



## SMMUSD Financial Oversight Committee Meeting Minutes

**Date:** Thursday, June 16, 2022

**Time:** 6:00 pm to 8:00 pm

**Location:** Zoom

[https://drive.google.com/file/d/1xCiEoxWfRBDFjKbQ-LhR7QYtz\\_E3kkmS/view](https://drive.google.com/file/d/1xCiEoxWfRBDFjKbQ-LhR7QYtz_E3kkmS/view)

### I. Call to Order

6:03 pm

Committee Members: Matthew Covington  
Michael Kremer  
Payal Maniar  
Michael Rotgin

Alex Farivar  
Shawn Landres – *departed at 6:14 pm*  
Renu Mevasse

Staff: Melody Canady  
David Chiang

Gerardo Cruz  
Bonnie Kung

Absent: JW Beekman  
Matthew Crawford  
Keith Coleman  
Jon Kean

Ryan Chin  
Seth Jacobson  
Craig Foster

Public: David Lopez, Cooperative Strategies LLC – *departed at 6:58 pm*  
John Beckelheimer, Cooperative Strategies LLC – *departed at 6:58 pm*

### II. Approval of Agenda

6:04 pm

A motion was made by Mr. Landres and seconded by Ms. Maniar to approve the meeting agenda as amended to move Agenda Item V.A. Recommendation to Adopt Measure R Annual Plan and Agenda Item V.B. FOC Annual report to the Board of Education / Joint Meeting – Financial Communication and Reporting to follow Agenda Item III. Approval of FOC Meeting minutes.

AYES: Seven (7) (Mr. Covington, Mr. Farivar, Mr. Kremer, Mr. Landres, Ms. Maniar, Ms. Mevasse, Mr. Rotgin)

NOES: None (0)

ABSENT: Four (4) (Mr. Beekman, Mr. Chin, Mr. Crawford, Mr. Jacobson)

ABSTAIN: None (0)

### III. Approval of FOC Meeting Minutes

6:05 pm

A motion was made by Ms. Maniar and seconded by Mr. Rotgin to approve the May 24, 2022 meeting minutes.

AYES: Seven (7) (Mr. Covington, Mr. Farivar, Mr. Kremer, Mr. Landres, Ms. Maniar, Ms. Mevasse, Mr. Rotgin)

NOES: None (0)

ABSENT: Four (4) (Mr. Beekman, Mr. Chin, Mr. Crawford, Mr. Jacobson)

ABSTAIN: None (0)

#### IV. Assistant Superintendent, Business and Fiscal Report: Melody Canady

6:10 pm

##### A. 2020-21 Redevelopment Audit Results – Cooperative Strategies, LLC

Mr. Lopez and Mr. Beckelheimer from Cooperative Strategies, LLC provided an overview of the District's 2020-21 redevelopment audit report.

The redevelopment audit report and future projections may be found at:

- Report: <https://www.smmusd.org/cms/lib/CA50000164/Centricity/Domain/300/FinReports/2020-21RDVauditResults.pdf>
- RDA Consolidated Future Projections: <https://drive.google.com/file/d/10zKOC8FQW5U8VuUxv0Xy3nKyYqkAyNMR/view?usp=sharing>

The committee expressed their concern over gaining transparency in how the projections are calculated by the county. Cooperative Strategies will follow up with counsel to inquire where they are obtaining the information from the county. The committee recommended that district staff follow up with Cooperative Strategies for guidance regarding the legislative portion and who can provide transparency regarding the calculations. Ms. Canady informed the committee that a formal public records request was submitted for the ERAF calculations but not much information was received. The committee suggested conferring with similar basic aid districts to see what they are doing and jointly seek counsel for better insight for the projections.

##### B. 2022-23 Preliminary Budget

7:04 pm

Staff gave an overview of the 2022-23 Adopted Budget that was presented at the June 2, 2022 Board of Education meeting.

The presentation and the preliminary budget documents may be found in the following links:

- Presentation: <https://simbli.eboardsolutions.com/Meetings/Attachment.aspx?S=36030435&AID=272020&MID=10978>
- Attachment: <https://simbli.eboardsolutions.com/Meetings/Attachment.aspx?S=36030435&AID=272019&MID=10978>
- Multi-year Projection: <https://simbli.eboardsolutions.com/Meetings/Attachment.aspx?S=36030435&AID=272022&MID=10978>
- Unrestricted General Fund Budget: <https://simbli.eboardsolutions.com/Meetings/Attachment.aspx?S=36030435&AID=272018&MID=10978>
- Fiscal Stabilization Plan: <https://simbli.eboardsolutions.com/Meetings/Attachment.aspx?S=36030435&AID=272017&MID=10978>
- Second Interim Budget Review Letter from LACOE: <https://simbli.eboardsolutions.com/Meetings/Attachment.aspx?S=36030435&AID=272016&MID=10978>

Mr. Cruz reported that Food Services will not need a \$1M interfund transfer for the current year as the reimbursement rates for both the federal and state level were significantly increased. For the Multi-Year Projection, the Y & GSH revenue projections received by the City of Santa Monica were significantly less than the revenues previously received. Staff will send the information received to the Tax Revenue subcommittee for further follow-up and clarification. The district is working towards enrollment-driven FTE adjustments and

monitoring the vacated positions and turnover numbers for classified staff. The ending fund balance is anticipated to be a surplus of \$5.7M.

