

Friday Memo
November 18, 2016

Upcoming Events – Matthew Duffy

November 19: New Teacher Gathering, DeJean, 8:30 – 11:30 AM
November 23: Minimum Day, All Schools
November 24: Thanksgiving Day Holiday, Schools & Offices Closed
November 25: Employee Holiday, Schools & Offices Closed
November 28: Agenda Setting, Superintendent’s Office, 3:30 PM
December 1-3: CSBA Annual Education Conference, Moscone Center, San Francisco

KNN Response to Costs of Issuance Inquiry – Matthew Duffy

Included is a memo from Blake Boehm of KNN Public Finance outlining fees paid by the district to finance bond transactions. This report includes comparisons to other districts.

Bay Area Science Festival – Nia Rashidchi

On Saturday, November 5th, students from across WCCUSD participated as presenters for Discovery Day at AT&T Park. There were hundreds of hands-on activities, opportunities to meet local scientists and engineers, and plenty of fun and educational entertainment. Twenty Project Lead the Way students representing DeJean Middle, Pinole Valley High, and Richmond High Schools, along with their teachers, helmed demonstration tables under the Chevron tent in center field. Demonstrations incorporated the Project Lead the Way curriculum and allowed participants some “hands-on” STEM time. Joining them were the Richmond High Robotics Club members who showcased one of their impressive robots to the delight of participating children and their parents. Also representing WCCUSD was our Fab Lab manager with a 3D printer demonstrating the technology and allowing participants to assemble the coffin cube pieces into perfect cubes.



Public Records Log – Marcus Walton

Included in this week’s memo is the log of public records requests received by the district. If you have any questions, please contact me.

Proposition 51 – Funding for K-12 School and Community College Facilities – Lisa LeBlanc

The statewide school facilities bond was approved by the voters on November 8, 2016. This bond includes the following:

- \$2 billion for community colleges
- \$7 billion for K-12 facilities including:
 - \$3 billion for New Construction
 - \$3 billion for Modernization
 - \$500 million for Charter Schools
 - \$500 million for Career Technical Education

Once the results of the election have been certified, the State Allocation Board will likely begin setting aside funds for projects on the “True Unfunded List”. The projects on this list have applications that have been processed and approved by the State. The District currently has approximately \$4 million in completed projects waiting for reimbursement from the State on this list.

In addition to the above, the District has approximately \$17M in projects on the “acknowledged list” that are either completed or projects underway, such as Pinole Valley High School. These project applications were not processed and approved. However, with the passage of Proposition 51, it is likely that the State Allocation Board (SAB) will initiate the processing of these applications.

The timing of receipt of funds from the State is dependent upon the State selling bonds, the District participating in the “priority of funding rounds”, and the SAB to approve applications on the “acknowledged list”. Facilities staff will provide more detail and update the board when more information is available.

This is great news for our District and will assist in closing the funding gap for the Facilities Master Plan projects.

WCCUSD Food Service staff attends California School Nutrition Conference - Lisa LeBlanc

WCCUSD Food Services Department was very fortunate to be able to send 11 staff to the 64th Annual California State Nutrition Association conference which was held in Anaheim, CA. The director, 4 supervisors, 1 operation assistant, 4 central kitchen and 1 site staff chose to take the spectacular opportunity during Veterans Day weekend to grow professionally. The team was able to earn professional hours from a variety of topics dealing with USDA key areas such as Nutrition, Leadership Development, Communication and Marketing. Over a 3 day period the group was able to attend over 40 different classes. Classes ranged from topics such as LCAP: the schools Nutrition Connection, know your numbers! Bring food cost down, Breakfast after the bell, Dietary Guidelines for Americans, CA Farm to School Network, Chefs roundtable brainstorming, State updates and many more. In addition to these many valuable sessions, the team was able to taste test a variety of healthy school nutrition items from over 400 exhibitor booths and bring many new ideas back for our WCCUSD student menus. The team was also able to attend 3 general sessions led by 3 key note speakers with topics dealing with overcoming adversity, dealing with people, embracing change, equity and equality, and teamwork. The team was overwhelmed with the amount of information and

connections they were able to make over the course of the weekend and are very much appreciative of the opportunity they were given as Food Service employees of WCCUSD.

WCCUSD Solar Power Project - Lisa LeBlanc

The first phase of the WCCSUD solar project which began in late October 2016 and continues at the following sites: Hanna Ranch, Montalvin, Stewart and Crespi. Solar panels will provide playground shade at Montalvin, and parking lot shade at Hanna Ranch, Stewart and Crespi.

All sites have had concrete piers with steel beams supporting solar panels. This week, solar panels have been placed on the structures. In the final weeks of the project, electrical work will be completed to have the solar panels providing electricity. The first four projects are estimated to finish at the end of December.

