

Mother Lode Union School District

Potential Borrowing For Facilities Projects



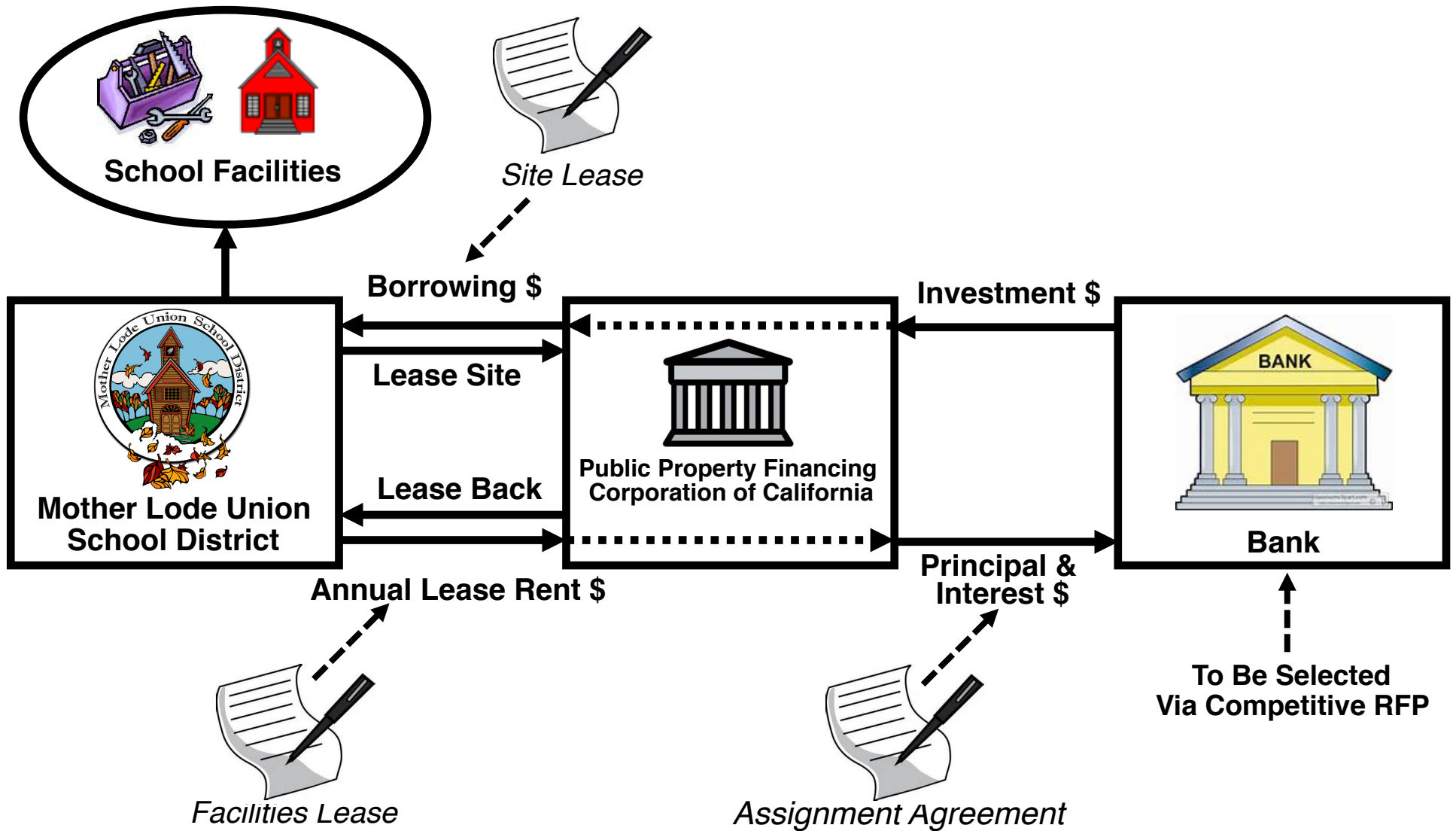
Presented by Lori Raineri
March 7, 2018

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

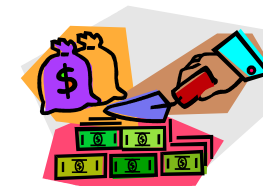
- ◆ Board Resolution: authorizes financing within parameters and signing of documents in substantially the same form.
- ◆ Site Lease: District leases the school site to Public Property Financing Corporation of California in exchange for funds.
- ◆ Facilities Lease: Public Property Financing Corporation 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

Mother Lode Union School District

School Facility Projects Update (Measure C) Budget and Cash Flow Update



January 10, 2018

Presented By: SchoolWorks, Inc.





Facility Master Plan Options Review

- Revenue Updates
- Project Bid & Cost Updates
- Budget & Cash Flow Scenarios
- Recommendations

State Bond Revenue Projections

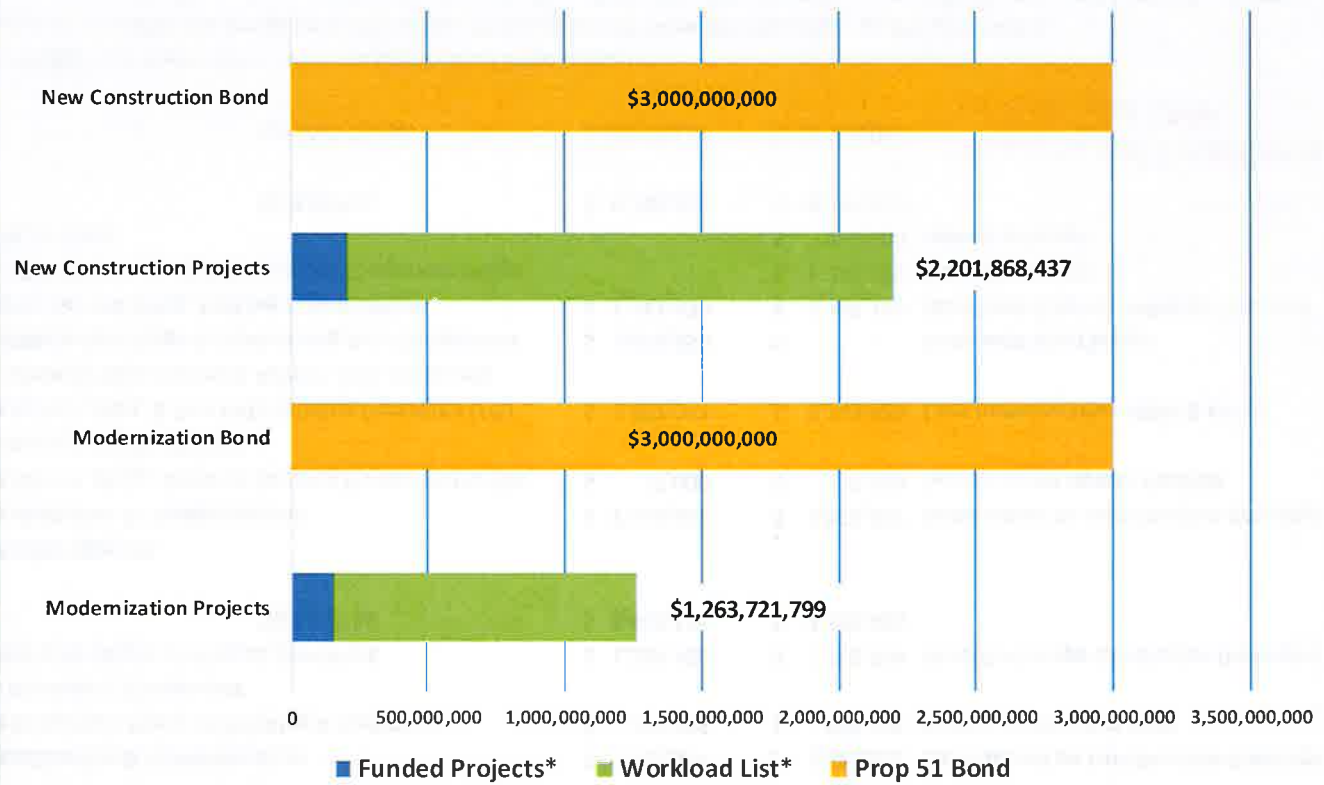
- **\$1,171,726** in line for State modernization funds
 - The projects were on page 3 of the workload list when State bond passed in Nov. 2016. A total of 86 projects were in line ahead of Mother Lode.
 - The first sale of State bonds from Prop 51 was in August of 2017. The SAB funded \$433 million in projects in September 2017.
 - OPSC is now processing projects and the SAB approved \$171 million in projects in Dec 2017.
 - The District applications are now on page 1 of the workload list. Only 29 projects are ahead of Mother Lode. (See page 4)
 - Revenues are based on standard State funding formulas (which are/have been established).
- **\$2,207,625** to be submitted to OPSC in the next 30 days (pending Board approval)
 - The current workload list is 15 pages long.
 - OPSC should process around 1 page of applications per month based on recent processing rates.
 - At this pace, MLUSD projects would be reviewed in 16 months (approx. May, 2019).
 - After OPSC review, the estimated timeline for funding is 6 months.

