



# Hayward Unified School District

*Building a Culture of Success*



**BOARD OF EDUCATION RESOLUTION 1819 – 06  
RESOLUTION ORDERING AN ELECTION TO AUTHORIZE THE  
ISSUANCE OF SCHOOL BONDS, ESTABLISHING SPECIFICATIONS  
OF THE ELECTION ORDER, AND REQUESTING CONSOLIDATION  
WITH ANY OTHER ELECTIONS OCCURRING ON NOVEMBER 6, 2018**

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**WHEREAS**, the Hayward Unified School District (District) serves the Hayward community in Alameda County and strives to provide a quality education to approximately 20,700 students in transitional kindergarten through twelfth grade and prepare students to become dynamic leaders in our global society; and

**WHEREAS**, while we are proud of student achievement in our Hayward schools, our facilities have not kept pace and in order to maintain safe and modern learning environments, and keep up with increasing enrollment aging school facilities require necessary repairs and upgrades; and

**WHEREAS**, as requirements for student success rapidly change in 21st-century learning, our classrooms and labs also need to be modernized to meet current educational standards for science, technology, engineering and math; and

**WHEREAS**, in 2014 voters overwhelmingly approved Measure L to fund an initial phase of upgrades and while our district has used these funds to make necessary school improvements to many of our schools, urgent repairs and upgrades still remain to ensure all students have access to safe environments that promote high-quality learning; and

**WHEREAS**, upgrades are needed at school facilities, including, but not limited to, repairing leaky roofs and aging facilities, updating heating, ventilation and air conditioning systems, and installing solar panels to increase energy efficiency and reduce energy costs; and

**WHEREAS**, upgrades are needed to ensure school facilities are accessible for students with disabilities and equitable for all; and

**WHEREAS**, modernization of outdated classrooms and school facilities, including, but not limited to, portable classrooms, restrooms, multi-purpose rooms and athletic fields; and

**WHEREAS**, improvement to student safety and campus fire safety and emergency communications systems including security equipment and surveillance cameras; and

**WHEREAS**, the District technology infrastructure needs to be updated to enable 21st-century learning and additional art and music instructional facilities need to be built; and



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**WHEREAS**, passage of a school facilities improvement bond measure will provide locally controlled funding that cannot be taken away by the State of California and must stay in our local community to improve local schools; and

**WHEREAS**, a school facilities improvement bond measure will require strict fiscal accountability requirements, including an independent citizens' oversight committee, mandatory annual audits and a prohibition against any funds being used for administrators' salaries, pensions or benefits; and

**WHEREAS**, passage of a school facilities improvement bond measure will help the District qualify for State matching funds that otherwise may be lost to other school districts; and

**WHEREAS**, in the judgment of the Board of Trustees (the "Board") of the Hayward Unified School District (the "District"), it is advisable to call an election to submit to the electors of the District the question of whether the bonds of the District shall be issued and sold for the purpose of raising money for the improvement, upgrade, and renovation of the District's existing schools, the acquisition and construction of additional classrooms and school facilities, and to refinance or retire part or all of its debt on existing facilities and school sites; and

**WHEREAS**, without a local school bond, the District will lose the opportunity to receive state matching funds which will then be awarded to other school districts; and

**WHEREAS**, as a result of the approval of Proposition 39 on November 7, 2000, Article XIII A, Section 1, paragraph (b) of the California Constitution ("Article XIII A") provides an exception to the limit on *ad valorem* property taxes on real property for bonded indebtedness incurred by a school district that has been approved by fifty-five percent (55%) of the voters of the District voting on the proposition; and

**WHEREAS**, pursuant to California Education Code section 15264 et seq. (the "Act"), this Board is specifically authorized, upon approval by two-thirds (2/3) of the Board, to submit to the electorate of the District the question of whether bonds of the District shall be issued and sold for specified purposes, upon a fifty-five percent (55%) vote of the electorate in favor on the question, pursuant to paragraph (3) of said subdivision (b) of Section 1 of Article XIII A and subdivision (b) of Section 18 of Article XVI of the California Constitution; and

**WHEREAS**, pursuant to subdivision (c) of California Education Code section 15100, the Board has obtained reasonable and informed projections of assessed property valuations that take into consideration projections of assessed property valuations made by the County Assessor; and



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**WHEREAS**, pursuant to California Elections Code section 10403, et seq., it is appropriate for the Board to request consolidation of the election with any and all other elections to be held on Tuesday, November 6, 2018, and to request the election officials of Alameda County (the “County”) to perform certain election services for the District.

**NOW, THEREFORE, THE BOARD OF TRUSTEES OF THE HAYWARD UNIFIED SCHOOL DISTRICT HEREBY RESOLVES, DETERMINES, AND ORDERS AS FOLLOWS:**