**V. Discussion/Action Items**

6:05 pm

**A. Recommendation to Adopt Measure R Annual Plan**

A motion was made by Ms. Landres and seconded by Mr. Rotgin to recommend that the Board of Education approve the 2022-23 Measure R annual plan as presented.

The Measure R annual plan may be found at:

<https://www.smmusd.org/cms/lib/CA50000164/Centricity/domain/300/measurer/MeasureR-AnnualPlan2223.pdf>

AYES: Seven (7) (Mr. Covington, Mr. Farivar, Mr. Kremer, Mr. Landres, Ms. Maniar, Ms. Mevasse, Mr. Rotgin)

NOES: None (0)

ABSENT: Four (4) (Mr. Beekman, Mr. Chin, Mr. Crawford, Mr. Jacobson)

ABSTAIN: None (0)

7:37 pm

**B. FOC Annual report to the Board of Education / Joint Meeting**

A template will be sent for the subcommittee chairs to complete prior to the Joint Meeting with the Board of Education on August 11, 2022.

- Budget Recommendations: *Mr. Jacobson, Mr. Covington, Mr. Beekman, Mr. Rotgin, Mr. Chin*

There were no updates.

- Tax Revenue and Assessed Valuation: *Mr. Farivar, Mr. Kremer, Mr. Crawford, Mr. Beekman*

The report will be updated with the expected changes regarding GSH and YY. Mr. Kremer gave a brief overview of the opportunities for refinancing enforceable obligations. The draft presentation will be incorporated into the final report. The committee recommended Ms. Canady schedule a meeting with the City of Santa Monica to discuss the presentation. Staff will update the board liaisons with the presentation along with the RDA audit to seek their advice on next steps.

The draft presentation may be found at the end of these minutes.

- Bond Oversight: *Mr. Kremer, Mr. Crawford, Ms. Mevasse, Mr. Rotgin*

There were no updates.

- Measure R Reporting and Process Review: *Mr. Crawford, Mr. Landres, Ms. Maniar*

There were no updates.

6:08 pm

- Financial Communication and Reporting: *Mr. Landres, Ms. Maniar, Ms. Mevasse, Mr. Jacobson, Mr. Chin*

Mr. Landres provided an update on the amended language in the subcommittee's annual report to the Board of Education. The amended report may be found at the end of these minutes.

A motion was made by Mr. Landres and seconded by Ms. Maniar to amend the Financial Communications annual report to the Board of Education with the updated language.

AYES: Seven (7) (Mr. Covington, Mr. Farivar, Mr. Kremer, Mr. Landres, Ms. Maniar, Ms. Mevasse, Mr. Rotgin)

NOES: None (0)

ABSENT: Four (4) (Mr. Beekman, Mr. Chin, Mr. Crawford, Mr. Jacobson)

ABSTAIN: None (0)

- Nomination: *Mr. Covington, Mr. Kremer, Ms. Maniar, Mr. Farivar*

Dillon Christensen was approved by the Board for appointment to the FOC on June 2, 2022. He will attend the Joint meeting with the Board of Education in August.

#### C. Mandates for 2022-23

8:06 pm

The Budget subcommittee is working on a recommendation for a new charge regarding the district's unfunded liabilities. The recommendation will be presented to the board liaisons prior to the joint meeting in August. The current subcommittees will continue onto the next school year and further discussion will be tabled until the September meeting.

**VI. Public Comments**                      None

**VII. Committee Comments**

8:03 pm

The committee and staff thanked Mr. Covington for his time and service on the FOC.

**VIII. Next Meeting:**              Thursday, August 11, 2022 - \* Please note: This is a Joint Meeting / Study Session with the Board of Education

**IX. Adjournment:**              The meeting adjourned at 8:11 p.m.

**FOC Tax Revenue Subcommittee  
Refinancing of Successor Agency  
Enforceable Obligations**

**6.15.2022 draft**

# RDA Operations Post Redevelopment Dissolution

- The City of Santa Monica assumed the role of Successor Agency (SA) to the original Redevelopment Agency; a separate legal entity from the City
- The SA is supervised by the Third District Consolidated Oversight Board (OB) comprised of representatives from local taxing agencies receiving property tax distributions from the Redevelopment Property Tax Trust Fund (RPTTF)
- The OB has a fiduciary responsibility to holders of Enforceable Obligations (EOs) and to the local taxing agencies
- The actions of the OB are subject to review or approval by the State of California Dept. of Finance (DOF)
- Tax increment revenues are deposited into the RPTTF, and the fund is administered by the LA County Auditor-Controller
  - Statutory (AB 1290) Passthroughs -- the District is required to deposit 56.7% of AB 1290 payments into its Fund 40 for expenditure on facility costs and 43.3% into the General Fund for LCFF purposes (included in LCFF Basic Aid calculations)
  - Residual Distributions -- deposited into the District's General Fund for LCFF purposes

# RPTTF Distributions in FYs 2020, 2021 and 2022

- District totals:

- FY 2020 = \$19.12mm
- FY 2021 = \$26.97mm
- FY 2022 = \$24.62mm

- Taxing Agencies' Shares of Residual Distribution in FY 2021-22

- City of SM: 15.2%
- County TEs: 36.8%
- **SMMUSD: 15.4%**
- SMC: 3.8%
- LACOE: 0.4%
- ERAF: 28.4%

	FY 2019-20	FY 2020-21	FY 2021-22
<b>1. Property Tax Deposits:</b>	<b>\$141,759,955</b>	<b>\$163,287,617</b>	<b>\$157,371,472</b>
2. Administrative Costs:	(\$2,673,348)	(\$2,613,993)	(\$2,648,000)
3. Statutory (AB 1290) Passthroughs:			
City	(\$3,772,370)	(\$4,340,404)	(\$4,171,339)
County Taxing Entities	(\$18,842,951)	(\$21,331,589)	(\$21,287,535)
Special District	(\$13,658)	(\$15,462)	(\$15,430)
<b>K-12 School</b>	<b>(\$7,881,005)</b>	<b>(\$8,921,870)</b>	<b>(\$8,903,444)</b>
Community College	(\$1,924,740)	(\$2,178,945)	(\$2,174,445)
County Office of Education	(\$220,234)	(\$249,321)	(\$248,806)
ERAF	(\$2,148,085)	(\$2,431,788)	(\$2,426,766)
Total:	(\$34,803,044)	(\$39,469,379)	(\$39,227,766)
4. Total RPTTF Balance Available to Fund Enforceable Obligations (EOs):	\$104,283,563	\$121,204,245	\$115,495,705
5. Enforceable Obligations (EOs):	(\$33,137,416)	(\$14,293,000)	(\$13,257,390)
6. SA Administrative Costs:	(\$326,103)	(\$264,251)	(\$186,000)
7. Balance Available for Distribution:	\$70,820,044	\$106,646,994	\$102,052,315
8. Residual Distribution:			
Cities	(\$11,709,900)	(\$17,505,699)	(\$15,511,843)
County Taxing Entities	(\$26,872,097)	(\$43,153,895)	(\$37,578,346)
Special Districts	(\$19,478)	(\$31,280)	(\$27,239)
<b>K-12 Schools</b>	<b>(\$11,239,188)</b>	<b>(\$18,049,010)</b>	<b>(\$15,717,055)</b>
Community Colleges	(\$2,744,894)	(\$4,408,025)	(\$3,838,503)
County Office of Education	(\$314,081)	(\$504,383)	(\$439,217)
ERAF	(\$17,920,404)	(\$22,994,701)	(\$28,940,112)
Total:	(\$70,820,043)	(\$106,646,994)	(\$102,052,316)
<b>9. Ending RPTTF Balance:</b>	<b>\$0</b>	<b>(\$0)</b>	<b>(\$0)</b>
<b>Total to SMMUSD:&gt;&gt;</b>	<b>\$19,120,193</b>	<b>\$26,970,880</b>	<b>\$24,620,499</b>

# Enforceable Obligations (EOs) of the Successor Agency

- As of June 30, 2022, the EO balance is an estimated \$126.263 million
- There are five (5) outstanding EOs: two publicly offered, tax allocation bonds; a direct loan with Bank of America; and two promissory notes held by unspecified investors
- Bonds -- the payment schedule and prepayment features of the bonds are known. Both series of bonds have fixed rates are currently callable
- BofA Loan -- the payment schedule has been estimated using City audits. The interest rate is floating at LIBOR + 1.25% (now 2.75% based on 1-mo LIBOR of 1.50%). Loan should be subject to prepayment at par given floating rate
- Promissory Notes -- the payment schedule has been estimated using City audits. The interest rates are fixed at 6.82%. Prepayment terms are TBD

ROPS Item #	Project Name	Obligation Type	Agreement Execution Date	Agreement Termination Date	Balance as of 7/1/2022	Interest Rate	Final Payment Date	Prepayment Feature
1	2011 Earthquake RDA Bonds	Bonds Issued After 12/31/10	06/07/2011	07/01/2042	\$41,050,000	5.000%-5.875%	07/01/2042	7/1/2021 at par
2	2006 Earthquake RDA Bonds	Bonds Issued on or Before 12/31/10	04/27/2006	07/01/2029	\$26,055,000	4.500%-5.000%	07/01/2029	7/1/2016 at par
13	Bank of America Term Loan	Third-Party Loans	05/08/2008	07/15/2028	\$16,666,655	LIBOR + 1.25%	07/15/2028	TBD
24	Arizona and 4th Notes	Miscellaneous	10/13/2010	01/01/2042	\$18,175,502	6.82%	01/01/2042	TBD
40	Arizona and 4th-Reimbursement Agreement	Miscellaneous	06/23/2010	01/01/2042	\$18,175,502	6.82%	01/01/2042	TBD

