

Anywhere High School District

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DR. MICHELLE GIACOMINI
SUPERINTENDENT

March 29, 2019

Ms. Crissy Huey
County Superintendent of Schools
440 First Street
Yourtown, CA 95000

Mr. Joe Money
County of Westcoast, Auditor & Recorder
481 First Street, Third Floor
Yourtown, CA 95000

Re: *Anywhere High School District 2019 Lease Revenue Notes*

Dear Ms. Huey and Mr. Money:

The Anywhere High School District (the "District") plans to issue, through a financing authority, Lease Revenue Notes to finance the District's 2019 Capital Projects. This letter provides the financial information related to the Lease Revenue Notes, a non-voter approved lease obligation, as required by Section 17150.1 of the California Education Code.

Based on the preliminary amortization schedule for the Lease Revenue Notes and the District's overall financial health, the District believes that it will be able to make the necessary lease payments. Enclosed with this letter is a preliminary debt service schedule, evidence of the District's ability to repay the obligation, and estimated costs of issuance for the Lease Revenue Notes.

The District's Board of Trustees will consider approval of the Lease Revenue Notes on April 30, 2019. The Lease Revenue Notes are scheduled to fund on or about May 23, 2019. Thank you for your consideration, and please let me know if you have any questions or concerns.

Sincerely,



Michelle Giacomini, Ed.D., Superintendent
Anywhere High School District

Enclosures:

Attachment 1 - Repayment Schedule
Attachment 2 - Evidence of District's Ability to
Repay Attachment 3 - Issuance Costs

ATTACHMENT 1
Estimated Repayment Schedule

BOND DEBT SERVICE

Anywhere High School District
2019 Lease Revenue Notes

Option 1: No District Contribution, Cap-i through 4/1/2021
Private Placement Indicative Rate
4-Year Note

Dated Date 06/04/2019
Delivery Date 06/04/2019

Period Ending	Principal	Interest	Debt Service
04/01/2020		385,575.71	385,575.71
04/01/2021		467,364.50	467,364.50
04/01/2022		467,364.50	467,364.50
04/01/2023	19,555,000	467,364.50	20,022,364.50
	19,555,000	1,787,669.21	21,342,669.21

ATTACHMENT 2

Evidence of District’s Ability to Repay

Due to the anticipated delay in receipt of State matching funds, the District is facing a \$12.5 million cash flow shortfall in construction obligations to complete the Science and Robotics Building. In addition to the funding shortfall for the Science and Robotics Building, the District expects construction expenditures of approximately \$6 million to complete ADA compliance on its Main Campus, to demolish and infill old swimming pools, and to complete the Ag to ASB conversion. The total project cost of \$18.5 million will be funded through the issuance of Lease Revenue Notes.

The Lease Revenue Notes are required because the State is not funding projects in a timely manner and the District has elected to accelerate projects to avoid escalation costs and complete the construction program associated with the \$42.5 million of Measure G and \$60 million of Measure U general obligation bonds authorized by the voters in 2014 and 2016, respectively.

The District will repay the Lease Revenue Notes from Proposition 51 – School Facility Program Funding. The District has a successful track record of obtaining State matching funds. The District received approximately \$19.8 million of State Funding from 1985-2009. With the support and expertise of School Facility Consultants, the District recently received \$5,660,618 of Proposition 51 State matching funds.

Proposition 51 was approved by California voters on November 8, 2016. As you can see from the table below, the District has six projects awaiting funding from State matching funds for a total amount of approximately \$28,159,104. Of this amount, only \$6,694,218 associated with the Science and Robotics Building was submitted after the closure of access to funds from the Proposition 51 bond authority, leaving approximately \$21,464,886 to be funded by Proposition 51. The table below provides a breakdown of the District’s projects awaiting State matching funds.

Anywhere High School District Projects				
School Site	Submittal Date	Project Description	Estimated State Funding	Estimated Fund Release
Parkside High	08/01/17	Seismic Mitigation	\$5,660,618	Received
Parkside High	04/27/17	Mattson Gym & 300 Mod.	\$1,133,819	July 2021
Parkside High	04/27/17	300 HVAC & Parking Lots/Tennis Courts	\$4,147,926	July 2021
Parkside High	04/27/17	400 HVAC	\$874,308	July 2021
Parkside High	10/31/17	VAPA	\$5,539,325	February 2022
Parkside High	11/03/17	100s & 200s Mod	\$9,769,508	February 2022
Parkside High	10/08/18	Science Bldg.	\$6,694,218	July 2023
Total			\$33,819,722	

The timeline assumes that the State will sell \$600 million in bonds for Proposition 51 allocations through Spring 2019 and sell \$1.5 billion in Proposition 51 bonds annually between Fall and Spring thereafter until the authorization is fully issued. It assumes that apportionments will happen biannually at State Allocation Board Meetings in Spring and Fall and assumes that fund releases will occur within 60 days after apportionment.

The Lease Revenue Note has been extended approximately 1 year beyond the estimated July 2023 fund release for the Science and Robotics Building to provide the District time to receive the anticipated State funding or pursue a refinancing in the event State funding is not available.

The Lease Revenue Note includes capitalized interest that will fund interest payments until April 1, 2021. The District will be responsible for payments beginning in October 1, 2021. The District anticipates making the October and April payments in the approximate amount of \$767,600 from developer fees. The District anticipates paying off the Lease Revenue Notes on or about October 1, 2022. The pay-off amount is estimated at \$19,190,006 of principal and \$383,800 of interest for a total of \$19,573,800. The State matching funds referenced above are expected to cover the final pay-off amount in full.

In the event that the District does not receive all or a portion of State funding needed to repay the Lease Revenue Notes in full, the District will need to refinance the Notes prior to maturity.

ATTACHMENT 3
Estimated Issuance Costs

Anywhere High School District
2019 Lease Revenue Notes
Estimated Costs of Issuance

Description	Cost
Professional Services (Bond Counsel):	\$45,000.00
Out-of-pocket Expenses	\$1,500.00
Professional Services (Placement Agent):	\$45,000.00
Professional Services (Financial Advisor):	\$45,000.00
Other Expenses	
Placement Agent Counsel:	\$8,000.00
BNY Mellon (Trustee):	\$2,250.00
Joint Powers Financing Authority	\$9,595.00
Title Insurance	\$17,400.00
Cal-Muni (Tax Base Reports):	\$775.00
Bank Counsel Fee:	\$15,000.00
Contingency	\$10,480.00
ESTIMATED COSTS OF ISSUANCE:	<u>\$200,000.00</u>