



# **MEASURE R DETERMINATION OF USE OF ADDITIONAL BOND PROCEEDS**

**MARCH 27, 2018**

# MODERNIZATION PROJECTS APPROVED BY THE BOARD

## SUMMARY OF FINANCING SOURCES TO FUND PROJECTS

MODERNIZATION PROJECTS	ESTIMATED TOTAL COST
HES Mod	\$4,524,979.20
CMS and HMS HVAC/Chiller Yard Mod	\$808,000.00
Bishop Mod	\$629,761.60
Sunset Mod	\$2,146,772.04
CHS Mod	\$2,325,000.00
Bus Barn Paving	\$500,000.00
Bishop Roof Replacement	<u>\$1,000,000.00</u>
<b>TOTAL ESTIMATED</b>	<b>\$11,934,512.84</b>
SOURCE OF PROJECT FUNDS	AMOUNT
Measure R Series A Proceeds	\$9,861,164.67
Prop 39 Energy Funds	\$900,000.00
Prior Bond Project State Match*	<u>\$3,739,172.37</u>
<b>TOTAL SOURCES</b>	<b>\$14,500,337.04</b>
Less Costs/ DSA	<u>-\$2,565,824.20</u>
<b>AVAILABLE FOR MODERNIZATION</b>	<b>\$11,934,512.84</b>

# NEW CONSTRUCTION PROJECTS APPROVED BY THE BOARD

## SUMMARY OF FINANCING SOURCES TO FUND PROJECTS

NEW CONSTRUCTION PROJECTS APPROVED BY THE BOARD	ESTIMATED TOTAL COST**
1 HES Classroom	\$7,035,000.00
Bishop Classroom	\$5,584,000.00
Dawson CR/Sunset Special Needs	\$5,832,000.00
Coalinga Academy CTE Farm	<u>\$5,017,140.00</u>
<b>TOTAL FUNDS NEEDED</b>	<b><u>\$23,468,140.00</u></b>
SOURCE OF FINANCING	AMOUNT
GO BOND SERIES B NET PROCEEDS NEEDED	\$20,316,183.37
Coalinga Academy (Automotive) CTE Facilities Grant	\$2,508,570.00
Prior Bond State Match	<u>\$643,386.63</u>
<b>TOTAL SOURCES OF FUNDS</b>	<b><u>\$23,468,140.00</u></b>

\*\*Price escalation could result in higher than estimated costs

## **DETERMINATION OF USE OF ADDITIONAL BOND PROCEEDS**

<b>SOURCE OF FINANCING</b>	<b>AMOUNT</b>
<b>GO BOND SERIES B NET PROCEEDS REMAINING (ESTIMATED)</b>	<b>\$6,193,816.63</b>

<b>OPTION A:</b>	
Huron Academy CTE/Chesnut Continuation Estimated Cost	\$5,832,000.00
<b>OR</b>	
<b>OPTION B:</b>	
Pay off Certificates of Participation	\$6,240,000.00

# **CERTIFICATES OF PARTICIPATION**

- **Original Principal = \$6,240,000**
- **Interest only payments until 2019/20 = approximately \$223,000**
- **Starting in 2020/21, principal and interest payments are approximately \$550,000 per year; last payment August 2034; no penalty for early payoff at any time.**

# DETERMINATION OF USE OF ADDITIONAL BOND PROCEEDS

## OPTION A - USE BOND PROCEEDS TO CONSTRUCT HURON CTE/CHESTNUT BUILDING

### ADVANTAGES

Possible lower cost if done at same time as modernization projects  
Chesnut students relocated out of the deteriorated portables sooner  
Earlier introduction of high school CTE program at Huron  
Leaves \$408K balance available for cost overruns.

### DISADVANTAGES

General Fund continues to pay COP debt payments until state matching funds come in

## OPTION B - EARLY PAYOFF OF CERTIFICATES OF PARTICIPATION\*\*

### ADVANTAGES

Saves General Fund \$223,000 per year until 2019-20, then \$550,000 per year thereafter\*\*  
Helps District in achieving positive certification in the 5th Year of the Multi-Year Projection.

### DISADVANTAGES

Chesnut students must stay in the portables for possibly 7 more years (instead of 2 more)  
Maintenance funds must be used for significant upgrades to Chesnut portables to make them last 7 years  
Price escalation may occur such that the building will cost more later

\*\*Any shortfall in bond proceeds available will result in the general fund contributing the amount necessary for a full payoff (or the District could pay off a portion of the debt).

## **ACTION NEEDED**

- **Select Option A or Option B for the use of additional bond proceeds:**
- **Option A: Construct Huron CTE/Chesnut Building**
- **Option B: Payoff Certificates of Participation (COPs)**

# **MEASURE R NEXT STEPS**

- **Bonds will be sold in April 2018.**
- **Staff will return to the Board in May 2018 to report on the sale of the bonds and provide final amount of proceeds.**
- **Bond Oversight Committee will present their Annual Report to the Board in May 2018.**
- **Staff will present bond construction contracts to the Board for approval as the bids come in.**
- **Bond contracts for equipment purchases to be used in modernization projects will be brought forth for ratification at the April board meeting.**