓ If no State funds are received, District's total obligation will be just over \$5 million, and for most years, an annual cost of just under \$370,000.

If State \$ Received as Projected...

<u>Date</u>	<u>State Funding</u>	<u>Draw</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Repayment</u>	<u>Balance</u>
May 10, 2018	\$0	\$128,283	\$0	\$0	\$0	\$128,283
Jun 1, 2018	\$0	\$1,300,000	\$0	\$0	\$0	\$1,428,283
Aug 1, 2018	\$0	\$1,200,000	\$0	\$0	\$0	\$2,628,283
Oct 1, 2018	\$0	\$1,200,000	\$0	\$0	\$0	\$3,828,283
Nov 1, 2018	(\$1,171,726)	\$0	\$0	(\$34,189)	(\$34,189)	\$2,656,557
May 1, 2019	\$0	\$0	\$0	(\$45,294)	(\$45,294)	\$2,656,557
Nov 1, 2019	\$0	\$0	\$0	(\$45,294)	(\$45,294)	\$2,656,557
May 1, 2020	(\$2,207,625)	\$0	\$0	(\$45,294)	(\$45,294)	\$448,932
Nov 1, 2020	\$0	\$0	\$0	(\$7,654)	(\$7,654)	\$448,932
May 1, 2021	\$0	\$0	(\$28,019)	(\$7,654)	(\$35,673)	\$420,913
Nov 1, 2021	\$0	\$0	\$0	(\$7,177)	(\$7,177)	\$420,913
May 1, 2022	\$0	\$0	(\$28,974)	(\$7,177)	(\$36,151)	\$391,939
Nov 1, 2022	\$0	\$0	\$0	(\$6,683)	(\$6,683)	\$391,939
May 1, 2023	\$0	\$0	(\$29,962)	(\$6,683)	(\$36,645)	\$361,977
Nov 1, 2023	\$0	\$0	\$0	(\$6,172)	(\$6,172)	\$361,977
May 1, 2024	\$0	\$0	(\$30,984)	(\$6,172)	(\$37,156)	\$330,993
Nov 1, 2024	\$0	\$0	\$0	(\$5,643)	(\$5,643)	\$330,993
May 1, 2025	\$0	\$0	(\$32,041)	(\$5,643)	(\$37,684)	\$298,952
Nov 1, 2025	\$0	\$0	\$0	(\$5,097)	(\$5,097)	\$298,952
May 1, 2026	\$0	\$0	(\$33,133)	(\$5,097)	(\$38,230)	\$265,819
Nov 1, 2026	\$0	\$0	\$0	(\$4,532)	(\$4,532)	\$265,819
May 1, 2027	\$0	\$0	(\$34,263)	(\$4,532)	(\$38,795)	\$231,556
Nov 1, 2027	\$0	\$0	\$0	(\$3,948)	(\$3,948)	\$231,556
May 1, 2028	\$0	\$0	(\$35,431)	(\$3,948)	(\$39,379)	\$196,125
Nov 1, 2028	\$0	\$0	\$0	(\$3,344)	(\$3,344)	\$196,125
May 1, 2029	\$0	\$0	(\$36,640)	(\$3,344)	(\$39,983)	\$159,485
Nov 1, 2029	\$0	\$0	\$0	(\$2,719)	(\$2,719)	\$159,485
May 1, 2030	\$0	\$0	(\$37,889)	(\$2,719)	(\$40,608)	\$121,597
Nov 1, 2030	\$0	\$0	\$0	(\$2,073)	(\$2,073)	\$121,597
May 1, 2031	\$0	\$0	(\$39,181)	(\$2,073)	(\$41,254)	\$82,416
Nov 1, 2031	\$0	\$0	\$0	(\$1,405)	(\$1,405)	\$82,416
May 1, 2032	\$0	\$0	(\$40,517)	(\$1,405)	(\$41,922)	\$41,899
Nov 1, 2032	\$0	\$0	\$0	(\$714)	(\$714)	\$41,899
May 1, 2033	\$0	\$0	(\$41,899)	(\$714)	(\$42,613)	\$0
Nov 1, 2033	\$0	\$0	\$0	\$0	\$0	\$0
	(\$3,379,351)	\$3,828,283	(\$448,932)	(\$284,395)	(\$733,327)	

