

HUNTINGTON BEACH UNION HIGH SCHOOL DISTRICT

AGENDA



**FOR THE ANNUAL MEETING OF THE
BOARD OF TRUSTEES
OF THE FINANCING CORPORATION**

December 13, 2016

HUNTINGTON BEACH UNION HIGH SCHOOL DISTRICT
FINANCING CORPORATION

Annual Meeting
December 13, 2016
(Immediately Following HBUHSD Board Meeting)

Place of Meeting: Huntington Beach Union High School District Board Room
 5832 Bolsa Avenue
 Huntington Beach, California

1. Approval of Minutes:

 Special Meeting, April 12, 2016
2. Annual Meeting Report
3. New Business:

 None
4. Adjournment

UNADOPTED MINUTES

HUNTINGTON BEACH UNION HIGH SCHOOL DISTRICT
FINANCING CORPORATION

**MINUTES OF SPECIAL MEETING OF THE BOARD OF DIRECTORS
HELD APRIL 12, 2016**

BOARD MEMBERS PRESENT:	Bonnie Castrey Duane Dishno Susan Henry Kathleen Iverson Michael Simons
BOARD MEMBERS ABSENT:	None
ADMINISTRATIVE PERSONNEL PRESENT:	Gregory Plutko, Superintendent Carolee Ogata, Deputy Superintendent, Human Resources Carrie Delgado, Assistant Superintendent, Business Services Owen Crosby, Assistant Superintendent, Educational Services Carole Thomas, Executive Assistant
ADMINISTRATIVE PERSONNEL ABSENT:	None
PLACE AND DATE OF MEETING	District Office Tuesday, April 16, 2016
CALL TO ORDER:	The meeting was called to order at 9:28 p.m. by the President, Dr. Dishno.
APPROVAL OF MINUTES:	It was moved by Dr. Simons, seconded by Mrs. Henry, to approve the minutes of the special meeting held April 12, 2016.

Motion unanimously carried.

RESOLUTION –
AUTHORIZING THE
EXECUTION AND
DELIVERY OF
DOCUMENTS
RELATING TO THE
SALE AND DELIVERY
OF HBUHSD
CERTIFICATES OF
PARTICIPATION (2016
REFUNDING AND
SCHOOL FINANCING
PROJECTS): (2)

It was moved by Mrs. Henry, seconded by Mrs. Iverson, to approve the resolution of the Board of Directors of the Huntington Beach Union High School District authorizing the execution and delivery of documents relating to the sale and delivery of Huntington Beach Union High School District Certificates of Participation (2016 Refunding and School Financing Projects), and authorizing and directing certain actions in connection therewith.

RESOLUTION NO. 18:

AYES: IVERSON, HENRY, SIMONS, CASTREY, DISHNO
NOES: NONE
ABSTAIN: NONE
ABSENT: NONE

Resolution unanimously adopted.

NEW BUSINESS:

None.

ADJOURNMENT:

It was moved by Mrs. Iverson, seconded by Ms Castrey, to adjourn the meeting at 9:29 p.m.

Clerk

Secretary

M E M O R A N D U M

TO: Board of Trustees

FROM: Alan Rasmussen, Ed.D., Interim Secretary

DATE: December 13, 2016

SUBJECT: ANNUAL MEETING REPORT

The following is intended to provide background information regarding the District's Certificates of Participation.

In October 2007, the Financing Corporation sold an additional \$35,071,090. of certificates, "2007 Capital Project", the proceeds of which together with other available funds, were used to finance the following projects; an olympic size pool at Ocean View High School, upgrade/replacement of stadiums at Huntington Beach High School and Westminster High School, acquisition of additional bleachers at the football field at Ocean View High School, and District-wide acquisition or replacement of certain equipment and transportation items. Certain other projects identified in the District capital plan, were funded in whole or in part with certificate proceeds.

The Certificates are secured by a lease agreement between the District and the Financing Corporation.

