



LA HABRA CITY SCHOOL DISTRICT

November 13, 2018

Measure “O” Bond Oversight Committee Update

Program Overview

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- Phase I of the program is complete and focused on addressing academy level needs at the grade 6-8 middle schools

- Phase II is underway at Walnut Elementary are a combination of interior classroom and support facilities upgrades and exterior site improvements

- The District has identified certain additional critical projects estimated to cost approximately \$5 million:
 - ✓ Fencing and security cameras throughout the District
 - ✓ Completion of projects at Walnut Elementary School
 - ✓ General facility improvements throughout District (e.g. painting, lighting)

- To date, the District has issued approximately \$19.1 million in Measure “O” bonds, leaving approximately \$11.9 million in remaining authorization

October 2018 Bond Sale Summary

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- On October 18th, the District's Preliminary Official Statement (POS) was posted to allow investors time to review the upcoming 2018 Series D Bond sale
- On October 25th, the District successfully sold \$5.2 million in 2018 Series D Bonds
- The 2018 Series D Bonds have a term of 25 years and a TIC of 4.101%

| Date | Final Pricing |
|--------------------------|--------------------|
| Total Bond Par Amount | \$5,205,000 |
| Project Fund Deposit | \$5,004,235 |
| Final Bond Maturity | 2043 (25 years) |
| True Interest Cost (TIC) | 4.101% |
| Repayment Ratio | 1.94x |

- The Repayment Ratio for the Bonds is 1.94x, well below the 4.0x maximum per State Statute
- The Tax Rate impact was an increase of approximately \$4 per year to the existing annual Tax Rate of \$30.84

District Credit Ratings

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- As part of the bond issuance process, the District requested a GO Bond credit rating from Moody's to enable investors to evaluate the credit strength of the District and the Bonds
- On September 26th, the District's staff and CFW held a meeting with analysts from Moody's to provide an overview of the economic profile of the District and its service area
- Moody's affirmed the District's GO rating of "Aa3" citing the following credit strengths
 - ✓ Sizeable tax base; moderate growth expected to continue
 - ✓ Sound financial position with solid reserves and liquidity
- The District's high quality rating "Aa3" translates to a lower interest rate on the 2018 Series D Bonds

Expenditures Overview

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- As of June 30, 2018, approximately \$14.2 million has been expended for Phase I and Phase II improvements
- Of this amount, approximately \$12.7 million was expended using Measure “O” funds
- Expenditures are presented in two general categories to include interior facilities improvements and exterior campus improvements at the sites
- Budgets have been adjusted to reflect actual expenditures for Phase I and Phase II and will continue to be reviewed and updated on an ongoing basis

Phase I Program Expenditures

(as of June 30, 2018)

