

# Paramount Unified School District

**TO:** Ruth Pérez Superintendent  
**FROM:** Ruben Frutos, Assistant Superintendent-Business Services  
**DATE:** May 14, 2018  
**SUBJECT:** Resolution 17-31, Approval of Second Supplemental Trust Agreement for New Adjustment Period and Adjusted Interest Rate Parameters – 2012 School Facility Bridge Funding Program Certificates Scheduled Current Change Date

## **BACKGROUND INFORMATION:**

In 2012, the District, the Facilities Corporation, and the Funding Team implemented the 2012 School Facility Bridge Funding Program (“2012 Bridge Certificates”) that completed the restructuring of its 1997 and 2001 Bridge Certificates while maintaining the District’s adjustable-rate/multimode interest rate structure. The 2012 Bridge Certificates were issued initially in the Capital Appreciation Mode for an initial period (“Initial Adjustment Period”) from the closing date of January 30, 2012, to December 1, 2014 (“Initial Change in Mode Date”) and were purchased by Wells Fargo Bank. On the Initial Change in Mode Date, the 2012 Bridge Certificates were purchased by U.S. Bank from Wells Fargo Bank, and the interest rate mode was changed to the Unenhanced Extended Rate Mode with the District’s interest rate fixed to June 1, 2018 (“Current Change Date”).

Resolution No. 17-31 approves/authorizes: a) the forms of the 2012 Bridge Certificates Second Supplemental Trust Agreement that provides for the District’s: a) continuation of the Unenhanced Extended Rate Mode for a new Adjustment Period from June 1, 2018 to June 1, 2020; b) new fixed Adjusted Interest Rate for the Adjustment Period; and c) activities required of the District staff and its 2012 Bridge Program team members to complete the scheduled 2012 Bridge Certificates new Adjustment Period and Adjusted Interest Rate process on the Current Change Date under these authorized parameters.

Additionally, the Second Supplemental Trust Agreement provides for the: a) elimination of the existing Reserve Fund requirement; and b) release of the Reserve Fund balance to the District on the Current Change Date.

On the 2012 Bridge Certificates Current Change Date, the following will occur:

- The 2012 Bridge Certificates will be partially prepaid in an amount of up to \$5.7 million from a combination of the District’s proceeds from the release of the Reserve Fund and certain other District Capital Facilities Funds;

**ACTION ITEM: 4.1-A**

- The District's remaining payments due under the 2012 Bridge Certificates will be reduced proportionally by the amount partial prepayment on the Current Change Date; and
- The District's interest rate will be fixed at the new Adjusted Interest Rate from the June 1, 2018 Current Change Date to the new June 1, 2020 Adjustment Period.

Following adoption of Resolution 17-31, the meeting of the Board of Directors of the Facilities Corporation will be adjourned.

**POLICY/ISSUE:**

Board Policy 3290 – Management of District Funds

**FISCAL IMPACT:**

None. The 2012 Bridge Certificate payments have been previously budgeted by the District.

**STAFF RECOMMENDATION:**

Adopt Resolution 17-31, approving the form of the Second Supplemental Trust Agreement needed by the District to complete the 2012 Bridge Certificates partial prepayment and new Adjustment Period and Adjusted Interest Rate process and on the Current Change Date.

**PREPARED BY:**

Ruben Frutos, Assistant Superintendent-Business Services

**STRATEGIC PLAN FOCUS AREAS AND GOALS:**

Focus Area 3: Positive School Climate and Environments Conducive to Learning

- Goal 2: Create positive, supportive, and caring relationships between all students, teachers, site leadership and District leadership