The net proceeds from the sale of the 2007 Certificates are being held in trust by and among U.S. Bank National Association, St. Paul, Minnesota ("Trustee") and are subsequently being transferred to the District as needed.

The following assets were held by the Trustee as of June 30, 2016:

Certificates of Participation:	
Acquisition Fund	\$0.00
Reserve Fund	<u>\$3,507,109.05</u>
	\$3,507,109.05

Interest payments on the 2007 Certificates are due and payable semi-annually on March 1 and September 1 of each year. Principal payments are due annually on September 1.

The Financing Corporation is in compliance with significant covenants of the 2007 Certificates as of June 30, 2016.

In April 2010, the Financing Corporation sold \$7,875,000 of certificates, "2010 Financing – Adult Education Project", the proceeds of which together with other available funds, were used to (i) finance a portion of the costs of the construction of certain adult education facilities, (ii) fund a reserve fund for the certificates, (iii) pay capitalized interest evidenced by the certificates,

and (iv) pay the costs incurred in connection with the execution and delivery of the certificates. The project was completed in August 2011. In May of 2016, a reserve insurance policy was purchased as part of a refinance for School Financing Projects. (Assured Guaranty Municipal Corp Non-Life Insurance #217567-R)

The certificates are secured by a lease agreement between the District and the Financing Corporation.

The net proceeds from the sale of the 2010 Certificates are being held in trust by and among U.S. Bank National Association, St. Paul, Minnesota (“Trustee”) and are subsequently being transferred to the District as needed.

The following assets were held by the Trustee as of June 30, 2016:

Certificates of Participation:

Acquisition Fund	\$0.00
Base Rental Fund	\$0.00
Interest Fund	\$0.00
Reserve Fund	<u>\$711,952.55</u>
	\$711,952.43

Interest payments on the 2010 Certificates are due and payable semi-annually on September 1 and March 1 of each year, with the annual principal payment due September 1.

In March 2012, the Financing Corporation sold \$17,300,000 of certificates, “2012 School Facility Bridge Funding Program”, the proceeds of which were used to prepay the Huntington Beach Union High School District Certificates of Participation (2003 School Facility Bridge Funding Program). In May of 2016, proceeds were transferred to another trust reserve as part of a 2016 refinance for School Financing Projects.

The certificates are secured by a lease agreement between the District and the Financing Corporation.

The net proceeds from the sale of the 2012 Certificates are being held in trust by and among U.S. Bank National Association, St. Paul, Minnesota (Trustee) and the account is currently being used to facilitate debt service obligations.

The following assets were held by the Trustee as of June 30, 2016:

Certificates of Participation:

Reserve Fund	\$0.00
Base Rental Payment Fund	<u>\$0.00</u>
	\$0.00

In June, 2016, the Financing Corporation established a “Refunding and School Financing Projects” Reserve Fund.

The certificates are secured by a lease agreement between the District and Financing Corporation.

The net proceeds from the creation of this 2016 Refunding and School Financing Projects Reserve Fund are being held in trust by and among U.S. Bank National Association, St. Paul, Minnesota (Trustee) and the account is going to be used for future capital projects.

The following assets were held by the Trustee as of June 30, 2016:

Certificates of Participation:	
Reserve Fund	<u>\$6,418,642.86</u>
	\$6,418,342.86

Interest payments on the 2016 Certificates are due and payable semi-annually on March 1 and September 1 of each year, and commence on March 1, 2017. Principal payments are due annually on September 1.

The Financing Corporation is in compliance with significant covenants of the 2010 Certificates as of June 30, 2016.

Listed below are the activities of the Huntington Beach Union High School District Financing Corporation since the last meeting of the Board of Directors on December 8, 2015.