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| Project | Budget | 2012 - 2013 | 2013 - 2014 | 2014-2015 | 2015-2016 | 2016-2017 | 2017-2018 | Total |
|--|--------------------|--------------------|--------------------|--------------------|------------------|-----------------|-----------------|--------------------|
| Imperial Middle School | | | | | | | | |
| Classroom Improvements/Science Labs/Academy Center | \$1,768,453 | \$56,945 | \$192,073 | \$1,041,408 | \$425,216 | \$25,734 | \$27,076 | \$1,768,453 |
| Campus Entry/Safety & Courtyards | \$505,126 | \$25,030 | \$470,275 | \$4,647 | \$5,173 | \$0 | \$0 | \$505,126 |
| Deferred Maintenance & Energy Management | \$47,149 | \$19,350 | \$27,799 | \$0 | \$0 | \$0 | \$0 | \$47,149 |
| Total | \$2,320,729 | \$101,326 | \$690,148 | \$1,046,055 | \$430,389 | \$25,734 | \$27,076 | \$2,320,729 |
| Washington Middle School | | | | | | | | |
| Classroom Improvements/Academy Center | \$1,979,693 | \$41,346 | \$240,338 | \$1,189,862 | \$483,393 | \$16,485 | \$8,269 | \$1,979,693 |
| Campus Entry/Drop-off/Site Outdoor Lighting/Kitchen Lighting | \$175,179 | \$13,809 | \$158,937 | \$0 | \$2,434 | \$0 | \$0 | \$175,179 |
| Deferred Maintenance & Energy Management | \$47,149 | \$19,350 | \$27,799 | \$0 | \$0 | \$0 | \$0 | \$47,149 |
| Total | \$2,202,021 | \$74,504 | \$427,074 | \$1,189,862 | \$485,827 | \$16,485 | \$8,269 | \$2,202,021 |
| Districtwide | | | | | | | | |
| Technology | | | | | | | | |
| <i>Equipment</i> | \$935,354 | \$842,952 | \$52,749 | \$39,653 | \$0 | \$0 | \$0 | \$935,354 |
| <i>Wiring</i> | \$32,026 | \$0 | \$77,226 | (\$45,200) | \$0 | \$0 | \$0 | \$32,026 |
| <i>Lease payments</i> | \$646,398 | \$0 | \$328,645 | \$317,754 | \$0 | \$0 | \$0 | \$646,398 |
| Roofing | \$845,089 | \$509,039 | \$336,050 | \$0 | \$0 | \$0 | \$0 | \$845,089 |
| Total | \$2,458,868 | \$1,351,991 | \$794,670 | \$312,207 | \$0 | \$0 | \$0 | \$2,458,868 |
| Program Reserve | | | | | | | | |
| Program Reserve | \$0 | | | | | | | |
| *GRAND TOTAL | \$6,981,618 | \$1,527,821 | \$1,911,892 | \$2,548,125 | \$916,216 | \$42,219 | \$35,345 | \$6,981,618 |

***Notes:**

1 The budget will be updated on an ongoing basis

2 Total program expenditures include a combination of funding sources:

| | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | Total |
|-------------------------|--------------------|--------------------|--------------------|------------------|-----------------|-----------------|--------------------|
| Measure "O" | \$1,123,315 | \$1,911,892 | \$1,621,719 | \$681,561 | \$46,880 | \$35,345 | \$5,420,712 |
| Measure "K" | \$404,507 | \$0 | \$576,805 | \$234,655 | \$0 | \$0 | \$1,215,967 |
| Special Reserve Fund 40 | \$0 | \$0 | \$349,600 | \$0 | (\$4,662) | \$0 | \$344,938 |
| Total | \$1,527,821 | \$1,911,892 | \$2,548,125 | \$916,216 | \$42,219 | \$35,345 | \$6,981,618 |

3 Non-program expenditures include a total of \$2,083,492 as follows:

- a. \$578,308 of other non-program related expenses (e.g., cost of issuance, county election costs, and other non-program expenses)
- b. \$1,505,184 income and expenditure posting for technology

Phase II Program Expenditures

(as of June 30, 2018)

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| Project | Budget | 2014-2015 | 2015-2016 | 2016-2017 | 2017-2018 | Total |
|---|--------------------|-----------------|--------------------|--------------------|--------------------|--------------------|
| Walnut Elementary School | | | | | | |
| Classroom Improvements/21st Century FF&E | \$6,854,387 | \$15,656 | \$624,326 | \$3,180,862 | \$3,033,543 | \$6,854,387 |
| Site Improvements and Upgrades/Remediate Lunch Area | \$405,637 | \$14,236 | \$391,401 | \$0 | \$0 | \$405,637 |
| Walnut Elementary School Total | \$7,260,023 | \$29,892 | \$1,015,727 | \$3,180,862 | \$3,033,543 | \$7,260,023 |
| Program Reserve | | | | | | |
| Program Reserve | \$0 | | | | | |
| *GRAND TOTAL | \$7,260,023 | \$29,892 | \$1,015,727 | \$3,180,862 | \$3,033,543 | \$7,260,023 |

***Notes:**

- 1 The budget will be updated on an ongoing basis
- 2 The above report excludes a total of \$704,722 of other non-program related expenses (e.g., cost of issuance, and other non-program districtwide expenses)

The Look Ahead.....What's Next?

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- District to implement identified critical projects
- The Committee will meet again in March 2019 to review Financial and Performance Audit and Annual Report to the Community