SFP APPLICATIONS
 Modernization School Facilities Program
 - Workload as of October 31, 2017 -

District	County	Site Name	Application Number	50-04 Date Received	Estimated State Grant (a)	Financial Hardship (b)
Ventura County Office of Education	Ventura	Douglas Penfield	57/10561-00-001	04/17/13	\$ 1,035,244	\$ 690,163
Martinez Unified	Contra Costa	Alhambra Senior High	57/61739-00-008	07/18/13	\$ 340,522	\$ -
Palm Springs Unified	Riverside	Aqua Caliente Elementary	57/67173-00-007	07/29/13	\$ 1,144,861	\$ -
Long Beach Unified	Los Angeles	Roosevelt Elementary	57/64725-00-016	07/30/13	\$ 3,230,102	\$ -
Belmont-Redwood Shores Elementary	San Mateo	Cipriani Elementary	57/68866-00-012	08/06/13	\$ 1,209,235	\$ -
West Park Elementary	Fresno	West Park Elementary	57/62539-00-001	08/07/13	\$ 327,697	\$ 218,465
Colton Joint Unified	San Bernardino	Abraham Lincoln Elementary	57/67686-00-011	08/07/13	\$ 3,369,023	\$ -
Colton Joint Unified	San Bernardino	Mary B. Lewis Elementary	57/67686-00-012	08/07/13	\$ 3,479,782	\$ -
Colton Joint Unified	San Bernardino	Ulysses Grant Elementary	57/67686-00-013	08/07/13	\$ 3,408,075	\$ -
Colton Joint Unified	San Bernardino	Crestmore Elementary	57/67686-00-014	08/07/13	\$ 3,541,316	\$ -
Sylvan Union Elementary	Stanislaus	Woodrow Elementary	57/71290-00-008	08/07/13	\$ 2,947,519	\$ -
Clovis Unified	Fresno	Fort Washington Elementary	57/62117-00-034	08/15/13	\$ 639,395	\$ -
Clovis Unified	Fresno	Clovis West High	57/62117-00-035	08/16/13	\$ 2,034,442	\$ -
Mission Union Elementary	Monterey	Mission Elementary	57/66084-00-002	08/16/13	\$ 40,247	\$ 26,832
Guemerville Elementary	Sonoma	Guemerville Elementary	57/70722-00-001	08/16/13	\$ 1,333,577	\$ -
Larkspur Elementary	Marin	San Clemente Elementary	57/65367-00-005	08/20/13	\$ 3,016,038	\$ -
Belmont-Redwood Shores Elementary	San Mateo	Central Elementary	57/68866-00-013	08/20/13	\$ 1,063,692	\$ -
Clovis Unified	Fresno	Jefferson Elementary	57/62117-00-036	09/09/13	\$ 1,901,623	\$ -
Tustin Unified	Orange	Cume Middle	57/73643-00-021	09/10/13	\$ 3,170,159	\$ -
Santa Barbara Unified	Santa Barbara	Dos Pueblos Senior High	57/76786-00-004	09/17/13	\$ 490,239	\$ -
Piacentia-Yorba Linda Unified	Orange	Travis Ranch	57/66647-00-035	09/25/13	\$ 1,814,330	\$ -
Lagunita Elementary	Monterey	Labunita Elementary	57/66076-00-001	09/27/13	\$ 43,937	\$ 29,291
Clovis Unified	Fresno	Clovis High	57/62117-00-037	10/01/13	\$ 3,507,058	\$ -
Santa Barbara Unified	Santa Barbara	Harding University Partnership	57/76786-00-005	10/07/13	\$ 600,796	\$ -
Plaza Elementary	Glenn	Plaza Elementary	57/62638-00-001	10/18/13	\$ 81,532	\$ 54,354
Los Gatos Union Elementary	Santa Clara	Lexington Elementary	57/69526-00-006	10/24/13	\$ 1,442,975	\$ 961,983
Central Unified	Fresno	Madison Elementary	57/73965-00-008	11/01/13	\$ 3,149,004	\$ -
West Contra Costa Unified	Contra Costa	Walther Helms Middle	57/61796-00-048	11/04/13	\$ 92,791	\$ -
East Side Union High	Santa Clara	Silver Creek High	57/69427-00-035	11/07/13	\$ 280,034	\$ -
Mother Lode Union Elementary	El Dorado	Indian Creek Elementary	57/61929-00-003	11/15/13	\$ 720,203	\$ 480,135
Mother Lode Union Elementary	El Dorado	Herbert Green Middle	57/61929-00-004	11/15/13	\$ 488,127	\$ 325,418
Raisin City Elementary	Fresno	Raisin City Elementary	57/62380-00-001	11/20/13	\$ 1,246,008	\$ 830,672
Paradise Unified	Butte	Paradise Senior High	57/61531-00-002	11/26/13	\$ 4,363,106	\$ -
West Contra Costa Unified	Contra Costa	Kennedy High	57/61796-00-049	12/05/13	\$ 1,145,296	\$ -
Golden Feather Union	Butte	Concow Elementary	57/61457-00-001	12/10/13	\$ 746,549	\$ 497,699
Foresthill Union Elementary	Placer	Foresthill Divide Middle	57/66837-00-001	12/20/13	\$ 965,591	\$ -
Escalon Unified	San Joaquin	Escalon High	57/68502-00-002	12/23/13	\$ 7,726,505	\$ -
Mill Valley Elementary	Marin	Strawberry Point Elementary	57/65391-00-007	01/06/14	\$ 1,316,748	\$ -
Mill Valley Elementary	Marin	Park Elementary	57/65391-00-008	01/07/14	\$ 623,848	\$ -
Pomona Unified	Los Angeles	Garey High	57/64907-00-024	01/23/14	\$ 4,397,379	\$ 2,931,586
Pomona Unified	Los Angeles	Pomona High	57/64907-00-025	01/23/14	\$ 2,223,979	\$ 1,482,653

State Bond Status Update

Status of State Funds - 2016 State School Bond



	<u>Modernization</u>	<u>New Construction</u>
Average Project Submittal Rate per month:	46,095,781	65,770,293
Projected months until funds exhausted:	37.7	12.1

*Based on OPSC records as of October 31st 2017

ESTIMATED FACILITY COSTS

	March 2016 AMOUNT	August 2017 AMOUNT	Notes
INDIAN CREEK ELEMENTARY SCHOOL			
Site Rehabilitation & Modernization	\$ 1,505,944	\$ 1,620,962	Costs based on construction drawings
Remove & Replace Three (3) Existing K Portables w. Modular K Classrooms	\$ 727,745	\$ 878,825	Cost increase from AMS
Additional R/W (Right of Way) & Site Work	\$ 1,234,460	\$ 1,398,848	Modified scope & inflation increases
SUB TOTAL	\$ 3,468,149	\$ 3,898,635	
HERBERT GREEN MIDDLE SCHOOL			
Site Rehabilitation & Modernization	\$ 2,383,903	\$ 2,869,052	Costs based on construction drawings
Remove Admin. Bldg.; Remove Existing Portables J-O (6); Remove Portables P-S (4)	\$ 77,000	\$ 135,600	Added scope due to HazMat
Replace Admin. Bldg. & Ten (10) Existing Portables (J-S) w. Modular Classrooms & Admin. (inc. Sitework)	\$ 2,087,042	\$ 2,743,429	Cost increase from AMS & other
Extend MPR to Add Stage & Performing Arts Component	\$ 1,076,350	\$ -	Removed from Scope
Reconfigure School Entry, Parking & Circulation	\$ 1,121,670	\$ 1,938,139	Modified Scope & Inflation Changes
New HVAC & Roofing on All Permanent Classroom Bldgs.		\$ 1,711,192	Added to Scope
Add HVAC to Gym		\$ 260,000	Added to Scope
SUB TOTAL	\$ 6,745,965	\$ 9,657,412	
GRAND TOTAL	\$ 10,214,114	\$ 13,556,047	\$14,429,136 Total Costs based on bids and GMP.

