



# Lawndale Elementary School District

## Bond Program Update and Measure EE Bond Issuance

by

Isom Advisors,  
a Division of Urban Futures, Inc.

March 28, 2024



# History of Bond Authorizations



Strong support from Lawndale community for bond measures

Lawndale Elementary SD

- ❖ Lawndale voters have approved three District bond authorizations since 1998.

Election Date	Amount of Authorization	Support Levels
November 3, 1998 (Measure S)	\$26.0 million	73.5% support (2/3 required)
November 8, 2016 (Measure L)	\$27.0 million	73.5% support (55.0% required)
March 3, 2020 (Measure EE)	\$33.8 million	60.9% support (55.0% required)

- All of the 2020 Measure EE bonds remain unissued.

- ❖ The original financing plan for the 2020 Measure EE bond program assumed the bonds would be issued in three series beginning in 2020.

<b>Original: Lawndale ESD Bond Proceeds (1)</b>				
<b>Tax Rate per \$100,000</b>	<b>Series A 2020</b>	<b>Series B 2022</b>	<b>Series C 2024</b>	<b>Total Bond Proceeds</b>
\$30.00	\$11,600,000	\$11,200,000	\$11,000,000	\$33,800,000

(1) Assumes AV growth of 3.50% and 30 year bond terms; Preliminary – Subject to change

Source: Isom Advisors

- ❖ Due to the pandemic and the availability of other funding, the District has not issued any bonds from 2020 Measure EE.
- ❖ Because of the delay in issuance, the bond program tax rate has not increased by the estimated \$30 per \$100,000 in assessed value associated with 2020 Measure EE.

# 2020 Measure EE



## Updated Financing Plan

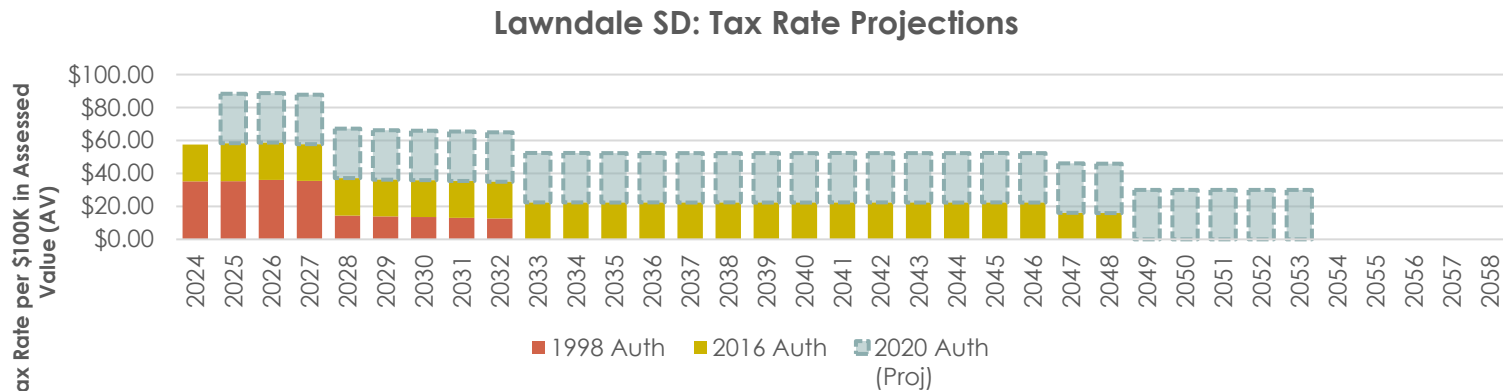
## Lawndale Elementary SD

- ❖ An updated financing plan will allow the District to issue the bonds in two series in 2024 and 2026.