1. **Call for Election.** The Board hereby orders an election and submits to the electors of the District the question of whether general obligation bonds of the District shall be issued and sold in the principal amount not to exceed \$381,700,000 for the purpose of raising money for the improvement, upgrade, renovation, and replacement of the District’s existing schools, facilities, and improvements, and the acquisition and construction of additional schools, facilities, and improvements, and paying costs incident thereto, as set forth more fully in a ballot proposition approved pursuant to Section 3 below. This Resolution constitutes the order of the District to call such election.
2. **Election Date.** The date of the election shall be November 6, 2018, and the election shall be held solely within the boundaries of the District.
3. **Purpose of Election; Ballot Proposition.** The purpose of the election shall be for the voters of the District to vote on a proposition, attached hereto as ***Exhibit A***, containing the question of whether the District shall issue the Bonds for the purposes stated therein, together with the accountability requirements of Article XIII A and the requirements of section 15272 of the Act. As required by California Elections Code section 13247, the abbreviated form of the measure to appear on the ballot is attached hereto as ***Exhibit B***. The District’s Superintendent (or designee) is hereby authorized and directed to make any changes to the text of the proposition or its abbreviated form as required to comply with the intent of this Resolution, the requirements of elections officials, and requirements of law.
4. **Authority for Election.** The authority for ordering the election is contained in California Education Code section 15264, et seq., and Article XIII A, Section 1, paragraph (b), subsection (3) of the California Constitution. The authority for the specification of this election order is contained in California Education Code section 5322.
5. **School Facilities Projects.** A list of the specific school facilities projects and uses to be funded from the proceeds of the bonds is set forth in ***Exhibit A***. As required by Article XIII A, the Board hereby certifies that it has evaluated



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safety, class-size reduction, and information technology needs of the District in developing the list of school facilities projects and uses set forth in **Exhibit A**.

6. **Covenants of the Board upon Approval of the Bonds by the Electorate.** As required by Article XIII A and section 15272 of the Act, if fifty-five percent (55%) of the voters of the District voting on the measure approve of the bonds, the Board shall:

(a) Use the bond proceeds only for the purposes authorized under Article XIII A, including construction, reconstruction, rehabilitation, or replacement of school facilities, furnishing and equipping of school facilities, and the acquisition or lease of real property for school facilities, as specifically set forth in **Exhibit A**, and costs incident thereto, and not for any other purpose, including salaries and other routine school operating expenses;

(b) Conduct an annual, independent performance audit to ensure that the bond proceeds have been expended only on the projects and uses listed in **Exhibit A**; and

(c) Conduct an annual, independent financial audit of the proceeds from the sale of the Bonds until all of those proceeds have been expended for school facilities projects and uses listed in **Exhibit A**; and

(d) Establish and appoint members to an independent citizens' oversight committee in accordance with sections 15278, 15280, and 15282 of the Act.

7. **Delivery of this Resolution.** The Clerk of this Board is hereby authorized and directed to send or hand deliver a copy of this Resolution to the County Superintendent of Schools and the County Registrar of Voters by no later than August 8, 2018.

8. **Declaration of Official Intent.** The District hereby declares its official intent, subject to the further approval of this Board, to use up to the maximum amount permitted by law of the proceeds of the proposed bonds to reimburse itself for payments it has made for any eligible costs of the projects and uses listed in **Exhibit A**. It is intended that this Resolution shall, among other things, constitute a declaration of "official intent" within the meaning of Section 1.150-2 of the Treasury Regulations promulgated under Section 150 of the Internal Revenue Code of 1986, as amended.

9. **Ballot Arguments; Tax Rate Statement.** Any and all members of this Board are hereby authorized to act as an author of any ballot argument prepared in connection with the election, including a rebuttal argument. The Superintendent,



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President of the Board, or their designees, are hereby authorized to execute any Tax Rate Statement or other document and to perform all acts necessary to place the bond measure on the ballot.

10. **Consolidation of Election; Election Services.** The County Registrar of Voters and the County Board of Supervisors are hereby requested to consolidate the election ordered hereby with any and all other elections to be held on November 6, 2018, within the District. Pursuant to section 5303 of the Education Code and section 10002 of the Elections Code, the County Board of Supervisors is requested to permit the County Registrar of Voters, and other appropriate officials of the County, to render all services necessary in connection with the bond election including, but not limited to, publication of a Formal Notice of School Bond Election pursuant to Education Code section 5363 and related law (the proposed form of which is attached hereto in **Exhibit C**), the mailing of the sample ballot and tax rate statement (described in section 9401 of the Elections Code), the opportunity to submit ballot arguments in connection with the bond election, the canvassing and certification of the returns of the election, and other ballot requirements pursuant to Elections Code section 15123, for which services the District agrees to reimburse the County as required by law.

11. **Severability.** If any section, subsection, phrase or clause of this Resolution, or its application to any person or circumstance, is for any reason held to be invalid, such decision shall not affect the validity of the remaining portions of this Resolution, or their application to any other person or circumstance. The Board declares that it would have adopted this Resolution and each section, subsection, phrase or clause thereof irrespective of the fact that any one or more sections, subsections, sentences, phrases or clauses, or their application to any person or circumstance, shall be declared invalid.

12. **Effective Date.** This Resolution shall take effect immediately upon its adoption.

\* \* \* \* \*

**PASSED AND ADOPTED** on July 25, 2018, by the following vote:

By: \_\_\_\_\_  
President, Board of Trustees of the  
Hayward Unified School District

ATTEST:

\_\_\_\_\_  
Clerk, Board of Trustees of the  
Hayward Unified School District



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EXHIBIT A

FULL TEXT OF BOND MEASURE

for

HAYWARD UNIFIED SCHOOL DISTRICT

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## **INTRODUCTION**

The Hayward Unified School District serves the Hayward community in Alameda County and provides a quality education to approximately 20,400 students in transitional kindergarten through twelfth grade. The District was established in 1963 and has several aging schools in need of improvements as it struggles to adequately provide safe and modern classroom facilities for its students.

