

**HUNTINGTON BEACH UNION HIGH SCHOOL DISTRICT**

**AGENDA**



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

**December 12, 2017**



UNADOPTED MINUTES

HUNTINGTON BEACH UNION HIGH SCHOOL DISTRICT  
FINANCING CORPORATION

**MINUTES OF ANNUAL MEETING OF THE BOARD OF DIRECTORS  
HELD DECEMBER 13, 2016**

BOARD MEMBERS PRESENT: Bonnie Castrey  
Duane Dishno  
Susan Henry  
Kathleen Iverson  
Michael Simons

BOARD MEMBERS ABSENT: None

ADMINISTRATIVE PERSONNEL PRESENT: Alan Rasmussen, Interim 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, December 13, 2016

CALL TO ORDER: The meeting was called to order at 9:27 p.m. by the President, Dr. Simons.

APPROVAL OF MINUTES: (1) It was moved by Ms Castrey, seconded by Mrs. Henry, to approve the minutes of the Special Meeting held April 12, 2016.

Motion unanimously carried.

ANNUAL MEETING REPORT: (2) Ms Delgado indicated that the Annual Meeting Report provided by the auditors identified all outstanding Certificates of Participation. Most significant was the refinancing of our COPs that closed June 15, 2016. Also identified in the report on page 2(3) was the COPs reserve fund of \$6.4 million resulting from the refinancing and additional funding.

NEW BUSINESS: (3) There was no new business.

ADJOURNMENT:           The meeting was adjourned at 9:30 p.m.

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Clerk

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Secretary

## MEMORANDUM

**TO:** Board of Trustees  
**FROM:** Clint Harwick, Ed.D., Secretary  
**DATE:** December 12, 2017  
**SUBJECT:** ANNUAL MEETING REPORT

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

### **2007 Capital Project**

In October 2007, the Financing Corporation sold \$35,071,090 of certificates, 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.

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, 2017.

### **2010 Financing Adult Education Project**

In April 2010, the Financing Corporation sold \$7,875,000 of certificates, the proceeds of which together with other available funds, were used to finance a portion of the costs of the construction of certain adult education facilities. The project was completed in August 2011. The remaining 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").

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

**2010 Financing Adult Education Project (cont.)**

The following assets were held by the Trustee as of June 30, 2017:

Certificates of Participation:

Base Rental Fund	\$ 690,919.90
Interest Fund	<u>\$ 981.99</u>
	\$ 691,901.89

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.

**2012 School Facility Bridge Funding Program**

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).

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). The debt service for this issue has been refinanced with the proceeds from the “2016 Refunding and School Financing Projects” COP.

The following assets were held by the Trustee as of June 30, 2017:

Certificates of Participation:

Main	\$1,525,174.14
Reserve Fund	\$ 137.45
Base Rental Payment Fund	<u>\$ 7.26</u>
	\$1,525,318.90

**2016 Refunding and School Financing Project**

In June, 2016, the Financing Corporation issued certificates in the amount of \$35,585,000 to prepay all of the 2012 COP’s and a portion of the 2007 COP’s, as well as to finance improvements to district sites and facilities, including, but not limited to upgrading and modernizing swimming pool facilities at two district sites.

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

The net proceeds from the creation of the 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 funds will be used for future capital projects.

**2016 Refunding and School Financing Project (cont.)**

The following assets were held by the Trustee as of June 30, 2017:

Certificates of Participation:

Main	62.97
Lease Payment Fund	11.33
Project Fund	<u>\$6,421,633.37</u>
	\$6,421,707.67

Interest payments on the 2016 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 2016 Certificates as of June 30, 2017.

**In Summary**

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 13, 2016.

1. Interest payments are current through 12-01-17.
  - (a) 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 and are prepaid by the district for payment to investors semi-annually on September 1 and March 1.
  - (b) 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 and are prepaid by the district for payment to investors semi-annually on September 1 and March 1.
  - (c) Fixed interest rate payments on the 2016 obligations are being made from the Trustee accounts on a semi-annual basis. These funds are being held by the Trustee and are prepaid by the district for payment to investors semi-annually on September 1 and March 1.
2. The audit information of the Financing Corporation through June 30, 2017 is submitted for approval.

CH:bm

# HUNTINGTON BEACH UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2017**

### **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, 2017, the principal balance outstanding was \$33,695,786.

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, 2017, the principal balance outstanding was \$7,645,000.

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, 2017, the principal balance outstanding was \$35,165,000.



# HUNTINGTON BEACH UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017

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>
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	3,140,000	-	1,510,697	4,650,697
2023-2027	17,872,550	2,802,450	5,373,941	26,048,941
2028-2032	16,665,441	10,629,559	4,067,594	31,362,594
2033-2037	17,920,408	16,579,592	3,097,131	37,597,131
2038-2042	12,627,387	8,542,613	1,650,863	22,820,863
2043-2047	<u>6,195,000</u>	<u>-</u>	<u>513,828</u>	<u>6,708,828</u>
Total	\$ 76,505,786	\$ 38,554,214	\$ 22,747,903	\$ 137,807,903