Updated: Lawndale ESD Bond Proceeds (1)				
Tax Rate per \$100,000	Series A 2024	Series B 2026	Series C 2024	Total Bond Proceeds
\$30.00	\$17,000,000	\$16,800,000	N/A	\$33,800,000

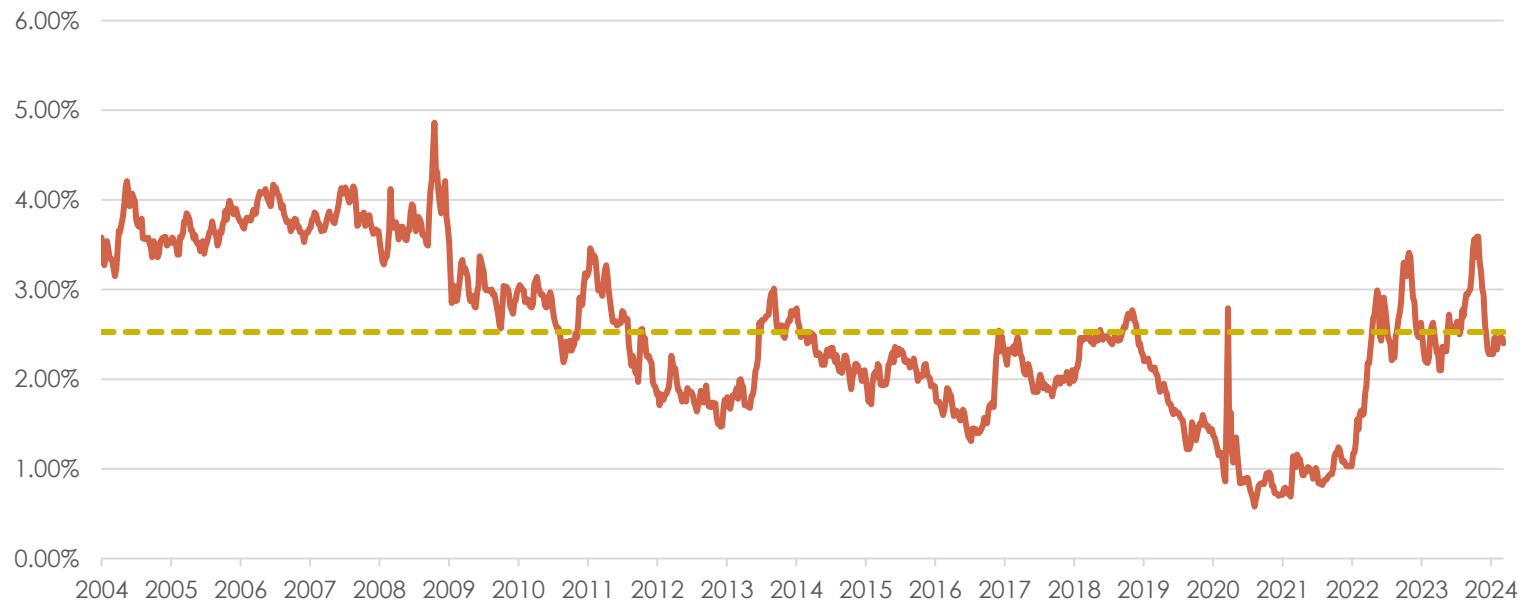
(1) Assumes AV growth of 3.50% and 30 year bond terms; Preliminary – Subject to change  
Source: Isom Advisors

- ❖ With the issuance of bonds from Measure EE, the bond program tax rates will step up by approximately \$25 to \$30 per \$100,000 in assessed value.



- ❖ Interest rates rose sharply over the last two years due to inflationary concerns; but are still in line with historical averages.

### History of Municipal Market Data (MMD) Rates (10-Year)



The Thomson Municipal Market Data (MMD) AAA curve is a proprietary yield curve that provides an approximation of the borrowing rate of "AAA" rated state general obligation bonds and serves as a benchmark yield in the municipal bond market.