The Hayward community overwhelmingly supported two school improvement bond measures, Measure I in 2008 and Measure L in 2014 to fund an initial phase of upgrades to our local schools. Measures I and L were only intended to address some of the facility needs identified in the 2006 Facilities Master Plan. The District still has an ongoing need for facilities, infrastructure, and security improvements to meet 21<sup>st</sup> century instructional standards.

Upgrades to local schools are needed to ensure facilities are accessible for students with disabilities and are equitable for all. Repairs and upgrades are needed at school facilities, including, but not limited to leaky roofs, restrooms, multi-purpose rooms, athletic fields, heating, ventilation and air conditioning systems, and the installation of solar panels at school sites to reduce energy operating costs.

Updates to student safety and security systems are also necessary, including, but not limited to, fire safety and emergency communications systems, including security equipment and surveillance cameras. New facilities are needed for music and art instruction. Construction of permanent classrooms to replace aging and unusable portable classrooms is also necessary.

Funds from a local school facilities improvement bond measure cannot be taken away by the State of California and must stay in our local community to upgrade local schools.

A school facilities improvement bond measure will require strict fiscal accountability requirements, including an independent citizens' oversight committee,





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mandatory annual audits and a prohibition against any funds being used for administrators' salaries, pensions or benefits.

Passage of a school facilities improvement bond measure will help the District qualify for State matching funds that otherwise may be lost to other school districts.

## **BONDS**

To provide safe/modern schools; upgrade aging classrooms/school facilities; update classroom technology; provide art/music classrooms; improve accessibility for students with disabilities; upgrade fire safety/emergency communications/school security systems; install solar panels; repair leaky roofs; update plumbing/heating/ventilation systems, shall Hayward Unified School District issue \$381,700,000 in bonds at legal rates, levy approximately \$60 per \$100,000 of assessed value annually (generating approximately \$24,502,000), anticipated through 2049-50, with independent oversight and all funds staying local?

## **MEASURE**

As required by the California Constitution, the proceeds from the sale of the bonds will be used only for the purposes authorized under Article XIII A of the California Constitution, including construction, reconstruction, rehabilitation, or replacement of school facilities, furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities, as specifically set forth in this Exhibit A, and costs incident thereto, and not for any other purpose, including salaries and other routine school operating expenses.

The following list describes the specific projects the District proposes to finance with proceeds of the bonds, including other eligible project funds, such as grants, should they become available to the District. The scope of specific projects, the order of construction, and their completion is contingent on final project costs and the availability of needed funds. Further, projects on the project list are of the type that issuing the authorized general obligation bonds as stated will not cause the State to reduce any financial hardship contribution that would otherwise be available to the District had these bonds not been authorized, issued, and or expended for their stated purpose.

## **LIST OF PROJECTS TO BE FUNDED BY THE BONDS**

1. DISTRICT-WIDE SAFETY IMPROVEMENTS, including repairs related to installation and use of modern fire safety/emergency communication systems and other safety improvements, security equipment and/or surveillance cameras, disability access in compliance with state and federal law, including



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the Americans with Disabilities Act, site access, traffic flow and parking improvements, including parent parking, energy and restroom upgrades.

2. SCHOOL FACILITY NEW CONSTRUCTION AND RECONSTRUCTION including rehabilitation or replacement of facilities, with necessary furnishings, equipment and technology upgrades and improvements, installation of site infrastructure, including roof and roof drainage, heating, ventilation and air conditioning systems, athletic fields, one performing arts center, and land acquisition as needed for construction.
3. REFINANCE OR RETIRE PART OR ALL DEBT on existing facilities and school sites, including but not limited to lease financing obligations secured by real property.

In accordance with Article XIII A, section 1, subparagraph (b)(3) of the California Constitution, as funds are available the District will undertake projects for the construction, reconstruction, rehabilitation, or replacement of school facilities (which may include the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities) such as the following:

1. DISTRICT-WIDE CLASSROOM MODERNIZATION AND TECHNOLOGY UPGRADES AND IMPROVEMENTS.
2. SCHOOL FACILITIES THROUGHOUT THE DISTRICT to accommodate shifting enrollment including site acquisition, new classrooms, new multi-purpose rooms, science labs, and furnishings and equipment.
3. INSTALLATION OF ENERGY EFFICIENT SYSTEMS, including solar improvements, to reduce operational costs and environmental impact.
4. DISTRICT-WIDE IMPROVEMENTS, FURNISHINGS AND EQUIPMENT, defined or identified by project type in the District-Wide Facilities Master Plan (“Master Plan”) adopted by the District in 2006, and updated in 2013, and as may be amended from time to time, in order to carry out the District’s mission to ensure quality and equity of facilities District-wide.

The scope of specific projects, the order of construction, and their completion is contingent on final project costs and the availability of needed funds.

Each project is assumed to include its share of costs of architectural, engineering, and similar planning costs, construction management, and a customary contingency for unforeseen design and construction costs.





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These projects may include participation in the State Facility Program's Joint-Use Program to gain matching funds for teacher education, multi-purpose rooms, gymnasiums, libraries, childcare, and other qualifying Joint-Use facilities. With respect to such joint-use projects, the bond funds authorized by this Measure may be used to pay all of the local share needed to qualify the projects for special State matching funds under the State Facility Program's Joint-Use Program requirements.

The Board of Trustees hereby certifies that it has evaluated the safety, class-size reduction, and information technology needs of the District in developing this list of school facilities projects.