<u>Fiscal Year</u>	<u>Fiscal Year Repayment</u>	<u>Pre-Sale Est Repayment</u>
2017 -18	\$0	\$0
2018 -19	\$79,483	\$161,500
2019 -20	\$90,589	\$161,500
2020 -21	\$43,327	\$42,781
2021 -22	\$43,327	\$42,781
2022 -23	\$43,327	\$42,781
2023 -24	\$43,327	\$42,781
2024 -25	\$43,327	\$42,781
2025 -26	\$43,327	\$42,781
2026 -27	\$43,327	\$42,781
2027 -28	\$43,327	\$42,781
2028 -29	\$43,327	\$42,781
2029 -30	\$43,327	\$42,781
2030 -31	\$43,327	\$42,781
2031 -32	\$43,327	\$42,781
2032 -33	\$43,327	\$42,781
	\$733,327	\$879,159

✓ ...expected total repayment (if State funding received as projected) will be nearly 17% less than pre-sale estimate

- ◆ Estimated State funding amounts and timing from SchoolWorks
- ✓ If no State funds are received, District's total obligation will be just over \$5 million, and for most years, an annual cost of just under \$370,000.

GFOA Best Practices Utilized



◆ Debt Management Policy



◆ Selecting and Managing Municipal Advisors



◆ Selecting Bond Counsel



◆ Selecting and Managing the Method of Sale of Municipal Bonds



◆ Debt Issuance Transaction Costs



Conclusion

✓ *\$3.7 million for facilities needs*



✓ *Total expected repayment \$313,960 less than previously estimated*



✓ *Finance terms favorable to District*

- Drawdown feature allows District to only borrow what is needed, and when*
- Prepayment terms allow application of State funding as soon as received to prepay borrowed funds*

For Reference

- ◆ Detailed Costs of Issuance
- ◆ March 7, 2018 Presentation

Detailed Costs of Issuance

MOTHER LODE UNION SCHOOL DISTRICT
 (El Dorado County, California)
 2018 Lease-Purchase Financing

Costs of Issuance

Description	Total Costs
• Quint & Thimmig LLP, Special Counsel Special Counsel Services and Expenses:	\$22,500.00
• Government Financial Strategies inc., Financial Advisor Professional Services:	\$25,850.00
Anticipated Direct Out-of-Pocket Expenses:	\$1,000.00
• Brandis Tallman LLC, Placement Agent	\$15,000.00
• Nixon Peabody LLP, Lender's Counsel	\$10,000.00
• Stewart Title Guaranty, Title Insurance	\$3,887.00
• Public Property Financing Corp: Non-Profit Corporation	\$3,500.00
• California Municipal Statistics, Property Tax Base Data	\$1,100.00
• COI Administration Fee	\$1,000.00
• CDIAC Fees	\$820.82
• Contingency	\$5,342.35
COSTS OF ISSUANCE	\$90,000.17