Source: Refinitiv (tm3)

- ❖ **Resolution Authorizing the Sale of the 2020 Series A Bonds** – Board authorizes the issuance of 2020 Series A bonds and sets a number of parameters:
  - Maximum term: 30 years\*
  - Maximum underwriter's discount: \$3.90 per bond
  - Maximum true interest cost: 6.0%

\* There is flexibility to extend the repayment term to 40-years if there is a useful life finding.

- ❖ **Attachments** – The resolution has a number of attachments that will be approved in form. In the bond resolution, the board delegates the responsibility to execute these documents to the Superintendent & CBO.
  - ❖ **Preliminary Official Statement (“POS”)** – Offering document which prospective purchasers of the bonds use to learn about the District and the bonds.
  - ❖ **Continuing Disclosure Certificate** – District covenants to file annual reports and material events notices to keep investor community up-to-date regarding District finances and tax base.
  - ❖ **Bond Purchase Agreement** – Agreement that gets executed at pricing between the District and underwriters establishing the terms of the bond sale.

# Good Faith Estimates



## Required Disclosure of Bond Statistics

Lawndale Elementary SD

- ❖ Below are the good faith estimates associated with the 2020 Series A Bonds as required under SB 450.

	2020 Series A
True Interest Cost	4.40%
Finance Charge of the Bonds	\$241,300
Amount of Proceeds	\$16,758,700
Total Repayment Amount	\$34,650,000



# Issuance Schedule



Pricing and Closing in May

Lawndale Elementary SD

- ❖ Our current financing schedule allows for pricing and closing of the bonds in May.

Financing Step	Target Dates
<b>District Board Meeting (Approval of Bond Resolution)</b>	<b>March 28<sup>th</sup></b>
Meeting with Rating Agencies	Week of April 15 <sup>th</sup>
Receive Ratings	April 26 <sup>th</sup>
Board of Supervisors Meeting (Approval of County Bond Resolution)	May 7 <sup>th</sup>
<b>Post Preliminary Official Statement</b>	<b>May 8<sup>th</sup></b>
<b>Pricing</b>	<b>May 15<sup>th</sup></b>
<b>Closing</b>	<b>May 29<sup>th</sup></b>

# Regulatory Disclosure

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## **Conflicts of Interest and Other Matters Requiring Disclosures**

Pursuant to Municipal Securities Rulemaking Board ("MSRB") Rule G-42, on Duties of Non-Solicitor Municipal Advisors, Municipal Advisors are required to make certain written disclosures to clients which include, amongst other things, Conflicts of Interest and any Legal or Disciplinary events of Isom Advisors, a Division of Urban Futures, Inc. (Isom Advisors) and its associated persons.