## **ACCOUNTABILITY MEASURES**

If the bonds are approved, the Board of Trustees will implement the following accountability measures in accordance with State law:

- (a) Use the bond proceeds only for the purposes authorized under Article XIII A of the California Constitution, including construction, reconstruction, rehabilitation, or replacement of school facilities, furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities and related uses, as specifically set forth in this Exhibit A, and costs incident thereto, and not for any other purpose, including salaries and other routine school operating expenses;
- (b) Conduct an annual, independent performance audit to ensure that the bond proceeds have been expended only on the projects and uses listed in this Exhibit A;
- (c) Conduct an annual, independent financial audit of the proceeds from the sale of the bonds until all of those proceeds have been expended for school facilities projects and uses listed in this Exhibit A; and
- (d) Establish and appoint members to an independent citizens' oversight committee to ensure the bonds are used only for the projects and uses listed in this Exhibit A.

## **STATE MATCHING FUNDS**

California Education Code section 15122.5 requires the following statement to be included in this sample ballot:

"Approval of this bond measure does not guarantee that the



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proposed projects in the Hayward Unified School District that are the subject of bonds under this measure will be funded beyond the local revenues generated by this bond measure. The school district's proposal for certain of the projects assumes the receipt of matching state funds, which are subject to appropriation by the Legislature or approval of a statewide bond measure.”

## **ANNUAL TAX AMOUNT, RATE, AND DURATION**

The bonds shall bear interest at an annual rate not exceeding the statutory maximum. The maturity of the bonds shall not exceed the maximum term allowed by law at the time of issuance (currently 25 years if issued under Education Code section 15140, or 40 years if issued under Government Code section 53508, so long as the bonds are not capital appreciation bonds (“CABs,” which CABs are limited to 25 years)). Accordingly, as further set forth in the tax rate statement, the *ad valorem* tax will be levied at such rates and for so long as may be required to meet the debt service needs of the bonds proposed to be issued, including such bonds that may be issued to refund any approved bonds.

\* \* \*

The listed projects will be completed as needed. Each project is assumed to include its share of furniture, equipment, architectural, engineering, and similar planning costs, program/project management, and a customary contingency for unforeseen design and construction costs. In addition to the listed projects stated above, the Project List also includes the acquisition of a variety of instructional, maintenance and operational equipment, including the reduction or retirement of outstanding lease obligations and interim funding incurred to advance fund projects from the Project List; payment of the costs of preparation of all facility planning, facility studies, assessment reviews, facility master plan preparation and updates, environmental studies (including environmental investigation, remediation and monitoring), design and construction documentation, and temporary housing of dislocated District activities caused by construction projects.

The construction of facilities included in the project list above is assumed to include the construction of new schools, classrooms and support sites, including the acquisition of land, necessary furnishings, equipment, technology, and installation of site infrastructure, as needed to accommodate continued growth or shifts in student population and provide additional learning facilities or replace aging facilities.

In addition to the projects listed above, the repair and renovation of each of the existing school facilities may include, but not be limited to, some or all of the following: renovate student and staff restrooms; upgrade or install signage, clocks and fencing; repair and replace heating and ventilation systems; upgrade of facilities



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for energy efficiencies; repair and replace worn-out and deteriorated roofs, windows, walls, doors and drinking fountains; upgrade public address systems; install wiring and electrical systems to safely accommodate computers, technology and other electrical devices and needs; meet earthquake safety standards; improve water conservation; upgrade or construct support facilities, including administrative, physical education (including upgrading gyms, stadiums, athletic facilities, tracks, bleachers, lockers and equipment rooms), theater, and agricultural education classrooms and labs and performing arts and music classrooms; repair and replace fire alarms, emergency communications and security systems; resurface or replace hard courts, turf, install all-weather turf; irrigation and drainage systems and campus landscaping; replace asphalt and broken pavement; expand or improve parking lots and drop-off areas; replace portable classrooms; interior and exterior painting, floor covering and tile replacement; upgrade or expand school cafeterias; construct various forms of storage and support spaces and classrooms; repair, upgrade and install interior and exterior lighting systems; improve athletic fields and shade structures, including adding solar shade structures, and solar panels; replace or upgrade outdated security fences, gates and security systems (including access control systems); and upgrade heating, ventilation and air conditioning systems. The upgrading of technology infrastructure includes, but is not limited to, servers, switches, routers, modules, sound projection systems, call manager and network security/firewall, wireless technology systems, and other miscellaneous equipment. Some projects throughout the District may be undertaken as joint use projects in cooperation with other local public or non-profit agencies. The final cost of each project will be determined as plans and construction documents are finalized, construction bids are received, construction contracts are awarded and projects are completed. Based on the final costs of each project, certain of the projects described above may be delayed or may not be completed. Demolition of existing facilities and reconstruction of facilities scheduled for repair and upgrade may occur, if the Board determines that such an approach would be more cost-effective in creating more enhanced and operationally efficient campuses. Necessary site preparation/restoration may occur in connection with new construction, renovation or remodeling, or installation or removal of relocatable classrooms, including ingress and egress, removing, replacing, or installing irrigation, utility lines, trees and landscaping, relocating fire access roads, and acquiring any necessary easements, licenses, or rights of way to the property. Bond proceeds shall only be expended for the specific purposes identified herein. The District shall create an account into which proceeds of the bonds shall be deposited and comply with the reporting requirements of Government Code section 53410.



