

WEST SONOMA COUNTY UNION HIGH SCHOOL DISTRICT

TO: Ted Walker, Board President

FROM: Steven Kellner, Superintendent

DATE: November 15, 2017

ITEM: **CONSIDERATION OF A RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF 2018 GENERAL OBLIGATION REFUNDING BONDS OF THE DISTRICT IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$2,200,000 TO REFUND A PORTION OF THE DISTRICT'S GENERAL OBLIGATION BONDS ELECTION OF 2010, SERIES B, AND APPROVING RELATED DOCUMENTS AND ACTIONS**

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**BACKGROUND INFORMATION:**

The District wishes to initiate proceedings for the issuance of general obligation refunding bonds to refinance the District's outstanding Election of 2010, Series B general obligation bonds. The District has been advised that current conditions in the tax-exempt bond market will result in savings to District property taxpayers. The Resolution sets forth all of the terms and conditions of the issuance of refunding bonds to achieve interest rate savings.

**CURRENT CONSIDERATION:**

The Board approved a similar resolution in October that called for the Bonds to be sold in January of 2018. Given recent developments at the federal level regarding potential changes in tax law, our bond advisors have proposed refinancing the bonds in December of 2017 rather than January 2018 to achieve maximum benefit for the taxpayers of West Sonoma County.

The Resolution authorizes the Bonds to be issued as traditional tax-exempt general obligation bonds pursuant to the authority contained in the California Government Code, which will be payable from the receipts of *ad valorem* property taxes levied by the County on property within the District.

The Resolution authorizes designated officers of the District to bring into final form and execute the following documents:

- (1) Official Statement: The Preliminary Official Statement (the "POS") is the document that will be printed and circulated to potential investors in the Bonds. The POS describes to investors the terms of the bonds (principal maturity amounts and dates, interest payment dates), and the security for the bonds (*ad valorem* taxes levied and collected in the District in a sufficient amount to pay debt service coming due in each fiscal year on the Bonds),

describes the District's tax base, and also presents District financial information to provide investors with information regarding the District's overall financial health. Securities laws require that a POS (i) not contain any misleading information and (ii) not omit any material information. In authorizing the issuance of securities and related disclosure documents, a public official may not authorize disclosure that the official knows to be false; nor may a public official authorize disclosure while recklessly disregarding facts that indicate that there is a risk that the disclosure may be misleading. If a Board member is aware of something that should be considered and disclosed in the Preliminary Official Statement relating to the District's ability to pay the Bonds from *ad valorem* taxes, that member should advise the financing team so it can be considered and possibly disclosed to investors. The Resolution delegates authority to the District's staff to make changes to the POS following approval but before the Preliminary Official Statement is printed and distributed to investors.

- (2) Bond Purchase Agreement. This document sets forth all of the terms of the sale of the Bonds to the Underwriter. Under the Bond Purchase Agreement, the Underwriter agrees to purchase all of the Bonds from the District and specifies the final maturity amounts, interest rates and other details of the Bond issue. The Bond Purchase Agreement also describes all of the actions, documents and opinions which are required for the closing of the Bonds.
- (3) Escrow Agreement. This document appoints the escrow agent, who will administer the escrow funds. Once the proceeds of the refunding bonds are received by the escrow agent, they will be held in certain government securities and used to redeem the refunded bonds. Under the Resolution, this document shall be signed by a District representative.
- (4) Continuing Disclosure Certificate. Under the Resolution, the District covenants to comply with all of the terms of the Continuing Disclosure Certificate, which is attached to the POS as an appendix and will be signed by the District upon the delivery of the Bonds. Under this agreement, which is required under Federal securities laws, the District must (1) annually file certain information with the Securities Rulemaking Board, consisting generally of the District's annual financial statements, and (2) report certain significant events that might occur over the term of the Bonds, such as a rating change or a delinquent payment. This reporting obligation exists during the life of the Bonds, and is typically administered by a dissemination agent retained by the District to ensure prompt compliance with this obligation. Because the Bonds will be outstanding over a period of years, this agreement ensures that future investors in the Bonds will always have available information regarding District finances, which can assist investors in making informed investment decisions.

