GOAL:

To assist in implementing a Strategic Capital Facilities Financial Management Software and Professional support system that will provide Newark USD with:

- Extensive information of the District’s overall school funding program;
- Reporting tools to meet all your Board reports, Bond Oversight and other compliance requirements;
- Valuable management information and insight to cash flow and funding needs; and
- The smooth issuance of future financings by ensuring compliance is maintained.

CFS InternetAccess

Strategic Alliance Partner
A District’s School Funding Program is Complex, Multi-Faceted and Dynamic

### State Grants
- New Construction
- Modernization
- Financial Hardship
- Facility Hardship
- Overcrowding Relief
- Emergency Repair Program
- Joint Use
- Charter Schools
- Career Technical Education Grants

### District Sources
- Voter Approved G.O Bonds
- Developer Mitigation
- Approved Community Facility District Bonds
- Redevelopment Agency Revenues
- Restricted Revenue Project Funds
- Federal & State Grants
- Asset Management

### Interim Programs
- Bond Advancement Programs
- Adjustable & Fixed Rate Certificates of Participation
- Adjustable and Fixed Rate Lease Revenue Bonds
- Bond Anticipation Notes
- Lease-Purchase Financings
- Direct Placement Financings With LOC Banks
Strategic Capital Facility Financial Management Software and Professional Support System

Funding Sources are Generated Over Multiple Years Due to Unique Requirements

State Grants are Predicated Upon:
- Grant eligibility;
- DSA approved project construction plans;
- CDE plan approval;
- State Grant Application approval by SAB;
- Continuing voter-approval of State school bonds;
- State's timely issuance of school bonds;
- Districts timely award of construction contracts;
- Application for State fund release; and
- Receipt of State approved grants.

Issuance of G.O. Bonds Require:
- District Local Voter-approval;
- Adherence to Prop. 39 tax limitations;
- Reasonable growth in the District's assessed value;
- The District's financial ability to access capital markets; and
- Reasonable interest rates.

District Revenue is Dependent Upon:
- Mandated developer fee levies/developer mitigation agreements;
- Tentative track maps for new development;
- Income from sale or lease of surplus District property;
- Rate of return on County PMIF & other invested funds;
- Redevelopment assessed value growth; and
- Availability of State and Federal Grant Funds & Eligibility.
Strategic Capital Facility Financial Management Software and Professional Support System

There is a Need for a Strategic, Comprehensive and Flexible System...

<table>
<thead>
<tr>
<th>Situation</th>
<th>Complication</th>
<th>Solution</th>
</tr>
</thead>
<tbody>
<tr>
<td>A comprehensive multi-year facility program requires proper oversight &amp; management</td>
<td>Traditional District financial systems lack solutions to effectively track, manage, analyze &amp; report on all aspects of a multi-year school funding program</td>
<td>CFS InternetAccess, can track multiple projects, across a myriad of revenue sources, over multiple years on a cumulative basis with essential and customized reporting</td>
</tr>
<tr>
<td>Construction projects can be sporadic and temporary</td>
<td>Districts lack the staff to handle the “peak” influx of sporadic and temporary construction projects</td>
<td>CFS provides experienced facility planning staff support services during these bursts of construction activity</td>
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<tr>
<td>District’s list of project priorities &amp; budgets change</td>
<td>Staff may be unaware of the various financial tools available to meet the resulting gaps in timing of funding to meet changing needs</td>
<td>CFS serves as a central source of information to the team to effectively manage these challenges so that State funding, bonding and building can continue as circumstances change</td>
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<tr>
<td>Federal, State &amp; financing compliance is critical</td>
<td>District staff has limited expertise and staff time to meet these new and additional compliance requirements</td>
<td>CFS has the experience to meet these compliance requirements efficiently and effectively</td>
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</tbody>
</table>
CFS InternetAccess is a Powerful Tool that Organizes Otherwise Scattered Information

- Seamless Electronic Uploads of Client Data
- Electronic Data Downloads
- 9 Unique, Customizable PDF & Downloadable Reports
- Cash Flow Reports
- Multiple Projects & Schools
- Multiple Revenue Sources
- District Financial Tracking Reports
- Project Budgets

CFS InternetAccess
Strategic Capital Facility Financial Management Software and Professional Support System

Customized Reports & CFS Services Meet the Entire Team’s Needs

All aspects of the District’s School Funding Program

Periodic customizable reports to the COC, G.O. Bond Annual Audit Assistance

Year-end reconciliation of District funds by various funding sources, reporting of cash with Fiscal Agent, outstanding debt reporting