- NOTES:**
- 1). March 2016 Estimates were based on Conceptual Project Scopes.
 - 2). Updated Estimates are based on Construction Drawings which were 70% complete as of August 2017.
 - 3). Cost Estimates for Single Story Modular Classrooms from AMS (American Modular Systems) Cost Estimate Letter of July 2017
 - 4). Costs include All Contractor & Support (A&E, CM, Testing & Inspection, CEQA & Permits) Costs

Project Timeline Considerations

- Doing Projects Faster and/or Sooner means:
 - Less Inflation on the Project Budgets – given current inflation rates, this is a key factor in the projected construction costs.
 - The School and Community gain the benefits of the projects sooner
 - Expenses occur sooner which can create cash flow issues
- State Applications are now being processed at a good pace
- Delaying projects would incur additional inflationary costs
 - Estimated general construction inflation rate for the next two years is 8% - 10% per year. We used an 8.5% assumption in cash flow models.
 - Correspondence from AMS states that cost increases for modular buildings will be 8.5% for labor and 12.5% for materials for 2018/19 contracts. Similar increases are estimated for the following year. We assumed a total increase of 10.75% per year,
 - Increased costs create future budget shortfalls

Description	Plan A All projects completed summer 2018
Revenue	
Available funds 6/2018	9,024,668
State Bond #1	904,468
Borrowing	4,500,000
Total	14,429,136
Expenditures	
HG Modernization	6,414,977
HG HVAC/Roof	1,861,008
HG Gym HVAC	336,952
HG SPED/Locker rooms	1,799,039
IC Modernization	4,017,160
Total Expenditures	14,429,136
Repayment Schedule	
Amount borrowed	4,500,000
Borrowing costs	1,175,594
Total Debt	5,675,594
Repayment sources	
State Bond #1	267,258
State Bond #2	2,207,695
total state bond	2,474,953
balance of debt after state bond funding	3,200,641
Developer Fees	375,000
Facility LCFF annual transfer	2,866,981
Repayment schedule	
2 Interest only payments LCFF/Developer Fee	391,000
Annual Developer Fee payments	25,000
Annual LCFF payments x 13 yrs	191,132
Total annual payments x 13 yrs (LCFF and Dev Fees)	216,132

Plan A

Basics

- All projects completed August 2018 on both school sites

Pros

- Major facility issues are all addressed
- Traffic issues are addressed at both sites
- Less overall cost to finance now than we may see in cost escalation over time

Cons

- Borrow \$4.5 million
- Remaining debt after state bond funding is \$3.2 mil
- Annual LCFF commitment of \$190k for 15 years

Description	Plan B No Gym HVAC, No SPED, No Locker rooms
Revenue	
Available funds 6/2018	9,024,668
State Bond #1	
Borrowing	3,700,000
Total	12,724,668
Expenditures	
HG Modernization	6,414,977
HG HVAC/Roof	1,861,008
HG Gym HVAC	
HG SPED/Locker rooms	
IC Modernization	4,017,160
Total Expenditures	12,293,145
Repayment Schedule	
Amount borrowed	3,700,000
Borrowing costs	558,510
Total Debt	4,258,510
Repayment sources	
State Bond #1	1,171,726
State Bond #2	2,207,695
total state bond	3,379,421
balance of debt after state bond funding	879,089
Developer Fees	375,000
Facility LCFF annual transfer	141,494
unused revenue	431,523
Repayment schedule	
2 Interest only payments LCFF/Developer Fee	323,000
Annual Developer Fee payments	25,000
Annual LCFF payments x 13 yrs	9,433
Annual unused revenue x 13 yrs	8,348
Total annual payments x 13 yrs (LCFF and Dev Fees)	42,781

Plan B

Basics

- Indian Creek projects are completed
- Herbert Green does not have gym HVAC, SPED rooms, or Locker rooms completed
- All other Herbert Green projects are completed

Pros

- Much of the facility issues are addressed
- Traffic issues are addressed at both sites

Cons

- Not all of Herbert Green needs are addressed
- Cost escalation will make it difficult to do at a later time
- Still have a need to borrow (\$3.7 mil)
- Remaining debt after state bond funding \$88ok
- Annual LCFF commitment \$9k

Description	Plan C
	No Gym HVAC
Revenue	
Available funds 6/2018	9,024,668
State Bond #1	567,516
Borrowing	4,500,000
Total	14,092,184
Expenditures	
HG Modernization	6,414,977
HG HVAC/Roof	1,861,008
HG Gym HVAC	
HG SPED/Locker rooms	1,799,039
IC Modernization	4,017,160
Total Expenditures	14,092,184
Repayment Schedule	
Amount borrowed	4,500,000
Borrowing costs	1,067,047
Total Debt	5,567,047
Repayment sources	
State Bond #1	604,210
State Bond #2	2,207,695
total state bond	2,811,905
balance of debt after state bond funding	2,755,142
Developer Fees	375,000
Facility LCFF annual transfer	2,352,929
Repayment schedule	
2 Interest only payments LCFF/Developer Fee	391,000
Annual Developer Fee payments	25,000
Annual LCFF payments x 13 yrs	156,862
Total annual payments x 13 yrs (LCFF and Dev Fees)	181,862

Plan C

Basics

- Indian Creek projects are completed
- Herbert Green does not have gym HVAC.
- All other Herbert Green projects are completed

Pros

- Most facility issues are addressed at both sites
- Traffic issues are addressed at both sites
- Remaining debt is \$300k less than if everything is completed
- Could be completed if contingencies aren't used

Cons

- Herbert Green gym HVAC is not complete (although the infrastructure is complete)
- Cost escalation will make it difficult to do at a later time
- Remaining debt after state bond funding \$2.7 mil
- Annual LCFF commitment \$157k

Plan D

Plan D	
Description	No Gym HVAC, No Indian Creek
Revenue	
Available funds 6/2018	9,024,668
State Bond #1	1,171,726
Borrowing	-
Total	10,196,394
Expenditures	
HG Modernization	6,414,977
HG HVAC/Roof	1,861,008
HG Gym HVAC	
HG SPED/Locker rooms	1,799,039
IC Modernization	438,639
Total Expenditures	10,513,663

Basics

- Indian Creek projects are NOT completed
- Herbert Green does not have gym HVAC
- All other Herbert Green projects are completed

Pros

- Some facility issues are addressed
- Traffic issues are addressed at Herbert Green
- No debt, no borrowing costs
- Will have State Bond #2 balance of \$2.2 mil available in 3 years to complete remaining projects
- If borrowing is needed then, it will be for a lesser amount

Cons

- Not all of Herbert Green needs are addressed
- None of Indian Creek is completed, but still have costs incurred to date
- Cost escalation may create higher cost and/or debt at a later time
- May still be short funding by approx. \$300k, but should be absorbed by unused contingency and funding available in 2018-19



Recommendation

Description	Plan B No Gym HVAC, No SPED, No Locker rooms
Revenue	
Available funds 6/2018	9,024,668
State Bond #1	
Borrowing	3,700,000
Total	12,724,668
Expenditures	
HG Modernization	6,414,977
HG HVAC/Roof	1,861,008
HG Gym HVAC	
HG SPED/Locker rooms	
IC Modernization	4,017,160
Total Expenditures	12,293,145
Repayment Schedule	
Amount borrowed	3,700,000
Borrowing costs	558,510
Total Debt	4,258,510
Repayment sources	
State Bond #1	1,171,726
State Bond #2	2,207,695
total state bond	3,379,421
balance of debt after state bond funding	879,089
Developer Fees	375,000
Facility LCFF annual transfer	141,494
unused revenue	431,523
Repayment schedule	
2 Interest only payments LCFF/Developer Fee	323,000
Annual Developer Fee payments	25,000
Annual LCFF payments x 13 yrs	9,433
Annual unused revenue x 13 yrs	8,348
Total annual payments x 13 yrs (LCFF and Dev Fees)	42,781

Recommendation

Plan B

Basics

- Indian Creek projects are completed
- Herbert Green does not have gym HVAC, SPED rooms, or Locker rooms completed
- All other Herbert Green projects are completed

Pros

- Much of the facility issues are addressed
- Traffic issues are addressed at both sites

Cons

- Not all of Herbert Green needs are addressed
- Cost escalation will make it difficult to do at a later time
- Still have a need to borrow (\$3.7 mil)
- Remaining debt after state bond funding \$880k
- Annual LCFF commitment \$9k

Mother Lode Union School District

Funding Additional Facilities Needs - 2018 Lease Purchase



Government
Financial
Strategies

Presented by Matt Kolker
January 10, 2018

Presentation materials provided for distribution at the meeting. Please see meeting record for verbal commentary and discussion.

\$3.38 Million of Funding from State School Facilities Program Anticipated

- ◆ The District plans to receive \$3.38 million of grant funding from the State School Facilities Program.
 - ▶ Depending on the option chosen, the amount of State funding available to prepay any financing will vary.
- ◆ For projects already submitted to the OPSC, funding is expected to be received in the next year.
- ◆ For upcoming project submittals, funding is expected to be received in the next 2 -3 years.
- ◆ In the meantime, the District wishes to move forward with the facilities projects.
 - ▶ Delaying projects would increase costs; current assumption is 8.5% per year.

* State funding information provided by SchoolWorks and only reflects base grant amounts.

Financing the Projects

- ◆ Lease-purchase financing
 - ▶ Despite the name, from a financial standpoint a lease-purchase financing is not the same as a rental agreement, it is more like a loan.
 - Lease-purchases can be used to finance equipment and real property projects.
 - Certificates of participation are a method of packaging a lease-purchase to look like a bond, for sale to traditional bond investors in the conventional municipal bond market.

“Certificates of Participation evidencing . . . fractional . . . interests . . . in rental payments.”