### **The following are potential conflicts of interest to be considered.**

- Isom Advisors represents that in connection with the issuance of municipal securities, Isom Advisors may receive compensation from an Issuer or Obligated Person for services rendered, which compensation is contingent upon the successful closing of a transaction and/or is based on the size of a transaction. Consistent with the requirements of MSRB Rule G-42, Isom Advisors hereby discloses, that such contingent and/or transactional compensation may present a potential conflict of interest regarding Isom Advisors' ability to provide unbiased advice to enter into such transaction. The contingent fee arrangement creates an incentive for Isom Advisors to recommend unnecessary financings or financings that are disadvantageous to the client, or to advise the client to increase the size of the issue. This potential conflict of interest will not impair Isom Advisors' ability to render unbiased and competent advice or to fulfill its fiduciary duty to the client.
- Isom Advisors fees under this potential agreement may be based on hourly fees of Isom Advisors' personnel, with the aggregate amount equaling the number of hours worked by such personnel times an agreed-upon hourly billing rate. This form of compensation presents a potential conflict of interest because it could create an incentive for Isom Advisors to recommend alternatives that would result in more hours worked. This conflict of interest will not impair Isom Advisors' ability to render unbiased and competent advice or to fulfill its fiduciary duty to its clients.
- Isom Advisors' fees under this potential agreement, may be a fixed amount established at the outset of the Agreement. The amount is usually based upon an analysis by the client and Isom Advisors of, among other things, the expected duration and complexity of the transaction and the Scope of Services to be performed by Isom Advisors. This form of compensation presents a potential conflict of interest because, if the transaction requires more work than originally contemplated, Isom Advisors may suffer a loss. Thus, Isom Advisors may recommend less time-consuming alternatives, or fail to do a thorough analysis of alternatives. This conflict of interest will not impair Isom Advisors' ability to render unbiased and competent advice or to fulfill its fiduciary duty to the client.
- The fee paid to Isom Advisors increases the cost of investment to client. The increased cost occurs from compensating Isom Advisors for municipal advisory services provided.
- Isom Advisors serves a wide variety of other clients that may from time to time have interests that could have a direct or indirect impact on the interests of another Isom Advisors client. For example, Isom Advisors serves as municipal advisor to other municipal advisory clients and, in such cases, owes a regulatory duty to such other clients. These other clients may, from time to time and depending on the specific circumstances, have competing interests. In acting in the interests of its various clients, Isom Advisors could potentially face a conflict of interest arising from these competing client interests. Isom Advisors fulfills its regulatory duty and mitigates such conflicts through dealing honestly and with the utmost good faith with its clients.
- Isom Advisors does not have any affiliate that provides any advice, service, or product to or on behalf of the client that is directly or indirectly related to the municipal advisory activities to be performed by Isom Advisors;
- Isom Advisors has not made any payments directly or indirectly to obtain or retain its clients municipal advisory business;
- Isom Advisors has not received any payments from third parties to enlist Isom Advisors' recommendation to its clients of its services, any municipal securities transaction or any municipal finance product;
- Isom Advisors has not engaged in any fee-splitting arrangements involving Isom Advisors and any provider of investments or services to its clients;
- Isom Advisors does not have any legal or disciplinary event that is material to its clients evaluation of the municipal advisory or the integrity of its management or advisory personnel.
- Isom Advisors does not act as principal in any of the transaction(s) related to this Agreement.
- Randall Merritt, a Managing Principal, previously worked at Raymond James & Associates, Inc. from December 2015 until December 2023. Urban's relationships with Raymond James and all other investment banks are conducted in an arm's length manner, and any recommendations are independent of any prior employment or other relationships.

### **Legal Events and Disciplinary History**

Isom Advisors does not have any legal events and disciplinary history on its Form MA and Form MA-I, which includes information about any criminal actions, regulatory actions, investigations, terminations, judgments, liens, civil judicial actions, customer complaints, arbitrations and civil litigation. The District may electronically access Isom Advisors' the most recent Form MA and each most recent Form MA-I filed with the Commission at the following website: [www.sec.gov/edgar/searchedgar/companysearch.html](http://www.sec.gov/edgar/searchedgar/companysearch.html). There have been no material changes to a legal or disciplinary event disclosure on any Form MA or Form MA-I filed with the SEC.

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# Appendix

# Outstanding Bonds



Approximately \$33.65 million in bonds are outstanding

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- ❖ The District currently has approximately \$33.65 million in bond principal outstanding.

Date Issued	Bond Series	Amount Outstanding	Optional Call Date
3/21/2017	2016 Series A	\$8,855,000	8/1/2026
3/21/2017	2017 GO Refunding Bonds	\$5,020,000	8/1/2026
8/29/2018	2016 Series B	\$9,080,000	8/1/2026
5/6/2020	2020 GO Refunding Bonds	\$4,825,000	N/A
8/26/2020	2016 Series C	\$5,870,000	8/1/2028
<b>Total</b>		<b>\$33,650,000</b>	

The white rows are bonds associated with the 1998 Measure S authorization and the light red rows are bonds associated with the 2016 Measure L authorization.