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***EXHIBIT B***

BOND MEASURE  
for  
HAYWARD UNIFIED SCHOOL DISTRICT

(Abbreviated Form)\*

<p>To provide safe/modern schools; upgrade aging classrooms/school facilities; update classroom technology; provide art/music classrooms; improve accessibility for students with disabilities; upgrade fire safety/emergency communications/school security systems; install solar panels; repair leaky roofs; update plumbing/heating/ventilation systems, shall Hayward Unified School District issue \$381,700,000 in bonds at legal rates, levy approximately \$60 per \$100,000 of assessed value annually (generating approximately \$24,502,000), anticipated through 2049-50, with independent oversight and all funds staying local?</p>	BONDS – YES
	BONDS – NO

\* Limited to 75 words pursuant to California Elections Code section 13247.

**EXHIBIT C**

FORMAL NOTICE OF SCHOOL BOND ELECTION

NOTICE IS HEREBY GIVEN to the qualified electors of the Hayward Unified School District of Alameda County, California, that in accordance with the provisions of the Education Code of the State of California, an election will be held on November 6, 2018, within the District, at which election the following measure shall be submitted to the qualified electors of the District and voted upon:

“To provide safe/modern schools; upgrade aging classrooms/school facilities; update classroom technology; provide art/music classrooms; improve accessibility for students with disabilities; upgrade fire safety/emergency communications/school security systems; install solar panels; repair leaky roofs; update plumbing/heating/ventilation systems, shall Hayward Unified School District issue \$381,700,000 in bonds at legal rates, levy approximately \$60 per \$100,000 of assessed value annually (generating approximately \$24,502,000), anticipated through 2049-50, with independent oversight and all funds staying local?

Bonds - Yes

Bonds- No”

The bonds shall bear interest at an annual rate not exceeding the statutory maximum. The maturity of the bonds shall not exceed the maximum term allowed by law at the time of issuance (currently 25 years if issued under Education Code section 15140, or 40 years if issued under Government Code section 53508, so long as the bonds are not capital appreciation bonds (“CABs,” which CABs are limited to 25 years)). Accordingly, as further set forth in the tax rate statement, the *ad valorem* tax will be levied at such rates and for so long as may be required to meet the debt service needs of the bonds proposed to be issued, including such bonds that may be issued to refund any approved bonds.

All of the purposes enumerated in the foregoing measure shall be united and voted upon as one single measure, with precincts, places of holding the elections and officers appointed to conduct the elections to be the same as those provided for the statewide gubernatorial general election to be held on November 6, 2018, under the Notice of Election published \_\_\_\_\_.

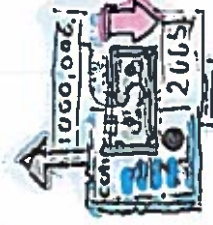
This election has been called pursuant to a Resolution of the Board of Trustees of the Hayward Unified School District, adopted on June 20, 2018. The Elections Official of the County of Alameda hereby gives formal notice of the election in accordance with the provisions of Education Code section 15120.

IN WITNESS WHEREOF, I have hereunto set my hand this \_\_\_\_ day of \_\_\_\_\_, 2018.