Choosing COPs or Standard Lease-Purchase

- ◆ COPs are more expensive to issue than a standard lease-purchase; however:
 - ▶ Access to the conventional bond market provides lower borrowing rates (“points” vs. interest rate)
 - ✓ *The longer the borrowing term and the larger the borrowing amount, the more likely COPs will be more cost effective than a standard lease-purchase*
 - ▶ The conventional bond market accepts longer term and larger borrowings than leasing companies
- ✓ *Based on the expected borrowing amount and term, a standard lease-purchase will be the more effective option.*

Lease Purchase Considerations

Amount for Projects:	\$4,500,000
Costs of Issuance:	\$100,000
Total Borrowed:	\$4,600,000
Closing Date:	May 1, 2018
Term:	15 years
Basis:	annual in arrears
Call Provision:	18 months
Indicative Rate:	3.500%
Timing Adjustment:	0.750%
Assumed Interest Rate:	4.250%

- ◆ \$4.5 million assumed based on discussions with District staff (\$3.7 million for Option "B")
- ◆ 15 year term assumed to minimize annual payment assuming all State funding is received
- ◆ 18 month call provision assumed to allow for prepayment of principal from State funding

- ◆ Indicative rate is based on assumed credit rating of the District (single "A" category) and early call provision
 - ▶ Timing adjustment is based on historical volatility in the market over 4-month periods
 - The resulting assumed interest rate of 4.25% is half the assumed inflation rate for delaying projects
- ◆ Assume interest-only payments for the first two years to reduce cost to the District prior to utilizing State funding to prepay principal
 - ▶ Resulting in an estimated payment of approximately \$196k for the first two years

Debt Service With Full State Funding

(District's obligation if all goes as planned)

Option "A":

Date	State Funding	Principal	Interest	Payment	Balance
May 1, 2018	\$0	\$0	\$0	\$0	\$4,600,000
May 1, 2019	\$0	\$0	(\$195,500)	(\$195,500)	\$4,600,000
May 1, 2020	(\$2,474,883)	\$0	(\$195,500)	(\$195,500)	\$2,125,117
May 1, 2021	\$0	(\$125,814)	(\$90,317)	(\$216,132)	\$1,999,303
May 1, 2022	\$0	(\$131,161)	(\$84,970)	(\$216,132)	\$1,868,142
May 1, 2023	\$0	(\$136,736)	(\$79,396)	(\$216,132)	\$1,731,406
May 1, 2024	\$0	(\$142,547)	(\$73,585)	(\$216,132)	\$1,588,859
May 1, 2025	\$0	(\$148,605)	(\$67,527)	(\$216,132)	\$1,440,254
May 1, 2026	\$0	(\$154,921)	(\$61,211)	(\$216,132)	\$1,285,333
May 1, 2027	\$0	(\$161,505)	(\$54,627)	(\$216,132)	\$1,123,828
May 1, 2028	\$0	(\$168,369)	(\$47,763)	(\$216,132)	\$955,459
May 1, 2029	\$0	(\$175,525)	(\$40,607)	(\$216,132)	\$779,935
May 1, 2030	\$0	(\$182,984)	(\$33,147)	(\$216,132)	\$596,950
May 1, 2031	\$0	(\$190,761)	(\$25,370)	(\$216,132)	\$406,189
May 1, 2032	\$0	(\$198,869)	(\$17,263)	(\$216,132)	\$207,321
May 1, 2033	\$0	(\$207,321)	(\$8,811)	(\$216,132)	\$0
	(\$2,474,883)	(\$2,125,117)	(\$1,075,594)	(\$3,200,711)	

Option "B":

Date	State Funding	Principal	Interest	Payment	Balance
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)	

Option "C":

Date	State Funding	Principal	Interest	Payment	Balance
May 1, 2018	\$0	\$0	\$0	\$0	\$4,600,000
May 1, 2019	\$0	\$0	(\$195,500)	(\$195,500)	\$4,600,000
May 1, 2020	(\$2,811,835)	\$0	(\$195,500)	(\$195,500)	\$1,788,165
May 1, 2021	\$0	(\$105,865)	(\$75,997)	(\$181,862)	\$1,682,300
May 1, 2022	\$0	(\$110,365)	(\$71,498)	(\$181,862)	\$1,571,935
May 1, 2023	\$0	(\$115,055)	(\$66,807)	(\$181,862)	\$1,456,880
May 1, 2024	\$0	(\$119,945)	(\$61,917)	(\$181,862)	\$1,336,935
May 1, 2025	\$0	(\$125,043)	(\$56,820)	(\$181,862)	\$1,211,892
May 1, 2026	\$0	(\$130,357)	(\$51,505)	(\$181,862)	\$1,081,535
May 1, 2027	\$0	(\$135,897)	(\$45,965)	(\$181,862)	\$945,637
May 1, 2028	\$0	(\$141,673)	(\$40,190)	(\$181,862)	\$803,965
May 1, 2029	\$0	(\$147,694)	(\$34,168)	(\$181,862)	\$656,271
May 1, 2030	\$0	(\$153,971)	(\$27,892)	(\$181,862)	\$502,300
May 1, 2031	\$0	(\$160,515)	(\$21,348)	(\$181,862)	\$341,785
May 1, 2032	\$0	(\$167,337)	(\$14,526)	(\$181,862)	\$174,448
May 1, 2033	\$0	(\$174,448)	(\$7,414)	(\$181,862)	\$0
	(\$2,811,835)	(\$1,788,165)	(\$967,047)	(\$2,755,212)	

Debt Service With Partial State Funding

(District's obligation if State funding from projects to be submitted to OPSC are not received prior to May 1, 2020)

Option "A":

<i>Date</i>	<i>State Funding</i>	<i>Principal</i>	<i>Interest</i>	<i>Payment</i>	<i>Balance</i>
May 1, 2018	\$0	\$0	\$0	\$0	\$4,600,000
May 1, 2019	\$0	\$0	(\$195,500)	(\$195,500)	\$4,600,000
May 1, 2020	(\$267,258)	\$0	(\$195,500)	(\$195,500)	\$4,332,742
May 1, 2021	\$0	(\$256,513)	(\$184,142)	(\$440,655)	\$4,076,229
May 1, 2022	\$0	(\$267,415)	(\$173,240)	(\$440,655)	\$3,808,814
May 1, 2023	\$0	(\$278,780)	(\$161,875)	(\$440,655)	\$3,530,034
May 1, 2024	\$0	(\$290,628)	(\$150,026)	(\$440,655)	\$3,239,406
May 1, 2025	\$0	(\$302,980)	(\$137,675)	(\$440,655)	\$2,936,426
May 1, 2026	\$0	(\$315,856)	(\$124,798)	(\$440,655)	\$2,620,570
May 1, 2027	\$0	(\$329,280)	(\$111,374)	(\$440,655)	\$2,291,289
May 1, 2028	\$0	(\$343,275)	(\$97,380)	(\$440,655)	\$1,948,014
May 1, 2029	\$0	(\$357,864)	(\$82,791)	(\$440,655)	\$1,590,151
May 1, 2030	\$0	(\$373,073)	(\$67,581)	(\$440,655)	\$1,217,077
May 1, 2031	\$0	(\$388,929)	(\$51,726)	(\$440,655)	\$828,149
May 1, 2032	\$0	(\$405,458)	(\$35,196)	(\$440,655)	\$422,690
May 1, 2033	\$0	(\$422,690)	(\$17,964)	(\$440,655)	\$0
	(\$267,258)	(\$4,332,742)	(\$1,786,768)	(\$6,119,510)	

Option "B":

<i>Date</i>	<i>State Funding</i>	<i>Principal</i>	<i>Interest</i>	<i>Payment</i>	<i>Balance</i>
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	(\$1,171,726)	\$0	(\$161,500)	(\$161,500)	\$2,628,274
May 1, 2021	\$0	(\$155,603)	(\$111,702)	(\$267,304)	\$2,472,671
May 1, 2022	\$0	(\$162,216)	(\$105,089)	(\$267,304)	\$2,310,455
May 1, 2023	\$0	(\$169,110)	(\$98,194)	(\$267,304)	\$2,141,345
May 1, 2024	\$0	(\$176,297)	(\$91,007)	(\$267,304)	\$1,965,048
May 1, 2025	\$0	(\$183,790)	(\$83,515)	(\$267,304)	\$1,781,258
May 1, 2026	\$0	(\$191,601)	(\$75,703)	(\$267,304)	\$1,589,657
May 1, 2027	\$0	(\$199,744)	(\$67,560)	(\$267,304)	\$1,389,913
May 1, 2028	\$0	(\$208,233)	(\$59,071)	(\$267,304)	\$1,181,680
May 1, 2029	\$0	(\$217,083)	(\$50,221)	(\$267,304)	\$964,597
May 1, 2030	\$0	(\$226,309)	(\$40,995)	(\$267,304)	\$738,288
May 1, 2031	\$0	(\$235,927)	(\$31,377)	(\$267,304)	\$502,361
May 1, 2032	\$0	(\$245,954)	(\$21,350)	(\$267,304)	\$256,407
May 1, 2033	\$0	(\$256,407)	(\$10,897)	(\$267,304)	\$0
	(\$1,171,726)	(\$2,628,274)	(\$1,169,683)	(\$3,797,957)	