Mother Lode Union School District

Potential Borrowing For Facilities Projects



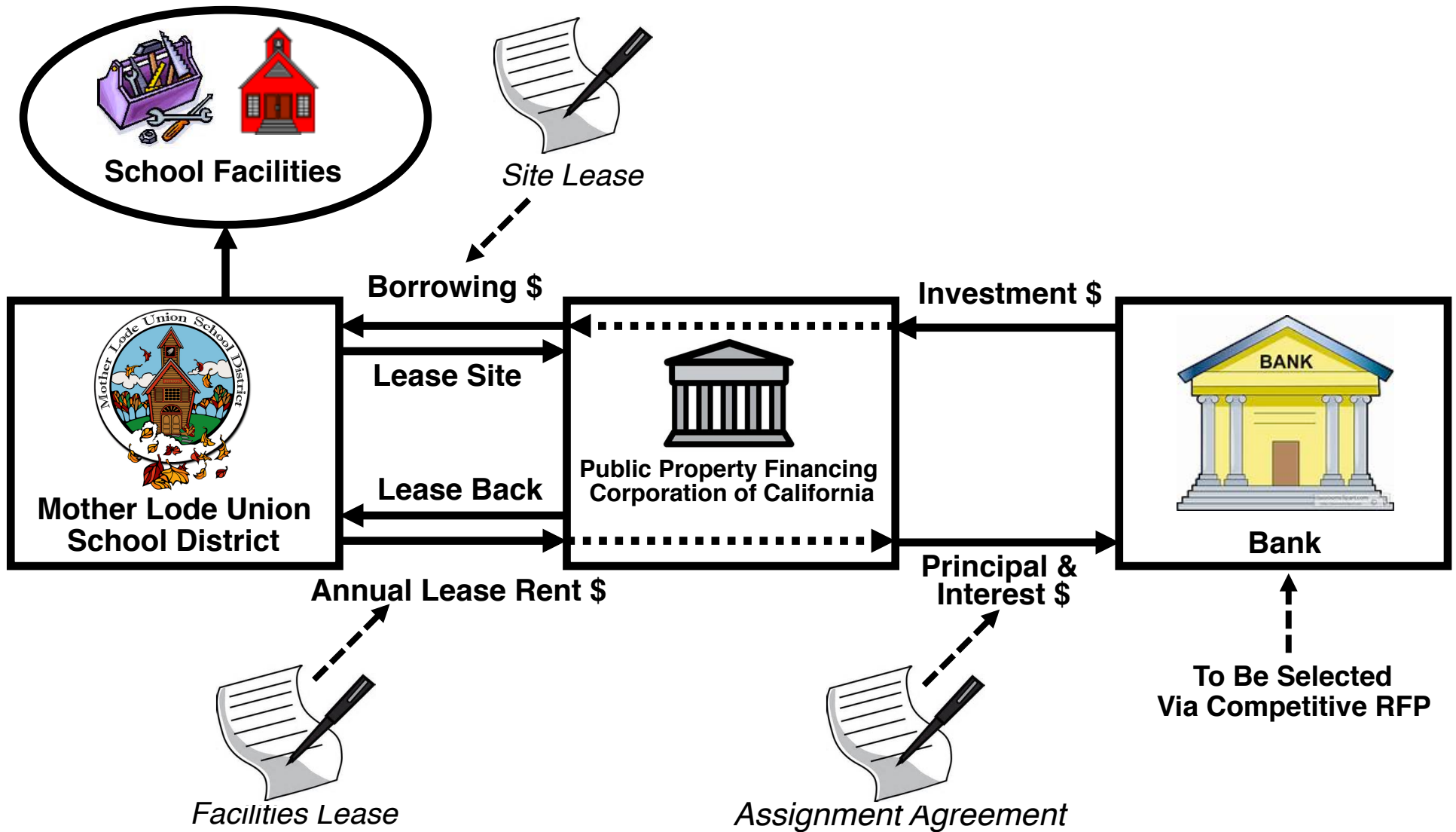
Presented by Lori Raineri
March 7, 2018

Agenda

- ◆ Financing Transaction Details
- ◆ Possible Prepayment
- ◆ Notification to County Superintendent of Schools and County Auditor
- ◆ Next Steps
- ◆ For Reference



Lease-Purchase Legal Structure



School Site Subject to Lease

- ◆ A school site will be subject to the lease agreement.
 - ▶ The site is to be determined – based on lease criteria.
 - ▶ The school site will serve as collateral for the financing.
 - ▶ In the event the District defaults, investors have the option to take possession of the site.

◆ As a practical matter, investors are counting on the District to live up to its obligation in good faith.



- ◆ Additional Safeguards:
 - ▶ County Superintendent of Schools & County Auditor Notification per Education Code 17150.1(a)
 - ▶ County Department of Education Budget Review/AB 1200

Primary Legal Documents

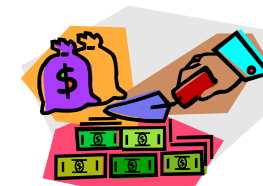
- ◆ Board Resolution: authorizes financing within parameters and signing of documents in substantially the same form.
- ◆ Site Lease: District leases the school site to Public Property Financing Corporation of California in exchange for funds.
- ◆ Facilities Lease: Public Property Financing Corporation of California leases the school site back to District in exchange for principal and interest payments over 15 years.
- ◆ Assignment Agreement: Public Property Financing Corporation of California assigns responsibility for the principal and interest payments to the bank.