\_\_\_\_\_  
Registrar of Voters  
Alameda County, California

# Hayward Unified School District

## Reference Materials: Bond Financial Plan For a November 2018 Bond Measure



## Government Financial Strategies

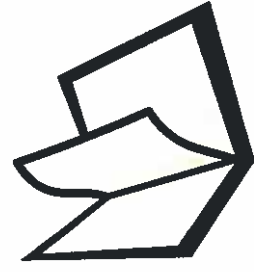
Reference Materials  
June 20, 2018



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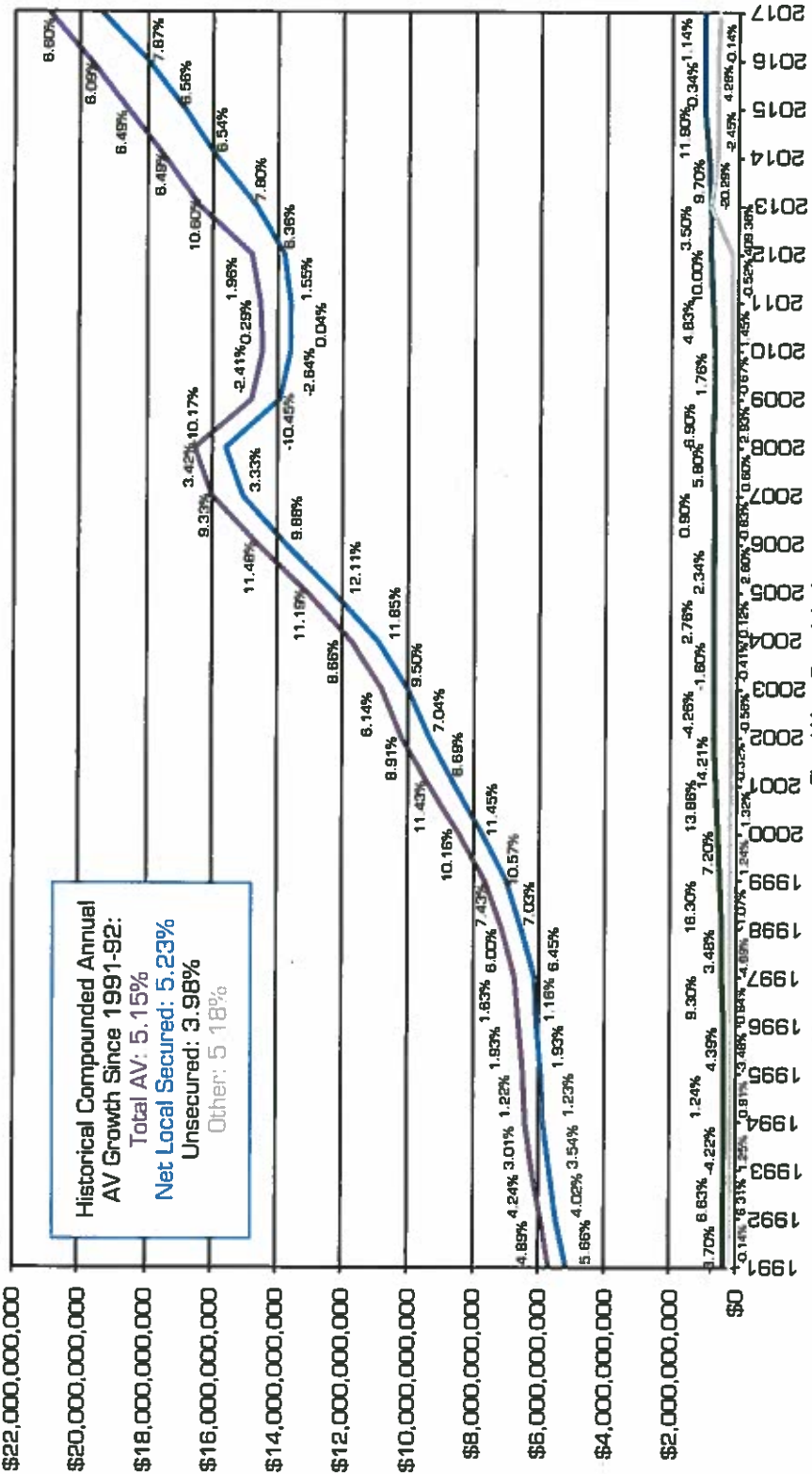
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- ◆ Review of Assessed Value
- ◆ Potential 2018 Bond Measure
- ◆ Additional Reference Materials



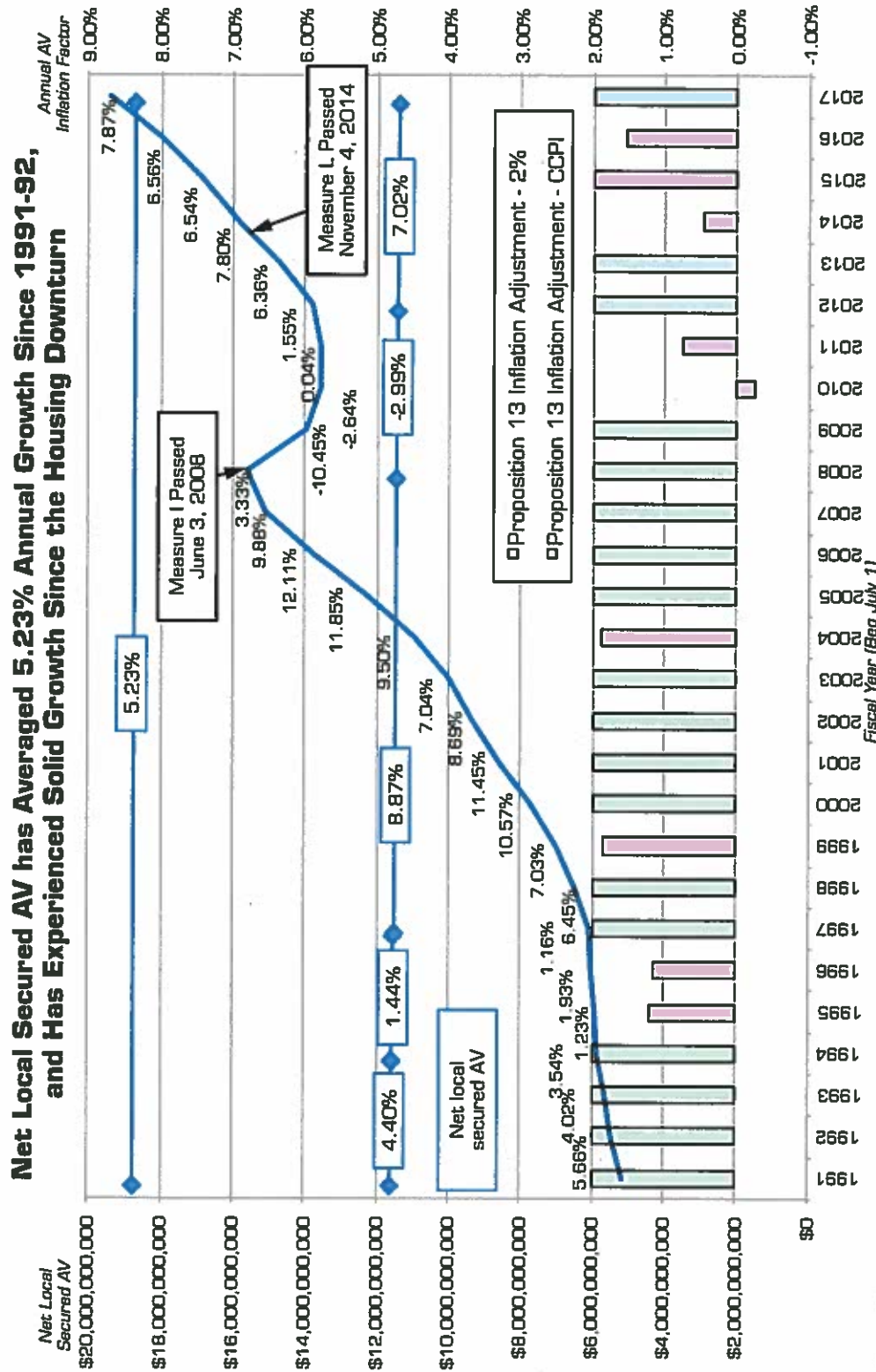
# Assessed Value is Volatile

Growth in District's Assessed Value has Primarily been Driven by Net Local Secured AV