Option "C":

<i>Date</i>	<i>State Funding</i>	<i>Principal</i>	<i>Interest</i>	<i>Payment</i>	<i>Balance</i>
May 1, 2018	\$0	\$0	\$0	\$0	\$4,600,000
May 1, 2019	\$0	\$0	(\$195,500)	(\$195,500)	\$4,600,000
May 1, 2020	(\$604,210)	\$0	(\$195,500)	(\$195,500)	\$3,995,790
May 1, 2021	\$0	(\$236,564)	(\$169,821)	(\$406,385)	\$3,759,226
May 1, 2022	\$0	(\$246,618)	(\$159,767)	(\$406,385)	\$3,512,607
May 1, 2023	\$0	(\$257,100)	(\$149,286)	(\$406,385)	\$3,255,508
May 1, 2024	\$0	(\$268,026)	(\$138,359)	(\$406,385)	\$2,987,481
May 1, 2025	\$0	(\$279,417)	(\$126,968)	(\$406,385)	\$2,708,064
May 1, 2026	\$0	(\$291,293)	(\$115,093)	(\$406,385)	\$2,416,771
May 1, 2027	\$0	(\$303,673)	(\$102,713)	(\$406,385)	\$2,113,099
May 1, 2028	\$0	(\$316,579)	(\$89,807)	(\$406,385)	\$1,796,520
May 1, 2029	\$0	(\$330,033)	(\$76,352)	(\$406,385)	\$1,466,486
May 1, 2030	\$0	(\$344,060)	(\$62,326)	(\$406,385)	\$1,122,427
May 1, 2031	\$0	(\$358,682)	(\$47,703)	(\$406,385)	\$763,744
May 1, 2032	\$0	(\$373,926)	(\$32,459)	(\$406,385)	\$389,818
May 1, 2033	\$0	(\$389,818)	(\$16,567)	(\$406,385)	\$0
	(\$604,210)	(\$3,995,790)	(\$1,678,221)	(\$5,674,011)	

Debt Service Without Any State Funding

(Initial financing; payment obligation of District if NO State funding is received prior to May 1, 2020)

Option "A":

Date	State Funding	Principal	Interest	Payment	Balance
May 1, 2018	\$0	\$0	\$0	\$0	\$4,600,000
May 1, 2019	\$0	\$0	(\$195,500)	(\$195,500)	\$4,600,000
May 1, 2020	\$0	\$0	(\$195,500)	(\$195,500)	\$4,600,000
May 1, 2021	\$0	(\$272,336)	(\$195,500)	(\$467,836)	\$4,327,664
May 1, 2022	\$0	(\$283,910)	(\$183,926)	(\$467,836)	\$4,043,754
May 1, 2023	\$0	(\$295,976)	(\$171,860)	(\$467,836)	\$3,747,778
May 1, 2024	\$0	(\$308,555)	(\$159,281)	(\$467,836)	\$3,439,223
May 1, 2025	\$0	(\$321,669)	(\$146,167)	(\$467,836)	\$3,117,555
May 1, 2026	\$0	(\$335,340)	(\$132,496)	(\$467,836)	\$2,782,215
May 1, 2027	\$0	(\$349,591)	(\$118,244)	(\$467,836)	\$2,432,624
May 1, 2028	\$0	(\$364,449)	(\$103,387)	(\$467,836)	\$2,068,175
May 1, 2029	\$0	(\$379,938)	(\$87,897)	(\$467,836)	\$1,688,236
May 1, 2030	\$0	(\$396,086)	(\$71,750)	(\$467,836)	\$1,292,151
May 1, 2031	\$0	(\$412,919)	(\$54,916)	(\$467,836)	\$879,231
May 1, 2032	\$0	(\$430,468)	(\$37,367)	(\$467,836)	\$448,763
\$48,700	\$0	(\$448,763)	(\$19,072)	(\$467,836)	\$0
	\$0	(\$4,600,000)	(\$1,872,863)	(\$6,472,863)	

Option "B":

Date	State Funding	Principal	Interest	Payment	Balance
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	\$0	\$0	(\$161,500)	(\$161,500)	\$3,800,000
May 1, 2021	\$0	(\$224,973)	(\$161,500)	(\$386,473)	\$3,575,027
May 1, 2022	\$0	(\$234,534)	(\$151,939)	(\$386,473)	\$3,340,493
May 1, 2023	\$0	(\$244,502)	(\$141,971)	(\$386,473)	\$3,095,991
May 1, 2024	\$0	(\$254,893)	(\$131,580)	(\$386,473)	\$2,841,098
May 1, 2025	\$0	(\$265,726)	(\$120,747)	(\$386,473)	\$2,575,371
May 1, 2026	\$0	(\$277,020)	(\$109,453)	(\$386,473)	\$2,298,352
May 1, 2027	\$0	(\$288,793)	(\$97,680)	(\$386,473)	\$2,009,559
May 1, 2028	\$0	(\$301,067)	(\$85,406)	(\$386,473)	\$1,708,492
May 1, 2029	\$0	(\$313,862)	(\$72,611)	(\$386,473)	\$1,394,630
May 1, 2030	\$0	(\$327,201)	(\$59,272)	(\$386,473)	\$1,067,429
May 1, 2031	\$0	(\$341,107)	(\$45,366)	(\$386,473)	\$726,322
May 1, 2032	\$0	(\$355,604)	(\$30,869)	(\$386,473)	\$370,717
\$48,700	\$0	(\$370,717)	(\$15,755)	(\$386,473)	\$0
	\$0	(\$3,800,000)	(\$1,547,148)	(\$5,347,148)	

Option "C":

Date	State Funding	Principal	Interest	Payment	Balance
May 1, 2018	\$0	\$0	\$0	\$0	\$4,600,000
May 1, 2019	\$0	\$0	(\$195,500)	(\$195,500)	\$4,600,000
May 1, 2020	\$0	\$0	(\$195,500)	(\$195,500)	\$4,600,000
May 1, 2021	\$0	(\$272,336)	(\$195,500)	(\$467,836)	\$4,327,664
May 1, 2022	\$0	(\$283,910)	(\$183,926)	(\$467,836)	\$4,043,754
May 1, 2023	\$0	(\$295,976)	(\$171,860)	(\$467,836)	\$3,747,778
May 1, 2024	\$0	(\$308,555)	(\$159,281)	(\$467,836)	\$3,439,223
May 1, 2025	\$0	(\$321,669)	(\$146,167)	(\$467,836)	\$3,117,555
May 1, 2026	\$0	(\$335,340)	(\$132,496)	(\$467,836)	\$2,782,215
May 1, 2027	\$0	(\$349,591)	(\$118,244)	(\$467,836)	\$2,432,624
May 1, 2028	\$0	(\$364,449)	(\$103,387)	(\$467,836)	\$2,068,175
May 1, 2029	\$0	(\$379,938)	(\$87,897)	(\$467,836)	\$1,688,236
May 1, 2030	\$0	(\$396,086)	(\$71,750)	(\$467,836)	\$1,292,151
May 1, 2031	\$0	(\$412,919)	(\$54,916)	(\$467,836)	\$879,231
May 1, 2032	\$0	(\$430,468)	(\$37,367)	(\$467,836)	\$448,763
\$48,700	\$0	(\$448,763)	(\$19,072)	(\$467,836)	\$0
	\$0	(\$4,600,000)	(\$1,872,863)	(\$6,472,863)	

Summary

◆ 15-year lease purchase financing:

	<u>Option "A"</u>	<u>Option "B"</u>	<u>Option "C"</u>
Amount Borrowed:	\$4,600,000	\$3,800,000	\$4,600,000
State Funding:	\$0	\$0	\$0
Debt Service for 1st 2 Years:	\$195,500	\$161,500	\$195,500
Debt Service for Remaining 13 Years if			
All State Funding is Received:	\$216,132	\$42,781	\$181,862
Some State Funding is Received:	\$440,655	\$267,304	\$406,385
No State Funding is Received:	\$467,836	\$386,473	\$467,836

