

# BOND UPDATE #124

09.10.21

Here's what's going on with our bond projects:

1. For the third summer in a row, Mark Deebach and I, with help from our financial advisors from DA Davison and K&L Gates and our own municipal advisor, have recently gone through the required process of having the District's bond rating re-evaluated by Moody's Investors Services ahead of the sale of our third batch of bonds. And for the third year in a row, we have gotten good news in response! In 2019, our bond rating was upgraded, which our financial advisors said put us in "very rare company." In 2020, we maintained our higher rating in the midst of the pandemic, because of our "strong financial management in the face of challenging circumstances," according to Moody's. Prior to submitting our reevaluation report and completing this year's interview, we were warned that Moody's was utilizing new, more rigorous standards for evaluating school districts, which was resulting in many of them having their bond rating downgraded. Ferndale's high bond rating, however, was maintained, once again putting us in rare company! Here is an excerpt from the press release prepared by Moody's:

*Moody's Investors Service has assigned a Aa2 underlying rating to Whatcom County School District 502 (Ferndale), WA's \$30.5 million Unlimited Tax General Obligation Bonds, 2021. Concurrently, we assigned the Aaa enhanced rating of the Washington State School Bond Guarantee Program (Aaa stable) to the bonds. Moody's has also affirmed the Aa2 ratings on the district's outstanding issuer rating and outstanding GOULT bonds of close to \$73.3 million. The Aa2 issuer rating reflects the district's strong available reserves compared to statewide peers and its stable financial profile which is bolstered by the successful renewal of an EP&O levy in November 2020.*

Our high bond rating is important because it will earn us lower interest rates on the third and final batch of 2019-approved bonds when we sell them later this month. Although a lower interest rate will not put any additional money into the District's budget, it will save our taxpayers hundreds of thousands if not millions of dollars over the life of the bonds. Just like getting a good interest rate when you take out a mortgage on a house means your monthly house payments will be lower, a favorable interest rate on our bond sales means property taxes will be lower. In short, the new high school will end up costing taxpayers less, and that is good news!

2. Students are back on the FHS campus -- even more of them than last year -- and things have been going well during the first seven days. One of the reasons we selected Cornerstone as our General Contractor is their excellent track record of building schools safely on occupied sites. We continue to be impressed by their careful attention to the well-being of our students and staff.

3. This is a summary of construction work that is currently happening on the FHS campus:
  - a. Preparations are nearing completion for two large slab pours scheduled for next week in the main classroom wing.
  - b. Plumbing installation is underway in the main locker rooms in the gym.
  - c. Underground electrical conduits are being placed in the main electrical room.
  - d. Concrete foundation work continues in the new gym and the commons areas.
4. Compliments of Cornerstone General Contractors, I have included several photos from the FHS construction site at the end of this week's update. The aerial image shows the footprint of the new building.
5. To provide our students and staff with another visual preview of their new school, we are displaying the architects' renderings and floor plans in the FHS lobby.
6. An update on the FHS construction project was also the topic of our Every Thursday Facebook Live program this week (September 9). If you missed the live show, you can view the recording on the District Facebook page.
7. The members of the Bond Oversight Committee (BOC) held their monthly meeting on Tuesday, August 24. Their conversation included the following statements, recommendations, and decisions:
  - a. BOC members recommended that bond dashboard(s), schedule(s), cash flow chart(s), drawings, and BOC meeting documents are kept as up-to-date as possible on the District website.
  - b. They also suggested that links to current information be included in these weekly Bond Updates. (We will work on this!)
  - c. They talked about the then upcoming bond rating review process the District would be undergoing with Moody's in advance of the third bond sale.
  - d. They examined the Furniture, Fixtures, and Equipment (FF&E) schedule, which identifies the different phases of selecting, ordering, receiving, and installing furniture and fixtures.
  - e. They heard about the plans for the Furniture Fair that will take place in November to give stakeholders the opportunity to test the various furniture options and provide feedback.

- f. They talked about the separate process of developing the CTE equipment list and acquisition schedule, which has relied heavily on input from FHS CTE staff.
  - g. They confirmed that the District will be engaging the Lummi Nation about the integration of their artwork into the new facility.
  - h. They reiterated their intent to add student members to the Bond Oversight Committee.
  - i. They learned that total expenditures on the new FHS as of July 31, 2021 was \$12,657,462.
  - j. They heard construction updates from Construction Services Group (CSG) Project Manager Ken Kuiken, which covered much of the same information shared in these weekly updates.
  - k. They considered the District's question about whether to move forward with the scheduled installation of a video scoreboard in the new stadium. The District shared a concern about whether the public would view such a scoreboard as too extravagant. They explained that the budget includes the cost of the video scoreboard, but a traditional scoreboard would save \$75,000. Finally, they pointed out that a video scoreboard would have applications beyond athletics. It could, for instance, be used during graduation ceremonies.
  - l. BOC members told the District they felt the video scoreboard is the right choice and recommended they move forward with its purchase and installation. They said a brand new school needed to have up-to-date technology. They envisioned other benefits, including revenue-generating advertising opportunities and a venue for high school students to showcase their own original video creations.
  - m. Finally, BOC members discussed the preparation of their next quarterly report to the Ferndale School Board, which they will present in September 2021.
8. The complete agendas and minutes of all of the Bond Oversight Committee (BOC) meetings, along with directions for attending such meetings, are posted on the District website under the tab labeled "BOND." The BOC's next meeting will be held on Tuesday, September 21, 2021, at 6:00 pm in the Vista Library.
9. Coming soon, we will be unveiling the updated Ferndale High School logo and color palette, which was developed by a committee of current and past Ferndale students, staff, coaches, and advisors working with professional graphic designers from Dykeman Architects.

If you have questions or comments about any of the content of this update, please feel free to reach out to me or one of my colleagues.

Linda