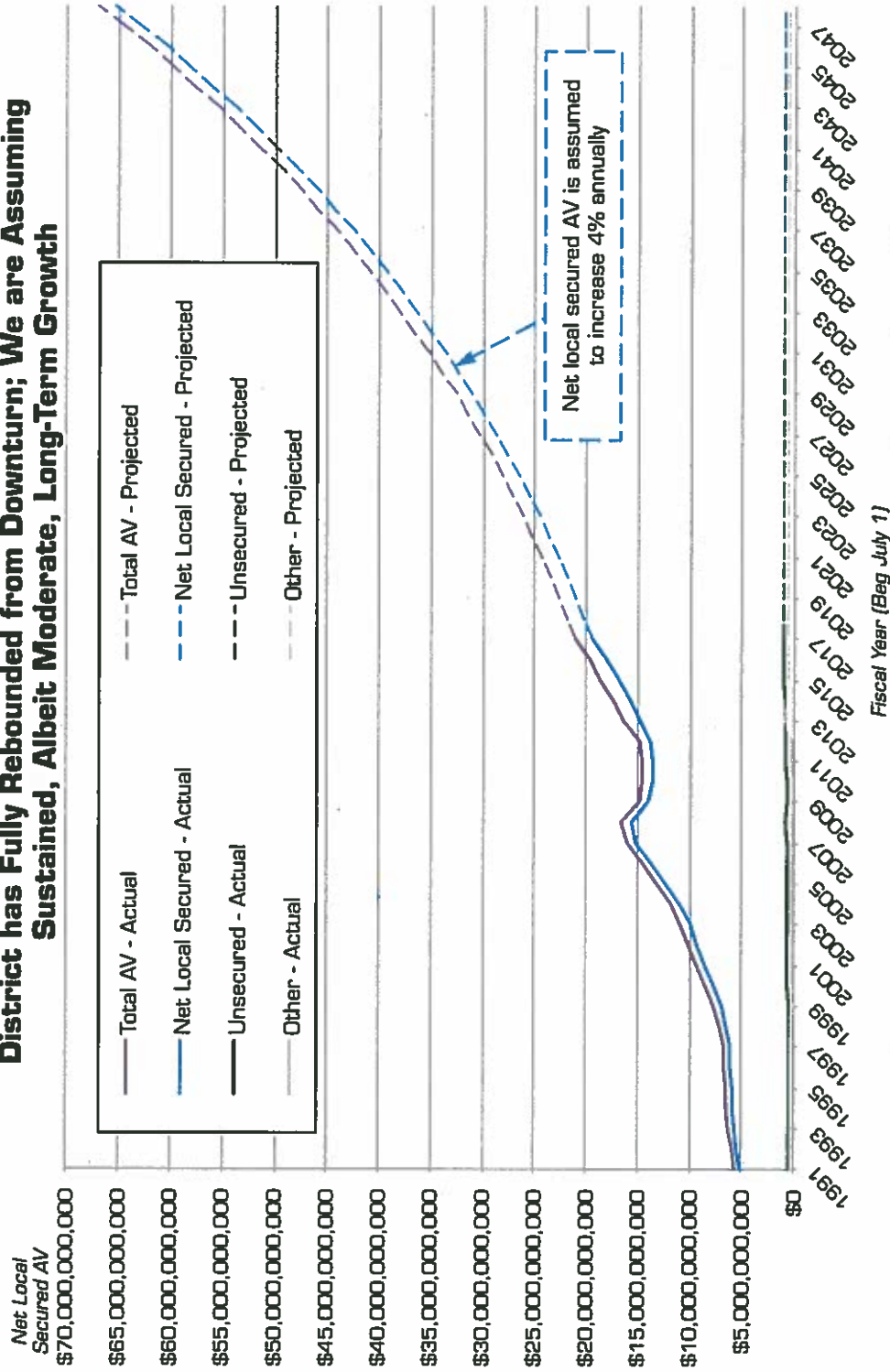
Historic assessed value (AV) provided by the Alameda County Auditor-Controller's Department. The District's total AV is comprised of net local secured, unsecured, & other (comprised of utility & homeowner's exemption). 2012-13 Other AV growth of 409% due to improvements at Russell City Energy Center, a natural gas-fired, combined-cycle electric generating facility that went live summer 2013. Percentages shown are annual changes.

# A Closer Look at Net Local Secured AV



# Future AV Assumptions

**District has Fully Rebounded from Downturn; We are Assuming Sustained, Albeit Moderate, Long-Term Growth**



Assessed value through 2017-18 provided by Alameda County Auditor-Controller's Agency. Net local secured AV is assumed to increase 4% annually, while all other AV types are assumed to remain unchanged.