Montalvin Elementary School



Crespi Middle School



Date: October 28, 2016

To: Matthew Duffy
 Superintendent, West Contra Costa Unified School District

From: Blake Boehm
 Director, KNN Public Finance

Re: Response to Costs of Issuance Inquiry

In regards to a recent email inquiry received by West Contra Costa Unified School District (“WCC”), KNN Public Finance (“KNN”), the District’s Municipal Advisor, has prepared the following response addressing cost of issuance (“COI”) for prior bond transactions.

Cost of Issuance in Relation to Par Amount of Bonds Sold

KNN has reviewed COI data for every California K-12 general obligation bond transactions occurring over the last five years (January 2011 to October 2016). This data is collected by the California Debt and Investment Advisory Commission (“CDIAC”) and made publicly available on their website.

Based on our review of CDIAC’s cost of issuance data, we have concluded the following:

- There is not a proportionate increase in cost of issuance as the principal amount of bonds increases. The result of this phenomenon shows that issuers with higher issuance amounts typically have lower COI percentages when compared to principal amount issued.
- Within the table below, COI figures are evaluated based on the par amount of bonds sold. Specifically, the table highlights average COI amount and COI as a percentage of par for various ranges of par amounts:

| Range of Par Amount (per series) | Average COI Amount | Average COI as % of Par |
|----------------------------------|--------------------|-------------------------|
| < \$50M | \$256,544 | 2.88% |
| \$50M - \$74.9M | 285,656 | 0.97% |
| \$75M - \$99.9M | 257,525 | 0.80% |
| \$100M - \$124.9M | 341,882 | 0.86% |
| \$125M - \$149.9M | 227,291 | 0.58% |
| \$150M - \$174.9M | 288,469 | 0.73% |
| \$175M - \$199.9M | 641,120 | 0.33% |
| \$200M< | 418,748 | 0.35% |

Source: CDIAC

Cost of Issuance for West Contra Costa Unified School District

In the table below, COI data is shown for each series of general obligation bonds issued by WCC over the last five years.

| Sale Date | Par (Principal) Amount | Total COI | COI as % of Par | COI (w/out Bond Insurance) | COI as % of Par (w/out Bond Insurance) |
|----------------|------------------------|------------------|-----------------|----------------------------|--|
| 8/10/11 | \$85,565,000 | \$915,269 | 1.07% | \$692,260 | 0.81% |
| 11/10/11 | 79,000,000 | 906,191 | 1.15% | \$657,478 | 0.83% |
| 11/10/11 | 21,000,000 | 240,886 | 1.15% | \$174,773 | 0.83% |
| 6/19/12 | 98,200,000 | 910,832 | 0.93% | \$791,900 | 0.81% |
| 10/10/13 | 85,000,000 | 761,250 | 0.90% | \$761,250 | 0.90% |
| 10/10/13 | 40,000,000 | 375,000 | 0.94% | \$375,000 | 0.94% |
| 7/24/14 | 77,460,000 | 857,665 | 1.11% | \$857,665 | 1.11% |
| 2/26/15 | 85,000,000 | 749,656 | 0.88% | \$749,656 | 0.88% |
| 2/26/15 | 50,000,000 | 443,669 | 0.89% | \$443,669 | 0.89% |
| 3/1/16 | 65,940,000 | 573,514 | 0.87% | \$573,514 | 0.87% |
| 3/1/16 | 65,000,000 | 558,983 | 0.86% | \$558,983 | 0.86% |
| 3/1/16 | 60,000,000 | 515,985 | 0.86% | \$515,985 | 0.86% |
| Average | \$67,680,417 | \$650,742 | 0.97% | \$596,011 | 0.88% |

Source: CDIAC and WCC final pricing numbers

- As noted in the table above, bond insurance has been incorporated into some of WCC's prior bond transactions over the last 5 years (i.e. 2011 and 2012) as a credit enhancement feature to improve investor's reception of the bonds.
- In order to have an equitable comparison of WCC's COI versus other large bond issuers (i.e. LAUSD, SDUSD, and SFUSD) which have not utilized bond insurance in the last 5 years, we evaluated COI in total and excluding bond insurance.

Cost of Issuance for Other Large K-12 Issuers**Los Angeles Unified School District**

| Sale Date | Par (Principal) Amount | Total COI | COI as % of Par |
|----------------|------------------------|--------------------|-----------------|
| 9/27/11 | \$201,070,000 | \$510,598 | 0.25% |
| 9/27/11 | 206,735,000 | 528,033 | 0.26% |
| 4/18/12 | 156,000,000 | 569,319 | 0.36% |
| 6/12/14 | 1,622,200,000 | 2,087,330 | 0.13% |
| 8/5/14 | 103,635,000 | 617,778 | 0.60% |
| 5/6/15 | 326,045,000 | 1,305,351 | 0.40% |
| 3/1/16 | 577,400,000 | 1,078,376 | 0.19% |
| 3/1/16 | 648,955,000 | 1,212,723 | 0.19% |
| 8/8/16 | 500,855,000 | 1,936,272 | 0.39% |
| Average | \$482,543,889 | \$1,093,975 | 0.31% |