Plan B Discussed at Jan. 10 Board Meeting \$3.8 Mil. Financed → \$3.7 Mil. For Projects

Amount for Projects:	\$3,700,000
Costs of Issuance:	\$100,000
Total Borrowed:	<u>\$3,800,000</u>

Closing Date: Apr 26, 2018
Term: 15 years
Basis: annual in arrears
Call Provision: 18 months

Indicative Rate:	3.500%
Timing Adjustment:	0.750%
Assumed Interest Rate:	<u>4.250%</u>



Review: Estimated Debt Service Schedule

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Balance</u>
May 1, 2018	\$0	\$0	\$0	\$3,800,000
May 1, 2019	\$0	(\$161,500)	(\$161,500)	\$3,800,000
May 1, 2020	\$0	(\$161,500)	(\$161,500)	\$3,800,000
May 1, 2021	(\$224,973)	(\$161,500)	(\$386,473)	\$3,575,027
May 1, 2022	(\$234,534)	(\$151,939)	(\$386,473)	\$3,340,493
May 1, 2023	(\$244,502)	(\$141,971)	(\$386,473)	\$3,095,991
May 1, 2024	(\$254,893)	(\$131,580)	(\$386,473)	\$2,841,098
May 1, 2025	(\$265,726)	(\$120,747)	(\$386,473)	\$2,575,371
May 1, 2026	(\$277,020)	(\$109,453)	(\$386,473)	\$2,298,352
May 1, 2027	(\$288,793)	(\$97,680)	(\$386,473)	\$2,009,559
May 1, 2028	(\$301,067)	(\$85,406)	(\$386,473)	\$1,708,492
May 1, 2029	(\$313,862)	(\$72,611)	(\$386,473)	\$1,394,630
May 1, 2030	(\$327,201)	(\$59,272)	(\$386,473)	\$1,067,429
May 1, 2031	(\$341,107)	(\$45,366)	(\$386,473)	\$726,322
May 1, 2032	(\$355,604)	(\$30,869)	(\$386,473)	\$370,717
May 1, 2033	(\$370,717)	(\$15,755)	(\$386,473)	\$0
	(\$3,800,000)	(\$1,547,148)	(\$5,347,148)	

(1) Taking into account the net proceeds for projects and the repayments, the All-In True Interest Cost = 4.61%.

(2) Balance shown is amount after principal payment during fiscal year. It is currently planned that the lease purchase would be callable, in whole or in part, without penalty, on any date on or after November 1, 2019.

Review: Planned Prepayment from State Funding

- ◆ The District submitted projects in November 2013 for a total of \$1,171,726
 - ▶ Currently estimated to receive funds within one year

- ◆ The District submitted projects in January 2018 for a total of \$2,207,625
 - ▶ Currently estimated to receive funds in late 2019

- ✓ *\$3,379,351 estimated to be received prior to the May 1, 2020 payment*
 - *Will be used to prepay as much as possible of the borrowed funds, reducing the ongoing debt service*

* Information on State funding provided by SchoolWorks (and as presented to the Board on January 10, 2018)

Review: If State \$ Are Received as Projected . . .

<u>Date</u>	<u>State Funding</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Balance</u>
May 1, 2018	\$0	\$0	\$0	\$0	\$3,800,000
May 1, 2019	\$0	\$0	(\$161,500)	(\$161,500)	\$3,800,000
May 1, 2020	(\$3,379,351)	\$0	(\$161,500)	(\$161,500)	\$420,649
May 1, 2021	\$0	(\$24,904)	(\$17,878)	(\$42,781)	\$395,745
May 1, 2022	\$0	(\$25,962)	(\$16,819)	(\$42,781)	\$369,783
May 1, 2023	\$0	(\$27,066)	(\$15,716)	(\$42,781)	\$342,717
May 1, 2024	\$0	(\$28,216)	(\$14,565)	(\$42,781)	\$314,501
May 1, 2025	\$0	(\$29,415)	(\$13,366)	(\$42,781)	\$285,086
May 1, 2026	\$0	(\$30,665)	(\$12,116)	(\$42,781)	\$254,421
May 1, 2027	\$0	(\$31,969)	(\$10,813)	(\$42,781)	\$222,452
May 1, 2028	\$0	(\$33,327)	(\$9,454)	(\$42,781)	\$189,125
May 1, 2029	\$0	(\$34,744)	(\$8,038)	(\$42,781)	\$154,382
May 1, 2030	\$0	(\$36,220)	(\$6,561)	(\$42,781)	\$118,161
May 1, 2031	\$0	(\$37,760)	(\$5,022)	(\$42,781)	\$80,402
May 1, 2032	\$0	(\$39,364)	(\$3,417)	(\$42,781)	\$41,037
May 1, 2033	\$0	(\$41,037)	(\$1,744)	(\$42,781)	\$0
	(\$3,379,351)	(\$420,649)	(\$458,510)	(\$879,159)	