**\$120,122,658**



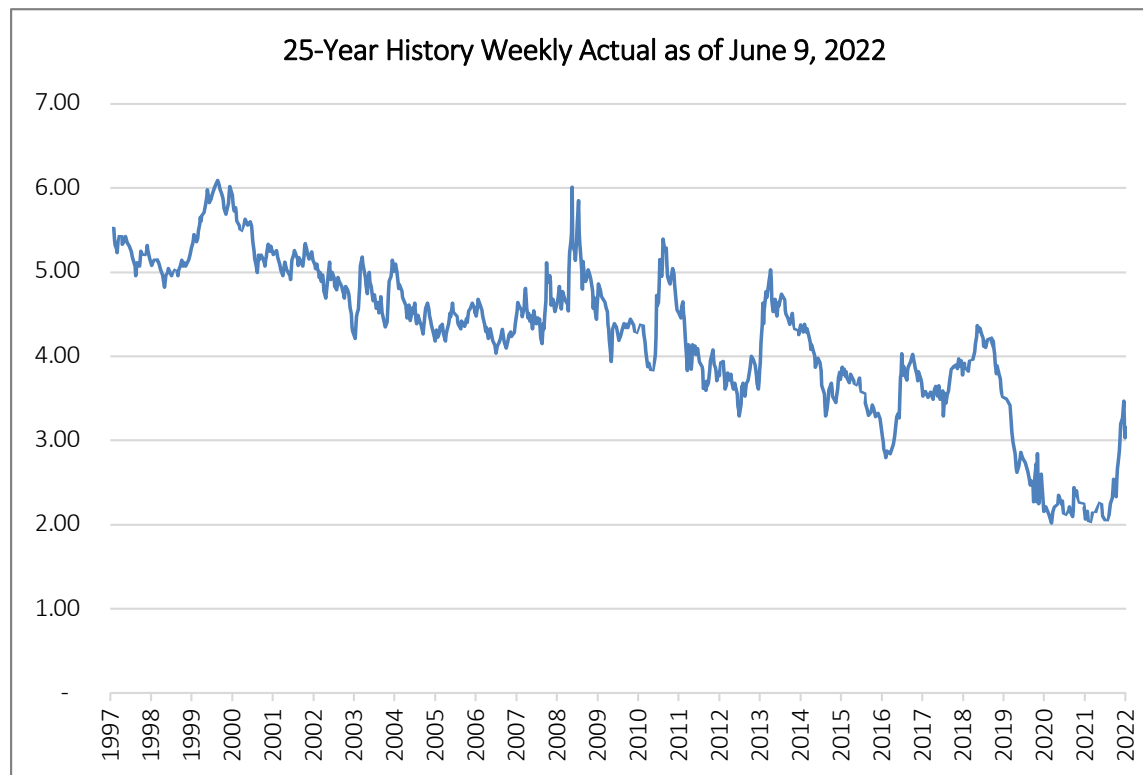
# Refinancing an Enforceable Obligation

- The payment schedules of the EOs are shown below. The portfolio has an average borrowing cost of 5.66%
- An economic refinancing of an EO would reduce the EO payments and thereby increase each Taxing Agency's Residual Distribution
- By law, the SA may issue tax allocation refunding bonds to refinance an EO if the transaction will result in (1) total debt service savings and (2) no extension of term. The refunding must be authorized by the OB and DOF, but approvals are likely given that the State and Taxing Agencies would all share in the savings
- The refinancing timeframe is 60-90 days longer than typical because the OB must approve the transaction before DOF approval can be requested. The DOF can take up to 60 days to respond