Finally, the Resolution authorizes designated officers of the District to execute and deliver all financing agreements, closing certificates and other documents which are required for the successful issuance and sale of the Bonds. Following the adoption of the Resolution by the Board of Trustees, no further actions are required from the Board with respect to the issuance and sale of the Bonds.

**RECOMMENDATION:**

That the Board approve the Resolution Authorizing Issuance of General Obligation Bonds.

**ATTACHMENTS:**

Yes.

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**WEST SONOMA COUNTY UNION HIGH SCHOOL DISTRICT**

**RESOLUTION #7.NOV.2017-2018**

**SUPPLEMENTAL RESOLUTION**

**TO RESOLUTION #6.SEPT.2017-2018**

**PROVIDING FOR THE ISSUANCE AND SALE OF  
2018 GENERAL OBLIGATION REFUNDING BONDS OF THE DISTRICT  
IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$2,200,000 TO  
REFUND A PORTION OF THE DISTRICT'S GENERAL OBLIGATION BONDS  
ELECTION OF 2010, SERIES B, AND APPROVING RELATED  
DOCUMENTS AND ACTIONS**

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# WEST SONOMA COUNTY UNION HIGH SCHOOL DISTRICT

## RESOLUTION #7.NOV.2017-2018

**WHEREAS**, on October 18, 2017, District determined to issue its West Sonoma County Union High School District, 2018 General Obligation Refunding Bonds in the aggregate principal amount of not to exceed \$2,200,000 (the "Refunding Bonds"), pursuant to Resolution #6.SEPT.2017-2018 (the "Issuance Resolution"), for the purpose of refunding a portion of the District's General Obligation Bonds Election of 2010, Series B issued on June 9, 2011, in the aggregate original principal amount of \$5,951,793.90, thereby realizing financial savings to the District and the property taxpayers in the District; and

**WHEREAS**, due to certain conditions in the municipal debt market, the District wishes to issue the Refunding Bonds in 2017 rather than 2018; and

**WHEREAS**, due to certain conditions in the municipal debt market, the District wishes to issue the Refunding Bonds in one or more series of general obligation bonds, a portion of which may be issued as tax-exempt bonds and a portion of which may be issued as taxable bonds; and

**WHEREAS**, the Board wishes at this time to take its action supplementing the Issuance Resolution for the Refunding Bonds;

**NOW, THEREFORE**, the Board hereby finds, determines, declares and resolves as follows:

**Section 1.** The term Refunding Bonds shall refer to the West Sonoma County Union High School District, 2017 General Obligation Refunding Bonds.

**Section 2.** The term "Taxable Bonds" means those Refunding Bonds the interest on which is not Tax-Exempt. The term "Tax-Exempt Bonds" means those Refunding Bonds the interest on which is intended to be excluded from gross income for federal income tax purposes under Section 103 of the Tax Code.

The Board of Trustees hereby finds and determines that, pursuant to Section 5903 of the Government Code of the State of California, the interest payable on the Refunding Bonds issued as Taxable Bonds will be subject to federal income taxation under the Code in existence on the date of issuance of such Refunding Bonds.

**Section 3.** The tax covenants listed in Section 5.04 of the Issuance Resolution shall apply only to the Taxable Bonds.

**Section 4.** Except as otherwise amended hereby, the Issuance Resolution shall remain in full force and effect.

**Section 4.** This Supplemental Resolution may be executed in counterparts.

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PASSED AND ADOPTED this 15th day of November, 2017, by the following vote:

AYES:

NOES:

ABSENT:

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President of the Board of Trustees  
West Sonoma County Union High School District  
Sonoma County, California

ATTEST:

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Clerk of the Board of Trustees  
West Sonoma County Union High School District  
Sonoma County, California