- ◆ As presented on January 10, 2018
- ◆ Estimated State funding amounts and timing from SchoolWorks
- ✓ *If no State funds are received, District's total obligation will be just under \$5.5 million, and for most years, an annual cost of just under \$400,000.*

County Superintendent of Schools & County Auditor Notification

- ◆ Pursuant to Education Code 17150.1(a), school districts are required to notify the county superintendent of schools and county auditor at least 30 days before certain types of debt are approved by the governing board.
- ◆ Types of debt that require notification include:
 - ▶ Lease-purchase
 - ▶ Any other debt
 - secured by real property
 - not subject to voter approval
- ◆ County superintendent of schools and county auditor have 15 days to:
 - ▶ Review the information provided
 - ▶ Determine whether the debt is affordable
 - ▶ Comment publicly (if desired) to the governing board of the district
- ◆ Should the Board wish to proceed, we will work with staff to notify and communicate with the county superintendent of schools and county auditor, including providing a debt notification report.



Questions Addressed in Notification Report

- 1) Why is the district borrowing?
- 2) What will the district's annual obligation be, including debt service payments and administrative costs?
- 3) What is the risk that the annual obligation will vary from year to year and by how much?
- 4) What are the planned repayment sources?
- 5) What is the likelihood the planned repayment sources will be sufficient?
- 6) What is the cost of funds and is this reasonable?



Next Steps

- ◆ Today's Board meeting
 - ▶ Information only
- ◆ No later than March 12th
 - ▶ Notice & information provided to El Dorado County Superintendent of Schools and El Dorado County Auditor-Controller (Ed. Code 17150.1)
- ◆ April 11th Board meeting
 - ▶ Board considers adoption of resolution authorizing financing
- ◆ April 26th
 - ▶ Closing - proceeds deposited with County Treasury
- ◆ May 16th Board meeting
 - ▶ Sale results presented to Board
- ◆ Ongoing administration



Any Questions?



For Reference

- ◆ Estimated Costs of Issuance Detail for Potential Lease- Purchase
- ◆ SchoolWorks January 10, 2018 Board Presentation
- ◆ Government Financial Strategies January 10, 2018 Board Presentation

Estimated Costs of Issuance Detail

Description	Total Costs
<ul style="list-style-type: none"> • Quint & Thimmig LLP, Special Counsel Special Counsel Services and Expenses: 	\$22,500.00
<ul style="list-style-type: none"> • Government Financial Strategies inc., Financial Advisor Professional Services: Anticipated Direct Out-of-Pocket Expenses: 	\$25,850.00 \$1,000.00
<ul style="list-style-type: none"> • _____, Placement Agent 	\$15,000.00
<ul style="list-style-type: none"> • _____, Lender's Counsel 	\$12,500.00
<ul style="list-style-type: none"> • First American Title Insurance Company, Title Insurance 	\$4,500.00
<ul style="list-style-type: none"> • Public Property Financing Corp: Non-Profit Corporation 	\$3,500.00
<ul style="list-style-type: none"> • California Municipal Statistics, Property Tax Base Data 	\$1,250.00
<ul style="list-style-type: none"> • CDIAC Fees 	\$1,172.50
<ul style="list-style-type: none"> • Contingency 	\$12,727.50
<hr/> COSTS OF ISSUANCE	<hr/> \$100,000.00