	Avg. Rate :>> 4.55%			Avg. Rate :>> 5.48%			Avg. Rate :>> 6.82%			Avg. Rate :>> 2.75%			Avg. Rate :>> 5.66%		
	Series 2006A TABs			Series 2011 TABs			AZ & 4th Promissory Notes			BofA Loan			Total Enforceable Obligations		
FYE 6/30	Principal	Interest	Debt Service	Principal	Interest	Debt Service	Principal	Interest	Debt Service	Principal	Interest	Debt Service	Principal	Interest	Debt Service
Totals: >>	26,055,000	5,077,638	31,132,638	41,050,000	33,476,000	74,526,000	36,351,003	30,077,871	66,428,874	16,666,655	1,499,998	18,166,653	120,122,658	70,131,507	190,254,165
2023	3,245,000	1,201,908	4,446,908	-	2,262,000	2,262,000	904,284	2,448,302	3,352,586	3,030,303	458,333	3,488,636	7,179,587	6,370,543	13,550,130
2024	3,390,000	1,055,883	4,445,883	-	2,262,000	2,262,000	965,956	2,384,527	3,350,483	3,030,303	375,000	3,405,303	7,386,259	6,077,409	13,463,668
2025	3,545,000	903,333	4,448,333	-	2,262,000	2,262,000	1,031,834	2,316,403	3,348,237	3,030,303	291,666	3,321,969	7,607,137	5,773,401	13,380,538
2026	3,705,000	743,808	4,448,808	-	2,262,000	2,262,000	1,102,205	2,243,632	3,345,837	3,030,303	208,333	3,238,636	7,837,508	5,457,772	13,295,280
2027	3,870,000	577,083	4,447,083	-	2,262,000	2,262,000	1,177,375	2,165,898	3,343,273	3,030,303	125,000	3,155,303	8,077,678	5,129,980	13,207,658
2028	4,050,000	399,063	4,449,063	-	2,262,000	2,262,000	1,257,672	2,082,863	3,340,535	1,515,140	41,666	1,556,806	6,822,812	4,785,592	11,608,404
2029	4,250,000	196,563	4,446,563	-	2,262,000	2,262,000	1,343,446	1,994,165	3,337,611	-	-	-	5,593,446	4,452,727	10,046,173
2030	-	-	-	2,255,000	2,262,000	4,517,000	1,435,069	1,899,417	3,334,486	-	-	-	3,690,069	4,161,417	7,851,486
2031	-	-	-	2,365,000	2,150,000	4,515,000	1,532,940	1,798,208	3,331,148	-	-	-	3,897,940	3,948,208	7,846,148
2032	-	-	-	2,485,000	2,031,000	4,516,000	1,637,487	1,690,097	3,327,584	-	-	-	4,122,487	3,721,097	7,843,584
2033	-	-	-	2,610,000	1,907,000	4,517,000	1,749,164	1,574,612	3,323,776	-	-	-	4,359,164	3,481,612	7,840,776
2034	-	-	-	2,760,000	1,754,000	4,514,000	1,868,457	1,451,251	3,319,708	-	-	-	4,628,457	3,205,251	7,833,708
2035	-	-	-	2,925,000	1,592,000	4,517,000	1,995,885	1,319,477	3,315,362	-	-	-	4,920,885	2,911,477	7,832,362
2036	-	-	-	3,095,000	1,420,000	4,515,000	2,132,005	1,178,716	3,310,721	-	-	-	5,227,005	2,598,716	7,825,721
2037	-	-	-	3,275,000	1,238,000	4,513,000	2,277,407	1,028,355	3,305,762	-	-	-	5,552,407	2,266,355	7,818,762
2038	-	-	-	3,455,000	1,058,000	4,513,000	2,432,727	867,740	3,300,467	-	-	-	5,887,727	1,925,740	7,813,467
2039	-	-	-	3,645,000	869,000	4,514,000	2,598,639	696,170	3,294,809	-	-	-	6,243,639	1,565,170	7,808,809
2040	-	-	-	3,845,000	669,000	4,514,000	2,775,866	512,899	3,288,765	-	-	-	6,620,866	1,181,899	7,802,765
2041	-	-	-	4,055,000	457,000	4,512,000	2,965,180	317,130	3,282,310	-	-	-	7,020,180	774,130	7,794,310
2042	-	-	-	4,280,000	235,000	4,515,000	3,167,405	108,009	3,275,414	-	-	-	7,447,405	343,009	7,790,414

# T-E Rates Have Risen Significantly from Record Lows but Remain Attractive

- The Bond Buyer GO Bond Index consists of 20 different GO Bonds maturing in 20 years. The average credit ratings are Moody's "Aa2" and S&P "AA"
- As of June 9, 2022, the Index rate was 3.16%, which falls between the 5- and 10-year averages and below the 25-year average of 4.25%
- Since 1997, the GO Bond Index has been below 3.16% only 12.4% of the time, indicating that T/E rates remain relatively low
- The Index rate will be reset higher on June 16 due to recent bond market movements



BB GO Bond Index	
25-year average	4.25%
10-year average	3.42%
5-year average	3.01%
2-year average	2.28%
1-year average	2.35%
Minimum	2.02%
Maximum	6.09%

# Option 1 – Refunding Structured for Proportional FY Savings

## Assumptions

- All EOs can be prepaid at par upon 30 days notice
- A refunding of the EOs is anticipated to be assigned credit ratings of AAA from S&P and Fitch
- Interest rates as of 6/15/2022 (10-year par call feature)
- Transaction costs are ~0.50% of refunded principal
- Closing date of 12/1/2022
- Discount Rate of 3.75%

<i>Projected Savings Metrics</i>	2006 Bonds	2011 Bonds	AZ & 4 <sup>th</sup> Prom. Notes	BofA Loan	Total
Refunded Principal	\$26,055,000	\$41,050,000	\$35,446,719	\$16,666,655	\$119,218,374
Total Savings	\$1,955,163	\$10,918,542	\$13,441,375	\$61,383	\$26,376,462
Avg. Annual Savings	\$279,309	\$545,927	\$672,069	\$10,230	\$1,318,823
NPV Savings	\$1,716,063	\$7,235,664	\$13,441,375	\$78,616	\$18,885,110
NPV Savings/ Refunded Principal	6.6%	17.6%	27.8%	0.5%	15.8%
Borrowing Cost Reduction	1.94%	1.61%	3.06%	0.26%	2.01%