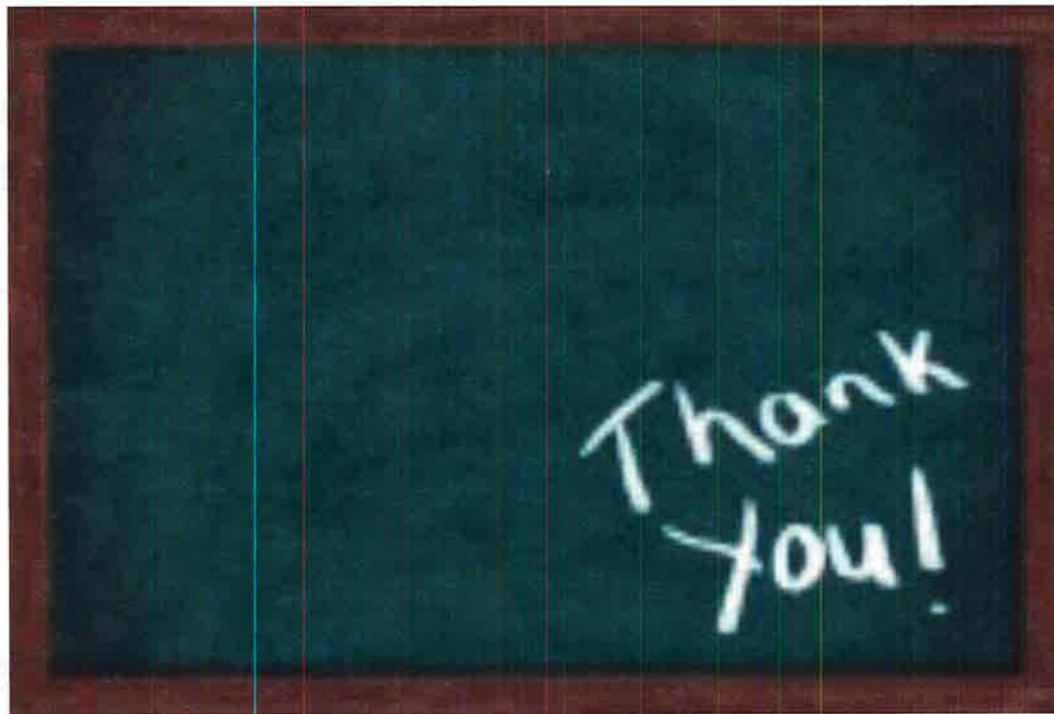
◆ Analysis of a 30-year COP was also conducted

- ▶ Worst case scenario would result in an average annual payment over \$300k, which is still not feasible

◆ Borrowing rates are currently estimated to be lower than estimated construction cost inflation rates

- ▶ However, payments for a lease purchase financing obligate the General Fund

Any Questions?



For Reference

- ◆ Analysis of COP Financing

30 Year COP With Full State Funding

Date	Original Principal	Application of State Money	Remaining Principal	Tax-Exempt Rates	Interest	Semi-Annual Debt Service	Annual Debt Service	Balance
May 1, 2018								\$4,745,000.00
Nov 1, 2018								\$4,745,000.00
May 1, 2019	\$0	\$0	\$0	3.77%	\$222,108.50	\$222,108.50	\$222,108.50	\$4,745,000.00
Nov 1, 2019					\$111,054.25	\$111,054.25		\$4,745,000.00
May 1, 2020	\$0	\$0	\$0	3.91%	\$111,054.25	\$111,054.25	\$222,108.50	\$4,745,000.00
Nov 1, 2020					\$111,054.25	\$111,054.25		\$4,745,000.00
May 1, 2021	\$0	\$0	\$0	3.95%	\$29,587.00	\$29,587.00	\$140,641.25	\$1,370,000.00
Nov 1, 2021					\$29,587.00	\$29,587.00		\$1,370,000.00
May 1, 2022	\$95,000	\$0	\$95,000	3.99%	\$29,587.00	\$124,567.00	\$154,174.00	\$1,275,000.00
Nov 1, 2022					\$27,691.75	\$27,691.75		\$1,275,000.00
May 1, 2023	\$100,000	\$0	\$100,000	4.03%	\$27,691.75	\$127,691.75	\$155,383.50	\$1,175,000.00
Nov 1, 2023					\$25,676.75	\$25,676.75		\$1,175,000.00
May 1, 2024	\$100,000	\$0	\$100,000	4.07%	\$25,676.75	\$125,676.75	\$151,353.50	\$1,075,000.00
Nov 1, 2024					\$23,641.75	\$23,641.75		\$1,075,000.00
May 1, 2025	\$105,000	\$0	\$105,000	4.13%	\$23,641.75	\$128,641.75	\$152,283.50	\$970,000.00
Nov 1, 2025					\$21,473.50	\$21,473.50		\$970,000.00
May 1, 2026	\$110,000	\$0	\$110,000	4.19%	\$21,473.50	\$131,473.50	\$152,947.00	\$860,000.00
Nov 1, 2026					\$19,169.00	\$19,169.00		\$860,000.00
May 1, 2027	\$115,000	\$0	\$115,000	4.26%	\$19,169.00	\$134,169.00	\$153,338.00	\$745,000.00
Nov 1, 2027					\$16,719.50	\$16,719.50		\$745,000.00
May 1, 2028	\$120,000	\$0	\$120,000	4.33%	\$16,719.50	\$136,719.50	\$153,439.00	\$625,000.00
Nov 1, 2028					\$14,121.50	\$14,121.50		\$625,000.00
May 1, 2029	\$125,000	\$0	\$125,000	4.39%	\$14,121.50	\$139,121.50	\$153,243.00	\$500,000.00
Nov 1, 2029					\$11,377.75	\$11,377.75		\$500,000.00
May 1, 2030	\$130,000	\$0	\$130,000	4.45%	\$11,377.75	\$141,377.75	\$152,755.50	\$370,000.00
Nov 1, 2030					\$8,485.25	\$8,485.25		\$370,000.00
May 1, 2031	\$135,000	\$0	\$135,000	4.53%	\$8,485.25	\$143,485.25	\$151,970.50	\$235,000.00
Nov 1, 2031					\$5,427.50	\$5,427.50		\$235,000.00
May 1, 2032	\$145,000	\$0	\$145,000	4.60%	\$5,427.50	\$150,427.50	\$155,855.00	\$90,000.00
Nov 1, 2032					\$2,092.50	\$2,092.50		\$90,000.00
May 1, 2033	\$150,000	\$60,000	\$90,000	4.65%	\$2,092.50	\$92,092.50	\$94,185.00	\$0.00
Nov 1, 2033					\$0.00	\$0.00		\$0.00
May 1, 2034	\$155,000	\$155,000	\$0	4.69%	\$0.00	\$0.00	\$0.00	\$0.00
Nov 1, 2034					\$0.00	\$0.00		\$0.00
May 1, 2035	\$165,000	\$165,000	\$0	4.72%	\$0.00	\$0.00	\$0.00	\$0.00
Nov 1, 2035					\$0.00	\$0.00		\$0.00
May 1, 2036	\$170,000	\$170,000	\$0	4.75%	\$0.00	\$0.00	\$0.00	\$0.00
Nov 1, 2036					\$0.00	\$0.00		\$0.00
May 1, 2037	\$180,000	\$180,000	\$0	4.78%	\$0.00	\$0.00	\$0.00	\$0.00
Nov 1, 2037					\$0.00	\$0.00		\$0.00
May 1, 2038	\$190,000	\$190,000	\$0	4.80%	\$0.00	\$0.00	\$0.00	\$0.00
Nov 1, 2038					\$0.00	\$0.00		\$0.00
May 1, 2039	\$195,000	\$195,000	\$0	4.81%	\$0.00	\$0.00	\$0.00	\$0.00
Nov 1, 2039					\$0.00	\$0.00		\$0.00
May 1, 2040	\$205,000	\$205,000	\$0	4.82%	\$0.00	\$0.00	\$0.00	\$0.00
Nov 1, 2040					\$0.00	\$0.00		\$0.00
May 1, 2041	\$215,000	\$215,000	\$0	4.83%	\$0.00	\$0.00	\$0.00	\$0.00
Nov 1, 2041					\$0.00	\$0.00		\$0.00
May 1, 2042	\$225,000	\$225,000	\$0	4.84%	\$0.00	\$0.00	\$0.00	\$0.00
Nov 1, 2042					\$0.00	\$0.00		\$0.00
May 1, 2043	\$240,000	\$240,000	\$0	4.85%	\$0.00	\$0.00	\$0.00	\$0.00
Nov 1, 2043					\$0.00	\$0.00		\$0.00
May 1, 2044	\$250,000	\$250,000	\$0	4.86%	\$0.00	\$0.00	\$0.00	\$0.00
Nov 1, 2044					\$0.00	\$0.00		\$0.00
May 1, 2045	\$260,000	\$260,000	\$0	4.87%	\$0.00	\$0.00	\$0.00	\$0.00
Nov 1, 2045					\$0.00	\$0.00		\$0.00
May 1, 2046	\$275,000	\$275,000	\$0	4.88%	\$0.00	\$0.00	\$0.00	\$0.00
Nov 1, 2046					\$0.00	\$0.00		\$0.00
May 1, 2047	\$290,000	\$290,000	\$0	4.89%	\$0.00	\$0.00	\$0.00	\$0.00
Nov 1, 2047					\$0.00	\$0.00		\$0.00
May 1, 2048	\$300,000	\$300,000	\$0	4.90%	\$0.00	\$0.00	\$0.00	\$0.00
May 1, 2048	\$4,745,000	\$3,375,000	\$1,370,000		\$955,785.75	\$2,355,785.75	\$2,355,785.75	