Source: CDIAC

San Diego Unified School District

| Sale Date | Par (Principal) Amount | Total COI | COI as % of Par |
|----------------|------------------------|------------------|-----------------|
| 3/1/12 | \$122,304,272 | \$1,148,570 | 0.94% |
| 5/10/12 | 149,998,824 | 876,362 | 0.58% |
| 4/2/2013* | 60,500,000 | 264,328 | 0.44% |
| 4/18/2013* | 414,000,000 | 2,347,177 | 0.57% |
| 4/1/14 | 65,059,726 | 321,361 | 0.49% |
| 4/1/14 | 199,285,000 | 850,490 | 0.43% |
| 4/22/15 | 172,505,000 | 927,644 | 0.54% |
| 9/30/15 | 154,355,000 | 533,976 | 0.35% |
| 11/18/15 | 470,645,000 | 2,061,144 | 0.44% |
| 12/2/15 | 99,999,241 | 666,235 | 0.67% |
| 4/5/16 | 145,915,000 | 706,187 | 0.48% |
| 4/19/16 | 126,135,000 | 704,784 | 0.56% |
| Average | \$181,725,172 | \$950,688 | 0.54% |

Source: CDIAC

*Taxable series issued simultaneously although was not allocated any COI

San Francisco Unified School District

| Sale Date | Par (Principal) Amount | Total COI | COI as % of Par |
|----------------|------------------------|------------------|-----------------|
| 3/6/12 | \$115,000,000 | \$723,539 | 0.63% |
| 3/6/12 | 116,140,000 | 422,897 | 0.36% |
| 1/9/14 | 205,000,000 | 1,175,754 | 0.57% |
| 10/6/15 | 226,000,000 | 400,000 | 0.18% |
| 10/8/15 | 63,655,000 | 253,073 | 0.40% |
| Average | \$145,159,000 | \$595,052 | 0.43% |

Source: CDIAC

Cost of Issuance Evaluation Summary

Each of the large K-12 issuers evaluated have significantly higher average par amounts per series when compared to WCC.

- LAUSD: Average amount per series of general obligation bonds is **\$482.5 million**.
- SDUSD: Average amount per series of general obligation bond issuance is **\$181.7 million**.
- SFUSD: Average amount per series of general obligation bond issuance is **\$145.2 million**.
- WCCUSD: Average amount per series of general obligation bond issuance is **\$67.7 million**.

There is a clear trend relating to smaller issuance amounts having a higher COI as a % of par. This is likely due to the fact that COI does not increase proportionately to the amount of bonds sold, leaving larger bond issuances with a smaller concentration of COI per bond. Having evaluated the last five years of bond issuance data for ALL California K-12 issuers (source: CDIAC), WCC's average COI and COI as a % of par are very consistent with State-wide results.

Additionally, COI should be considered with regard to an issuers' particular credit profile and additional work the financing team may be required to provide in order to realize a successful outcome for a bond transaction. For instance, WCC's financing team has taken additional measures such as investor roadshows, one-on-one investor calls, bolstering disclosure language and pursuing credit enhancement features in order to improve investor reception. For issuers that have less of a 'credit story', there would likely be a more streamlined approach and credit enhancement features are not likely to be used, therefor COI can often times be reduced.

WCC and KNN regularly evaluate COI prior to, during and following bond transactions to ensure the District is paying competitive fees that corresponds to the value each financing team member provides. Furthermore, the District has implemented competitive procurement processes to hire each financing team member in an effort to work with the most qualified and experienced firms willing to charge competitive rates. Soliciting bids via Request for Proposal ("RFP") has been standard practice for WCC whenever seeking to bring a firm onto the financing team.

Public Records Request Log 2016 - 2017
Week Ending November 17, 2016

| | Date of Receipt | Requestor | Requested Records/Information | Current Status |
|----|------------------------|---|---|---|
| 29 | 9/14/16 | Matt Cagle American Civil Liberties Union | Surveillance Technology and Digital Searches beginning January 1, 2013 – Present | 10/10/16 Response / Extension letter emailed Response due on 12/1/2016 |
| 32 | 9/29/16 | Mary Selva Richmond Annex Neighborhood | Number of Annex students attending El Cerrito and Korematsu Middle School | 11/15/16 Email sent to requestor Data not available at this time CLOSED |
| 37 | 10/21/16 | Lillian Chen Public Counsel | Student Enrollment Data for 2014-15, 2015-16 and 2016-17 / Probationary and Foster Care Youth | Reviewing Data |
| 41 | 11/10/16 | Jacqueline Patton Student Internship Network | WCCUSD list of enrolled students in Grades 9-11 and home address | 11/15/16 No Responsive Docs letter mailed COMPLETED |
| 42 | 11/14/16 | Joseph My Legal Depot | Greenwood Parking Improvement Project / Performance and Payment Bonds | 11/16/16 Documents sent via email COMPLETED |