	Avg. Rate :>> 2.61%			Avg. Rate :>> 3.87%			Avg. Rate :>> 3.76%			Avg. Rate :>> 2.49%			Avg. Rate :>> 3.65%		
	Series 2006A TABs			Series 2011 TABs			AZ & 4th Promissory Notes			BofA Loan			Total Enforceable Obligations		
FYE 6/30	Refunded D/S	Refunding D/S	Savings	Refunded D/S	Refunding D/S	Savings	Refunded D/S	Refunding D/S	Savings	Refunded D/S	Refunding D/S	Savings	Refunded D/S	Refunding D/S	Savings
Totals: >>	30,531,684	28,576,521	1,955,163	73,395,000	62,476,458	10,918,542	64,285,021	50,843,646	13,441,375	17,937,487	17,876,104	61,383	186,149,191	159,772,729	26,376,462
2023	3,845,954	3,569,021	276,933	1,131,000	1,068,958	62,042	1,208,733	927,646	281,087	3,259,470	2,929,354	330,115	9,445,156	8,494,979	950,177
2024	4,445,883	4,167,750	278,133	2,262,000	1,922,500	339,500	3,350,483	2,655,250	695,233	3,405,303	3,465,250	(59,947)	13,463,668	12,210,750	1,252,918
2025	4,448,333	4,167,250	281,083	2,262,000	1,923,000	339,000	3,348,237	2,647,000	701,237	3,321,969	3,384,750	(62,781)	13,380,538	12,122,000	1,258,538
2026	4,448,808	4,169,000	279,808	2,262,000	1,923,250	338,750	3,345,837	2,646,500	699,337	3,238,636	3,296,250	(57,614)	13,295,280	12,035,000	1,260,280
2027	4,447,083	4,167,500	279,583	2,262,000	1,923,250	338,750	3,343,273	2,643,250	700,023	3,155,303	3,215,000	(59,697)	13,207,658	11,949,000	1,258,658
2028	4,449,063	4,167,500	281,563	2,262,000	1,923,000	339,000	3,340,535	2,642,250	698,285	1,556,806	1,585,500	(28,694)	11,608,404	10,318,250	1,290,154
2029	4,446,563	4,168,500	278,063	2,262,000	1,922,500	339,500	3,337,611	2,643,250	694,361	-	-	-	10,046,173	8,734,250	1,311,923
2030	-	-	-	4,517,000	3,836,750	680,250	3,334,486	2,641,000	693,486	-	-	-	7,851,486	6,477,750	1,373,736
2031	-	-	-	4,515,000	3,835,000	680,000	3,331,148	2,635,500	695,648	-	-	-	7,846,148	6,470,500	1,375,648
2032	-	-	-	4,516,000	3,838,250	677,750	3,327,584	2,631,750	695,834	-	-	-	7,843,584	6,470,000	1,373,584
2033	-	-	-	4,517,000	3,836,000	681,000	3,323,776	2,629,500	694,276	-	-	-	7,840,776	6,465,500	1,375,276
2034	-	-	-	4,514,000	3,833,250	680,750	3,319,708	2,628,500	691,208	-	-	-	7,833,708	6,461,750	1,371,958
2035	-	-	-	4,517,000	3,839,750	677,250	3,315,362	2,623,500	691,862	-	-	-	7,832,362	6,463,250	1,369,112
2036	-	-	-	4,515,000	3,834,750	680,250	3,310,721	2,619,500	691,221	-	-	-	7,825,721	6,454,250	1,371,471
2037	-	-	-	4,513,000	3,833,500	679,500	3,305,762	2,616,250	689,512	-	-	-	7,818,762	6,449,750	1,369,012
2038	-	-	-	4,513,000	3,835,500	677,500	3,300,467	2,613,500	686,967	-	-	-	7,813,467	6,449,000	1,364,467
2039	-	-	-	4,514,000	3,835,250	678,750	3,294,809	2,606,000	688,809	-	-	-	7,808,809	6,441,250	1,367,559
2040	-	-	-	4,514,000	3,837,500	676,500	3,288,765	2,603,750	685,015	-	-	-	7,802,765	6,441,250	1,361,515
2041	-	-	-	4,512,000	3,836,750	675,250	3,282,310	2,596,250	686,060	-	-	-	7,794,310	6,433,000	1,361,310
2042	-	-	-	4,515,000	3,837,750	677,250	3,275,414	2,593,500	681,914	-	-	-	7,790,414	6,431,250	1,359,164

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# Option 2 – Refunding Structured for Accelerated FY Savings

## Assumptions

- All EOs can be prepaid at par upon 30 days notice
- A refunding of the EOs is anticipated to be assigned credit ratings of AAA from S&P and Fitch
- Interest rates as of 6/15/2022 (10-year par call feature)
- Transaction costs are ~0.50% of refunded principal
- Closing date of 12/1/2022
- Discount Rate of 3.75%

<i>Projected Savings Metrics</i>	2006 Bonds	2011 Bonds	AZ & 4 <sup>th</sup> Prom. Notes	BofA Loan	Total
Refunded Principal	\$26,055,000	\$41,050,000	\$35,446,719	\$16,666,655	\$119,218,374
Total Savings	\$1,805,538	\$8,728,292	\$10,352,479	\$82,799	\$20,969,108
Avg. Annual Savings	\$257,934	\$436,415	\$517,624	\$13,800	\$1,048,455
NPV Savings	\$1,763,298	\$6,782,159	\$9,460,956	\$72,724	\$18,079,137
NPV Savings/ Refunded Principal	6.8%	16.5%	26.7%	0.4%	15.2%
Borrowing Cost Reduction	1.93%	1.52%	2.96%	0.26%	1.97%