30 Year COP With Partial State Funding

Date	Original Principal	Application of State Money	Remaining Principal	Tax-Exempt Rates	Interest	Semi-Annual Debt Service	Annual Debt Service	Balance
May 1, 2018								\$4,745,000.00
Nov 1, 2018								\$4,745,000.00
May 1, 2019	\$0	\$0	\$0	3.77%	\$222,108.50	\$222,108.50	\$222,108.50	\$4,745,000.00
Nov 1, 2019					\$111,054.25	\$111,054.25		\$4,745,000.00
May 1, 2020	\$0	\$0	\$0	3.91%	\$111,054.25	\$111,054.25	\$222,108.50	\$4,745,000.00
Nov 1, 2020					\$111,054.25	\$111,054.25		\$4,745,000.00
May 1, 2021	\$0	\$0	\$0	3.95%	\$82,479.25	\$82,479.25	\$193,533.50	\$3,575,000.00
Nov 1, 2021					\$82,479.25	\$82,479.25		\$3,575,000.00
May 1, 2022	\$95,000	\$0	\$95,000	3.99%	\$82,479.25	\$177,479.25	\$259,956.50	\$3,480,000.00
Nov 1, 2022					\$80,584.00	\$80,584.00		\$3,480,000.00
May 1, 2023	\$100,000	\$0	\$100,000	4.03%	\$80,584.00	\$180,584.00	\$261,168.00	\$3,380,000.00
Nov 1, 2023					\$78,569.00	\$78,569.00		\$3,380,000.00
May 1, 2024	\$100,000	\$0	\$100,000	4.07%	\$78,569.00	\$178,569.00	\$257,138.00	\$3,280,000.00
Nov 1, 2024					\$76,534.00	\$76,534.00		\$3,280,000.00
May 1, 2025	\$105,000	\$0	\$105,000	4.13%	\$76,534.00	\$181,534.00	\$258,068.00	\$3,175,000.00
Nov 1, 2025					\$74,365.75	\$74,365.75		\$3,175,000.00
May 1, 2026	\$110,000	\$0	\$110,000	4.19%	\$74,365.75	\$184,365.75	\$258,731.50	\$3,065,000.00
Nov 1, 2026					\$72,061.25	\$72,061.25		\$3,065,000.00
May 1, 2027	\$115,000	\$0	\$115,000	4.26%	\$72,061.25	\$187,061.25	\$259,122.50	\$2,950,000.00
Nov 1, 2027					\$69,611.75	\$69,611.75		\$2,950,000.00
May 1, 2028	\$120,000	\$0	\$120,000	4.33%	\$69,611.75	\$189,611.75	\$259,223.50	\$2,830,000.00
Nov 1, 2028					\$67,013.75	\$67,013.75		\$2,830,000.00
May 1, 2029	\$125,000	\$0	\$125,000	4.39%	\$67,013.75	\$192,013.75	\$259,027.50	\$2,705,000.00
Nov 1, 2029					\$64,270.00	\$64,270.00		\$2,705,000.00
May 1, 2030	\$130,000	\$0	\$130,000	4.45%	\$64,270.00	\$194,270.00	\$258,540.00	\$2,575,000.00
Nov 1, 2030					\$61,377.50	\$61,377.50		\$2,575,000.00
May 1, 2031	\$135,000	\$0	\$135,000	4.53%	\$61,377.50	\$196,377.50	\$257,755.00	\$2,440,000.00
Nov 1, 2031					\$58,319.75	\$58,319.75		\$2,440,000.00
May 1, 2032	\$145,000	\$0	\$145,000	4.60%	\$58,319.75	\$203,319.75	\$261,639.50	\$2,295,000.00
Nov 1, 2032					\$54,984.75	\$54,984.75		\$2,295,000.00
May 1, 2033	\$150,000	\$0	\$150,000	4.65%	\$54,984.75	\$204,984.75	\$259,969.50	\$2,145,000.00
Nov 1, 2033					\$51,497.25	\$51,497.25		\$2,145,000.00
May 1, 2034	\$155,000	\$0	\$155,000	4.69%	\$51,497.25	\$206,497.25	\$257,994.50	\$1,990,000.00
Nov 1, 2034					\$47,862.50	\$47,862.50		\$1,990,000.00
May 1, 2035	\$165,000	\$0	\$165,000	4.72%	\$47,862.50	\$212,862.50	\$260,725.00	\$1,825,000.00
Nov 1, 2035					\$43,988.50	\$43,988.50		\$1,825,000.00
May 1, 2036	\$170,000	\$0	\$170,000	4.75%	\$43,988.50	\$213,968.50	\$257,937.00	\$1,655,000.00
Nov 1, 2036					\$39,931.00	\$39,931.00		\$1,655,000.00
May 1, 2037	\$180,000	\$0	\$180,000	4.78%	\$39,931.00	\$219,931.00	\$259,862.00	\$1,475,000.00
Nov 1, 2037					\$35,629.00	\$35,629.00		\$1,475,000.00
May 1, 2038	\$190,000	\$0	\$190,000	4.80%	\$35,629.00	\$225,629.00	\$261,258.00	\$1,285,000.00
Nov 1, 2038					\$31,069.00	\$31,069.00		\$1,285,000.00
May 1, 2039	\$195,000	\$0	\$195,000	4.81%	\$31,069.00	\$226,069.00	\$257,138.00	\$1,090,000.00
Nov 1, 2039					\$26,379.25	\$26,379.25		\$1,090,000.00
May 1, 2040	\$205,000	\$0	\$205,000	4.82%	\$26,379.25	\$231,379.25	\$257,758.50	\$885,000.00
Nov 1, 2040					\$21,438.75	\$21,438.75		\$885,000.00
May 1, 2041	\$215,000	\$0	\$215,000	4.83%	\$21,438.75	\$236,438.75	\$257,877.50	\$670,000.00
Nov 1, 2041					\$16,246.50	\$16,246.50		\$670,000.00
May 1, 2042	\$225,000	\$0	\$225,000	4.84%	\$16,246.50	\$241,246.50	\$257,493.00	\$445,000.00
Nov 1, 2042					\$10,801.50	\$10,801.50		\$445,000.00
May 1, 2043	\$240,000	\$0	\$240,000	4.85%	\$10,801.50	\$250,801.50	\$261,603.00	\$205,000.00
Nov 1, 2043					\$4,981.50	\$4,981.50		\$205,000.00
May 1, 2044	\$250,000	\$45,000	\$205,000	4.86%	\$4,981.50	\$209,981.50	\$214,963.00	\$0.00
Nov 1, 2044					\$0.00	\$0.00		\$0.00
May 1, 2045	\$260,000	\$260,000	\$0	4.87%	\$0.00	\$0.00	\$0.00	\$0.00
Nov 1, 2045					\$0.00	\$0.00		\$0.00
May 1, 2046	\$275,000	\$275,000	\$0	4.88%	\$0.00	\$0.00	\$0.00	\$0.00
Nov 1, 2046					\$0.00	\$0.00		\$0.00
May 1, 2047	\$290,000	\$290,000	\$0	4.89%	\$0.00	\$0.00	\$0.00	\$0.00
Nov 1, 2047					\$0.00	\$0.00		\$0.00
May 1, 2048	\$300,000	\$300,000	\$0	4.90%	\$0.00	\$0.00	\$0.00	\$0.00
	\$4,745,000	\$1,170,000	\$3,575,000		\$2,977,701.50	\$6,552,701.50	\$6,552,701.50	