1. Interest payments are current through 12-01-15.
2. (a) The 2003 Certificates were prepaid in March 2012 from the proceeds of 2012 Certificates.
(b) Fixed interest rate payments on the 2007 obligations are being made from the Trustee accounts on a semi-annual basis. These funds are being held by the Trustee in a “Capitalized Interest Fund” and are being transferred to the “Interest Fund” for payment to investors semi-annually on September 1 and March 1.
(c) Fixed interest rate payments on the 2010 obligations are being made from the Trustee accounts on a semi-annual basis. These funds are being held by the Trustee in a “Base Rental Fund” and are being transferred to the “Interest Fund” for payment to investors semi-annually on September 1 and March 1.
3. The Statement by Domestic Non-profit Corporation and the \$20.00 filing fee are due every other year. The next statement and fee payment will be filed in December 2016. No Federal return (Form 990) or State return (Form 199) was required because the Corporation's gross receipts are below \$25,000.
4. The audit information of the Financing Corporation through June 30, 2016 is submitted for approval.

CD:ks

HUNTINGTON BEACH UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Certificates of Participation

In October 2007, the Huntington Beach Union High School District Financing Corporation issued certificates in the aggregate principal amount of \$35,071,090. The capital project certificates were issued as both current interest and capital appreciation certificates, with the capital appreciation portion accreting to a maturity value of \$72,045,000 and an aggregate maturity value of \$86,170,000. The certificates mature through September 1, 2038, with interest yields from 4.00 percent to 5.14 percent. Proceeds from the sale of the certificates were used to finance specific construction and modernization projects as authorized in the issuing statements. As of June 30, 2016, the principal balance outstanding was \$32,765,580.

In April 2010, the Huntington Beach Union High School District Financing Corporation of the Huntington Beach Union High School District issued 2010 Certificates of Participation in the amount of \$7,875,000. The certificates mature through September 1, 2039, with interest yields ranging from 3.00 percent to 5.25 percent. Proceeds from the sale of the certificates will be used to finance a portion of costs of the construction of the Adult Education Facilities, fund a reserve fund for the certificates, pay capitalized interest with respect to the certificates, and to pay costs incurred in connection with the execution and delivery of certificates. As of June 30, 2016, the principal balance outstanding was \$7,710,000.

In March 2012, the Huntington Beach Union High School District Financing Corporation of the Huntington Beach Union High School District issued 2012 Certificates of Participation in the amount of \$17,300,000. The certificates mature through September 1, 2046, with interest yields from 2.20 percent. Proceeds from the issuance were used to refinance the entire outstanding 2003 Certificate of Participation obligation and set up a reserve fund to offset future payments. As of June 30, 2016, the outstanding balance was refinanced.

In May 2016, the Huntington Beach Union High School District Financing Corporation of the Huntington Beach Union High School District issued 2016 Refunding and School Financing Projects Certificates of Participation in the amount of \$35,585,000. The certificates mature through September 1, 2016, with interest yields from 2.00 percent to 5.00 percent. Proceeds from the issuance were used to refinance a portion of the 2007 and the remaining outstanding balance of the 2012 Certificates of Participation obligation and set up a capital project fund for future projects. As of June 30, 2016, the principal balance outstanding was \$35,585,000.

HUNTINGTON BEACH UNION HIGH SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

The certificates of participation mature as follows:

<u>Fiscal Year</u>	<u>Principal Including Accreted Interest to Date</u>	<u>Accreted Interest</u>	<u>Current Interest to Maturity</u>	<u>Total</u>
2017	\$ 650,000	\$ -	\$ 1,299,894	\$ 1,949,894
2018	405,000	-	1,659,056	2,064,056
2019	455,000	-	1,644,881	2,099,881
2020	520,000	-	1,627,206	2,147,206
2021	705,000	-	1,602,706	2,307,706
2022-2026	17,693,237	1,386,763	5,988,022	25,068,022
2027-2031	16,091,363	9,958,637	4,215,778	30,265,778
2032-2036	17,224,275	15,690,725	3,323,938	36,238,938
2037-2041	14,852,705	12,612,295	1,959,844	29,424,844
2042-2046	5,995,000	-	703,503	6,698,503
2047	1,470,000	-	22,969	1,492,969
Total	<u>\$ 76,061,580</u>	<u>\$ 39,648,420</u>	<u>\$ 24,047,797</u>	<u>\$ 139,757,797</u>