	Avg. Rate :>> 2.62%			Avg. Rate :>> 3.96%			Avg. Rate :>> 3.86%			Avg. Rate :>> 2.49%			Avg. Rate :>> 3.69%		
	Series 2006A TABs			Series 2011 TABs			AZ & 4th Promissory Notes			BofA Loan			Total Enforceable Obligations		
FYE 6/30	Refunded D/S	Refunding D/S	Savings	Refunded D/S	Refunding D/S	Savings	Refunded D/S	Refunding D/S	Savings	Refunded D/S	Refunding D/S	Savings	Refunded D/S	Refunding D/S	Savings
Totals :>>	30,531,684	28,726,146	1,805,538	73,395,000	64,666,708	8,728,292	64,285,021	53,932,542	10,352,479	17,937,487	17,854,688	82,799	186,149,191	165,180,083	20,969,108
2023	3,845,954	2,052,146	1,793,808	1,131,000	1,072,458	58,542	1,208,733	922,542	286,191	3,259,470	3,193,688	65,782	9,445,156	7,240,833	2,204,323
2024	4,445,883	4,443,250	2,633	2,262,000	1,838,500	423,500	3,350,483	1,581,500	1,768,983	3,405,303	3,402,750	2,553	13,463,668	11,266,000	2,197,668
2025	4,448,333	4,447,500	833	2,262,000	1,838,500	423,500	3,348,237	1,581,500	1,766,737	3,321,969	3,319,750	2,219	13,380,538	11,187,250	2,193,288
2026	4,448,808	4,448,250	558	2,262,000	1,838,500	423,500	3,345,837	1,581,500	1,764,337	3,238,636	3,234,000	4,636	13,295,280	11,102,250	2,193,030
2027	4,447,083	4,445,250	1,833	2,262,000	1,838,500	423,500	3,343,273	1,581,500	1,761,773	3,155,303	3,150,500	4,803	13,207,658	11,015,750	2,191,908
2028	4,449,063	4,448,250	813	2,262,000	1,838,500	423,500	3,340,535	1,581,500	1,759,035	1,556,806	1,554,000	2,806	11,608,404	9,422,250	2,186,154
2029	4,446,563	4,441,500	5,063	2,262,000	1,838,500	423,500	3,337,611	2,126,500	1,211,111	-	-	-	10,046,173	8,406,500	1,639,673
2030	-	-	-	4,517,000	1,838,500	2,678,500	3,334,486	3,329,250	5,236	-	-	-	7,851,486	5,167,750	2,683,736
2031	-	-	-	4,515,000	1,838,500	2,676,500	3,331,148	3,330,500	648	-	-	-	7,846,148	5,169,000	2,677,148
2032	-	-	-	4,516,000	3,768,500	747,500	3,327,584	3,327,250	334	-	-	-	7,843,584	7,095,750	747,834
2033	-	-	-	4,517,000	4,517,000	-	3,323,776	3,319,500	4,276	-	-	-	7,840,776	7,836,500	4,276
2034	-	-	-	4,514,000	4,513,250	750	3,319,708	3,317,250	2,458	-	-	-	7,833,708	7,830,500	3,208
2035	-	-	-	4,517,000	4,512,750	4,250	3,315,362	3,315,000	362	-	-	-	7,832,362	7,827,750	4,612
2036	-	-	-	4,515,000	4,510,000	5,000	3,310,721	3,307,500	3,221	-	-	-	7,825,721	7,817,500	8,221
2037	-	-	-	4,513,000	4,509,750	3,250	3,305,762	3,304,750	1,012	-	-	-	7,818,762	7,814,500	4,262
2038	-	-	-	4,513,000	4,511,500	1,500	3,300,467	3,296,250	4,217	-	-	-	7,813,467	7,807,750	5,717
2039	-	-	-	4,514,000	4,509,750	4,250	3,294,809	3,292,000	2,809	-	-	-	7,808,809	7,801,750	7,059
2040	-	-	-	4,514,000	4,509,250	4,750	3,288,765	3,286,500	2,265	-	-	-	7,802,765	7,795,750	7,015
2041	-	-	-	4,512,000	4,509,500	2,500	3,282,310	3,279,500	2,810	-	-	-	7,794,310	7,789,000	5,310
2042	-	-	-	4,515,000	4,515,000	-	3,275,414	3,270,750	4,664	-	-	-	7,790,414	7,785,750	4,664

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# Comparison of Refunding Savings Distributions to Taxing Agencies\*

## Option 1 – Distribution of Proportional Savings

- Total projected savings of \$26,376,462
- The District's share of the total savings is estimated at \$4,061,975
- District average FY General Fund revenue increase of \$203,099 from FY 2023 through FY 2042
- \$1,956,665 received in the next 10 years (FY 2023 through FY 2032)