30 Year COP With No State Funding

<u>Date</u>	<u>Principal</u>	<u>Tax-Exempt Rates</u>	<u>Interest</u>	<u>Semi-Annual Debt Service</u>	<u>Annual Debt Service</u>	<u>Balance</u>
May 1, 2018						\$4,745,000.00
Nov 1, 2018						\$4,745,000.00
May 1, 2019	\$0	3.77%	\$222,108.50	\$222,108.50	\$222,108.50	\$4,745,000.00
Nov 1, 2019			\$111,054.25	\$111,054.25		\$4,745,000.00
May 1, 2020	\$0	3.91%	\$111,054.25	\$111,054.25	\$222,108.50	\$4,745,000.00
Nov 1, 2020			\$111,054.25	\$111,054.25		\$4,745,000.00
May 1, 2021	\$0	3.95%	\$111,054.25	\$111,054.25	\$222,108.50	\$4,745,000.00
Nov 1, 2021			\$111,054.25	\$111,054.25		\$4,745,000.00
May 1, 2022	\$95,000	3.99%	\$111,054.25	\$206,054.25	\$317,108.50	\$4,650,000.00
Nov 1, 2022			\$109,159.00	\$109,159.00		\$4,650,000.00
May 1, 2023	\$100,000	4.03%	\$109,159.00	\$209,159.00	\$318,318.00	\$4,550,000.00
Nov 1, 2023			\$107,144.00	\$107,144.00		\$4,550,000.00
May 1, 2024	\$100,000	4.07%	\$107,144.00	\$207,144.00	\$314,288.00	\$4,450,000.00
Nov 1, 2024			\$105,109.00	\$105,109.00		\$4,450,000.00
May 1, 2025	\$105,000	4.13%	\$105,109.00	\$210,109.00	\$315,218.00	\$4,345,000.00
Nov 1, 2025			\$102,940.75	\$102,940.75		\$4,345,000.00
May 1, 2026	\$110,000	4.19%	\$102,940.75	\$212,940.75	\$315,881.50	\$4,235,000.00
Nov 1, 2026			\$100,636.25	\$100,636.25		\$4,235,000.00
May 1, 2027	\$115,000	4.26%	\$100,636.25	\$215,636.25	\$316,272.50	\$4,120,000.00
Nov 1, 2027			\$98,186.75	\$98,186.75		\$4,120,000.00
May 1, 2028	\$120,000	4.33%	\$98,186.75	\$218,186.75	\$316,373.50	\$4,000,000.00
Nov 1, 2028			\$95,588.75	\$95,588.75		\$4,000,000.00
May 1, 2029	\$125,000	4.39%	\$95,588.75	\$220,588.75	\$316,177.50	\$3,875,000.00
Nov 1, 2029			\$92,845.00	\$92,845.00		\$3,875,000.00
May 1, 2030	\$130,000	4.45%	\$92,845.00	\$222,845.00	\$315,690.00	\$3,745,000.00
Nov 1, 2030			\$89,952.50	\$89,952.50		\$3,745,000.00
May 1, 2031	\$135,000	4.53%	\$89,952.50	\$224,952.50	\$314,905.00	\$3,610,000.00
Nov 1, 2031			\$86,894.75	\$86,894.75		\$3,610,000.00
May 1, 2032	\$145,000	4.60%	\$86,894.75	\$231,894.75	\$318,789.50	\$3,465,000.00
Nov 1, 2032			\$83,559.75	\$83,559.75		\$3,465,000.00
May 1, 2033	\$150,000	4.65%	\$83,559.75	\$233,559.75	\$317,119.50	\$3,315,000.00
Nov 1, 2033			\$80,072.25	\$80,072.25		\$3,315,000.00
May 1, 2034	\$155,000	4.69%	\$80,072.25	\$235,072.25	\$315,144.50	\$3,160,000.00
Nov 1, 2034			\$76,437.50	\$76,437.50		\$3,160,000.00
May 1, 2035	\$165,000	4.72%	\$76,437.50	\$241,437.50	\$317,875.00	\$2,995,000.00
Nov 1, 2035			\$72,543.50	\$72,543.50		\$2,995,000.00
May 1, 2036	\$170,000	4.75%	\$72,543.50	\$242,543.50	\$315,087.00	\$2,825,000.00
Nov 1, 2036			\$68,506.00	\$68,506.00		\$2,825,000.00
May 1, 2037	\$180,000	4.78%	\$68,506.00	\$248,506.00	\$317,012.00	\$2,645,000.00
Nov 1, 2037			\$64,204.00	\$64,204.00		\$2,645,000.00
May 1, 2038	\$190,000	4.80%	\$64,204.00	\$254,204.00	\$318,408.00	\$2,455,000.00
Nov 1, 2038			\$59,644.00	\$59,644.00		\$2,455,000.00
May 1, 2039	\$195,000	4.81%	\$59,644.00	\$254,644.00	\$314,288.00	\$2,260,000.00
Nov 1, 2039			\$54,954.25	\$54,954.25		\$2,260,000.00
May 1, 2040	\$205,000	4.82%	\$54,954.25	\$259,954.25	\$314,908.50	\$2,055,000.00
Nov 1, 2040			\$50,013.75	\$50,013.75		\$2,055,000.00
May 1, 2041	\$215,000	4.83%	\$50,013.75	\$265,013.75	\$315,027.50	\$1,840,000.00
Nov 1, 2041			\$44,821.50	\$44,821.50		\$1,840,000.00
May 1, 2042	\$225,000	4.84%	\$44,821.50	\$269,821.50	\$314,643.00	\$1,615,000.00
Nov 1, 2042			\$39,376.50	\$39,376.50		\$1,615,000.00
May 1, 2043	\$240,000	4.85%	\$39,376.50	\$279,376.50	\$318,753.00	\$1,375,000.00
Nov 1, 2043			\$33,556.50	\$33,556.50		\$1,375,000.00
May 1, 2044	\$250,000	4.86%	\$33,556.50	\$283,556.50	\$317,113.00	\$1,125,000.00
Nov 1, 2044			\$27,481.50	\$27,481.50		\$1,125,000.00
May 1, 2045	\$260,000	4.87%	\$27,481.50	\$287,481.50	\$314,963.00	\$865,000.00
Nov 1, 2045			\$21,150.50	\$21,150.50		\$865,000.00
May 1, 2046	\$275,000	4.88%	\$21,150.50	\$296,150.50	\$317,301.00	\$590,000.00
Nov 1, 2046			\$14,440.50	\$14,440.50		\$590,000.00
May 1, 2047	\$290,000	4.89%	\$14,440.50	\$304,440.50	\$318,881.00	\$300,000.00
Nov 1, 2047			\$7,350.00	\$7,350.00		\$300,000.00
May 1, 2048	\$300,000	4.90%	\$7,350.00	\$307,350.00	\$314,700.00	\$0.00
	<u>\$4,745,000</u>		<u>\$4,461,571.50</u>	<u>\$9,206,571.50</u>	<u>\$9,206,571.50</u>	

Assumptions Used for COP

Certificates of Participation ("COP") Financing(1)

Closing Date:	May 1, 2018
Annual Principal Payment Dates:	May 1
Adjustment for 3 Year Call Option:	0.25%
Underlying Rating:	A-
Insured Rating:	AA
Underwriter's Discount:	1.25%
Bond Insurance:	0.50%
Surety Bond:	3.00%
Costs of Issuance:	\$130,000
Ongoing Annual Administration Costs:	\$2,000

Tax-Exempt Interest Rates

Term	MMD "AAA"	"A"	3-Year	Assumed	Assumed	Timing
	Rates as of	Underlying COP	Call	Current Market	Timing	Adjusted
	Jan 2, 2018	Interest Rate	Interest Rate	Tax-Exempt	Adjustment(2)	Tax-Exempt
		Adjustment(1)	Adjustment(1)	Rate Scale		Rate Scale
1	1.42%	1.35%	0.25%	3.02%	0.75%	3.77%
2	1.56%	1.35%	0.25%	3.16%	0.75%	3.91%
3	1.60%	1.35%	0.25%	3.20%	0.75%	3.95%
4	1.64%	1.35%	0.25%	3.24%	0.75%	3.99%
5	1.68%	1.35%	0.25%	3.28%	0.75%	4.03%
6	1.72%	1.35%	0.25%	3.32%	0.75%	4.07%
7	1.78%	1.35%	0.25%	3.38%	0.75%	4.13%
8	1.84%	1.35%	0.25%	3.44%	0.75%	4.19%
9	1.91%	1.35%	0.25%	3.51%	0.75%	4.26%
10	1.98%	1.35%	0.25%	3.58%	0.75%	4.33%
11	2.04%	1.35%	0.25%	3.64%	0.75%	4.39%
12	2.10%	1.35%	0.25%	3.70%	0.75%	4.45%
13	2.18%	1.35%	0.25%	3.78%	0.75%	4.53%
14	2.25%	1.35%	0.25%	3.85%	0.75%	4.60%
15	2.30%	1.35%	0.25%	3.90%	0.75%	4.65%
16	2.34%	1.35%	0.25%	3.94%	0.75%	4.69%
17	2.37%	1.35%	0.25%	3.97%	0.75%	4.72%
18	2.40%	1.35%	0.25%	4.00%	0.75%	4.75%
19	2.43%	1.35%	0.25%	4.03%	0.75%	4.78%
20	2.45%	1.35%	0.25%	4.05%	0.75%	4.80%
21	2.46%	1.35%	0.25%	4.06%	0.75%	4.81%
22	2.47%	1.35%	0.25%	4.07%	0.75%	4.82%
23	2.48%	1.35%	0.25%	4.08%	0.75%	4.83%
24	2.49%	1.35%	0.25%	4.09%	0.75%	4.84%
25	2.50%	1.35%	0.25%	4.10%	0.75%	4.85%
26	2.51%	1.35%	0.25%	4.11%	0.75%	4.86%
27	2.52%	1.35%	0.25%	4.12%	0.75%	4.87%
28	2.53%	1.35%	0.25%	4.13%	0.75%	4.88%
29	2.54%	1.35%	0.25%	4.14%	0.75%	4.89%
30	2.55%	1.35%	0.25%	4.15%	0.75%	4.90%

(1) Government Financial Strategies assumption/estimate. The standard call protection period for a 30 year COP is 9 to 10 years, so an earlier call option may materially decrease investor demand. "A-" underlying credit rating COP interest rate adjustment includes 110 basis points (1.10%) to account for assumed "A-" underlying credit rating and 25 basis points (0.25%) to account for certificates of participation financing.

(2) Timing adjustment based on approximately 95% confidence over an approximately five month period (assuming sale in May 2018) (Based on historical Bond Buyer Index data as of 12/28/17).