Funding Reports, Financing Document Compliance, Letter of Credit and Stand-By Purchase Agreement Renewals, Debt Service Management, Prepayment Services

CFS InternetAccess will assist Underwriter/FA to meet district school funding needs, invest District funds, identify refunding opportunities and the smooth issuance of future financings by remaining in compliance

CFS InternetAccess will track all aspects of the School Funding Program including: Cash Flow Reports, Funding Reports, Fund Reconciliation, Contract Tracking, State Expenditure Reports, Vendor Reports, Federal, State and Financing Compliance, etc.
Each Funding Component Has Its Own Critical & Time Sensitive Compliance Requirement

**State Grant Compliance Requirements**
- Annual OPSC expenditure reports;
- 18 month progress reports;
- OPSC project close-out assistance;
- Interest earned calculation and project proration; and
- Response to OPSC time-sensitive notices.

**Financing Program Compliance Requirements**
- Annual Continuing Disclosure Reports & filing;
- Notice of significant events reporting & filing;
- Arbitrage rebate report estimates and IRS filing reminders;
- Letter of credit renewal and compliance;
- Trustee & financing document compliance certificates; and
- Lease Agreement Insurance covenant compliance.

**Local Program Compliance Requirements**
- Board updates & annual reports;
- Non-profit Corporation meetings & reports;
- Citizen’s Oversight Committee reports;
- Independent auditor reports; and
- G.O. Bond annual audits.
Lack of a Strategic Funding Plan & Effective Compliance Monitoring Has Consequences

**Failing to Follow State Grant Guidelines**
- Failure to meet OPSC regulations may result in full or partial loss of grants;
- Lack of filing State expenditure reports properly and on time may result in State grants being revoked or reduced; and
- Failing to comply with budgetary, expenditure and revenue restrictions results in the loss of financial hardship status, local funds or future grants.

**Failing to File Continuing Disclosure Reports**
- Default under the documents;
- Potential downgrade by the rating agencies;
- Potential increased interest cost;
- Potential loss of investor interest in future bonds; and
- Potential inability to issue municipal funding programs in the future.

**Failing to Track & Plan for Arbitrage Rebate**
- By not setting aside positive arbitrage, the District could have a potential liability against its General Fund or other local funding sources imposed by the U.S. Treasury;
- Potential loss of tax exemption and related lawsuit costs; and
- Potential IRS consequences & penalties.
### Strategic Capital Facility Financial Management Software and Professional Support System

**Extensive Reporting Tools Available**

<table>
<thead>
<tr>
<th>Report</th>
<th>School Board</th>
<th>District Administrators</th>
<th>Underwriter/FA</th>
<th>Bond Oversight</th>
<th>Auditors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall Program Summary Report</td>
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<td>Project Overview Report</td>
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<td>State Expenditure Report</td>
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<td>Project Transaction Report</td>
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<td>Encumbrance (Contract) Report</td>
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<td>Budget Report</td>
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<td>Vendor Report</td>
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<td>Funding Activity Report</td>
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<td>Revenue (Cash Flow) Report</td>
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<td>Customized Data Reports*</td>
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*All report options can be customized multiple ways to provide exactly what the user needs*
<table>
<thead>
<tr>
<th>Critical Tools and Expertise are Needed to Adapt to Changing Circumstances</th>
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<tr>
<td><strong>How can CFS assist the District?</strong></td>
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<tr>
<th>State grants are delayed/State is out of money</th>
<th>May require District to issue an interim funding program</th>
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<tr>
<td>G.O. Bonds authorization amounts or the timing of bond sales impact the ability to finish current projects</td>
<td>District may need to issue BANs or interim loans</td>
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<tr>
<td>Compliance with financing provisions</td>
<td>Preserve the District’s reputation, avoid penalties and maintain the ability to enter capital markets and obtain the lowest possible interest rates</td>
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<tr>
<td>Positive overall District experience</td>
<td>Effective school funding program management will reduce staff overload, anxiety and resistance to creative financing structures</td>
</tr>
<tr>
<td>CFS InternetAccess and Services</td>
<td>Provide District with valuable management information and time-saving pre-set forms and reports that can be used for planning and for presenting information to auditors, school boards, Citizen’ Oversight Committees, State agencies and administrators</td>
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</tbody>
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