	15.2%	36.8%	15.4%	3.8%	0.4%	28.4%	
FYE 6/30	City of SM	County TEs	SMMUSD	SMC	LACOE	ERAF	Total Savings
Totals: >>	4,009,222	9,706,538	4,061,975	1,002,306	105,506	7,490,915	26,376,462
2023	144,427	349,665	146,327	36,107	3,801	269,850	950,177
2024	190,444	461,074	192,949	47,611	5,012	355,829	1,252,918
2025	191,298	463,142	193,815	47,824	5,034	357,425	1,258,538
2026	191,563	463,783	194,083	47,891	5,041	357,920	1,260,280
2027	191,316	463,186	193,833	47,829	5,035	357,459	1,258,658
2028	196,103	474,777	198,684	49,026	5,161	366,404	1,290,154
2029	199,412	482,788	202,036	49,853	5,248	372,586	1,311,923
2030	208,808	505,535	211,555	52,202	5,495	390,141	1,373,736
2031	209,099	506,239	211,850	52,275	5,503	390,684	1,375,648
2032	208,785	505,479	211,532	52,196	5,494	390,098	1,373,584
2033	209,042	506,102	211,793	52,260	5,501	390,578	1,375,276
2034	208,538	504,881	211,282	52,134	5,488	389,636	1,371,958
2035	208,105	503,833	210,843	52,026	5,476	388,828	1,369,112
2036	208,464	504,701	211,207	52,116	5,486	389,498	1,371,471
2037	208,090	503,796	210,828	52,022	5,476	388,799	1,369,012
2038	207,399	502,124	210,128	51,850	5,458	387,508	1,364,467
2039	207,869	503,262	210,604	51,967	5,470	388,387	1,367,559
2040	206,950	501,038	209,673	51,738	5,446	386,670	1,361,515
2041	206,919	500,962	209,642	51,730	5,445	386,612	1,361,310
2042	206,593	500,172	209,311	51,648	5,437	386,002	1,359,164

## Option 2 – Distribution of Accelerated Savings

- Total projected savings of \$20,969,108
- The District's share of the total savings is estimated at \$3,229,243
- District average FY General Fund revenue increase of \$322,087 from FY 2023 through FY 2032
- \$3,220,874 received in the next 10 years (FY 2023 through FY 2032)

	15.2%	36.8%	15.4%	3.8%	0.4%	28.4%	
FYE 6/30	City of SM	County TEs	SMMUSD	SMC	LACOE	ERAF	Total Savings
Totals: >>	3,187,304	7,716,632	3,229,243	796,826	83,876	5,955,227	20,969,108
2023	335,057	811,191	339,466	83,764	8,817	626,028	2,204,323
2024	334,046	808,742	338,441	83,511	8,791	624,138	2,197,668
2025	333,380	807,130	337,766	83,345	8,773	622,894	2,193,288
2026	333,341	807,035	337,727	83,335	8,772	622,821	2,193,030
2027	333,170	806,622	337,554	83,293	8,768	622,502	2,191,908
2028	332,295	804,505	336,668	83,074	8,745	620,868	2,186,154
2029	249,230	603,400	252,510	62,308	6,559	465,667	1,639,673
2030	407,928	987,615	413,295	101,982	10,735	762,181	2,683,736
2031	406,927	985,191	412,281	101,732	10,709	760,310	2,677,148
2032	113,671	275,203	115,166	28,418	2,991	212,385	747,834
2033	650	1,574	659	162	17	1,214	4,276
2034	488	1,181	494	122	13	911	3,208
2035	701	1,697	710	175	18	1,310	4,612
2036	1,250	3,025	1,266	312	33	2,335	8,221
2037	648	1,568	656	162	17	1,210	4,262
2038	869	2,104	880	217	23	1,623	5,717
2039	1,073	2,598	1,087	268	28	2,005	7,059
2040	1,066	2,582	1,080	267	28	1,992	7,015
2041	807	1,954	818	202	21	1,508	5,310
2042	709	1,716	718	177	19	1,324	4,664

\* Based on the Taxing Agencies' Shares of the RPTTF's FY 2021-22 Residual Distribution

## Next Steps

- Schedule a near-term meeting with City Finance staff to discuss executing a refunding of all prepayable Enforceable Obligations
- If necessary, contact the Oversight Board to request action
- Continue this Subcommittee's engagement into FY 2022-23 to assist as needed on ROPS matters

## Financial Communication and Reporting Subcommittee End of Year Updates

The Financial Communications ad hoc subcommittee has worked collaboratively with the Community & Public Relations Office to identify specific ways that the District can both clarify its financial communications to the public and incorporate fiscal stewardship-related principles into the District's broader communication strategies. The Subcommittee commends the Measure R Subcommittee for its work to clarify the Measure R reporting process and has incorporated the District's updated approach into the formulation of the findings and recommendations listed below. The Subcommittee recommends the following steps, which it understands the Community & Public Relations Office already has begun to implement:

- The District's general goals statement should indicate that *fiscal stewardship* is a means to achieving a *strong community that supports the mission of the district to provide a comprehensive, rigorous and equitable education to all children in the district*.
- *Fiscal stewardship* should be added as one of the District's core communications principles.
- The fiscal reporting calendar should be included in the District-wide communications calendar.
- The ~~recently improved communications approach to updated~~ Measure R reporting ~~process~~ should ~~be adapted become a model~~ for other annual reporting, such as special education, pension obligations, and tax receipts, among others.
- The Financial Oversight Committee should serve as a resource to the Community & Public Relations Office with respect to the following types of fiscal events:
  - Regular events that can be calendared on a quarterly or annual basis (including, but not limited to budget revisions, audit reports, Measure R, pension obligations, special education, etc.)
  - One-time and/or episodic events that can be planned (including, but not limited to bond issues, property transactions, capital project updates, early retirement incentive programs, etc.)
  - Unplanned events (including, but not limited to ERAF funds being taken back abruptly, etc.)

The Subcommittee recommends that its charge be renewed for one more year in order to facilitate the implementation of these recommendations and that subsequently the Community & Public Relations Office remain in close coordination with the Business Office and consult as needed with the Financial Oversight Committee as a whole.