# Potential 2018 Bond Measure

- ◆ Legal Constraints
- ◆ Bonding Capacity
- ◆ Bond Financial Plan





# Issuing Bonds - Key Legal Constraints

- ◆ Taxes: limit on maximum projected tax levies  
(this is for 55% voter approval bond measures only)
  - ▶ \$30 per \$100,000 of assessed value for union districts
    - Education Code 15268
  - ▶ \$60 per \$100,000 of assessed value for unified districts
    - Education Code 15270(a)
- ◆ Bonding Capacity: limit on amount of outstanding bonds  
(this is for all bond measures combined)
  - ▶ 1.25% of total assessed value for union districts
    - Education Code 15268
  - ▶ 2.50% of total assessed value for unified districts
    - Education Code 15270(a)





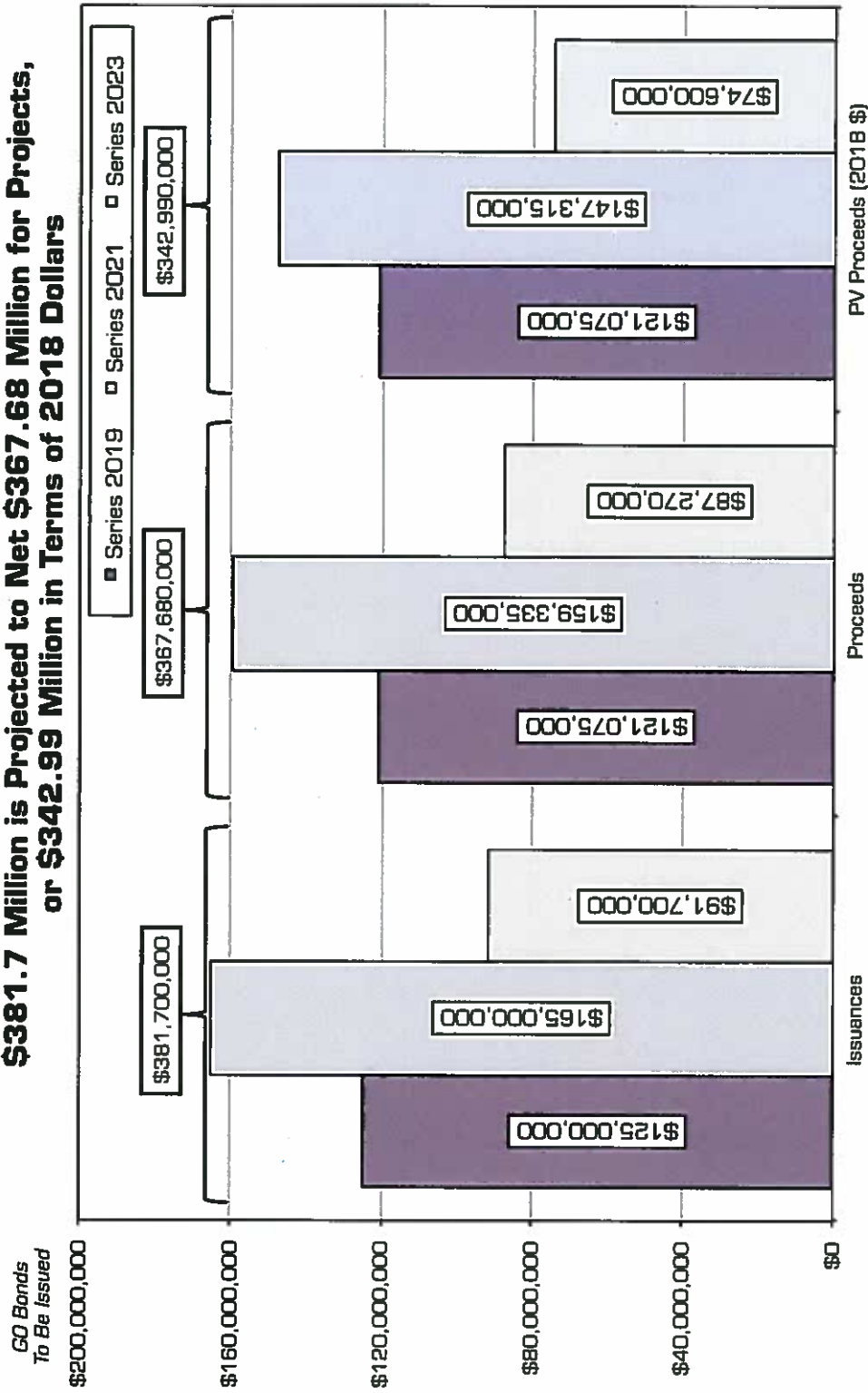
# Guidance from District Staff

- ◆ District guidance on timing and amount of bonds to be sold:
  - ▶ Utilize a maximum projected tax levy of \$60 / \$100,000 of assessed value for the proposed measure
    - \$125 million of bonds to be issued in February 2019
    - \$165 million of bonds to be issued in April 2021
    - Maximum remaining amount of bonds (with a projected \$60 levy) to be issued April 2023
- ◆ A detailed bond financial plan indicates that \$381.7 million may be issued over 5 years, producing \$367.7 million for projects
  - ▶ Based on assuming a maximum tax levy\* of \$60 per \$100,000 of assessed value
    - and a moderate assumption of 4% growth in net local secured assessed value, while all other assessed value assumed 0% change

\* Tax levy projections are per measure

# Bond Financial Plan Adheres to Staff Goals

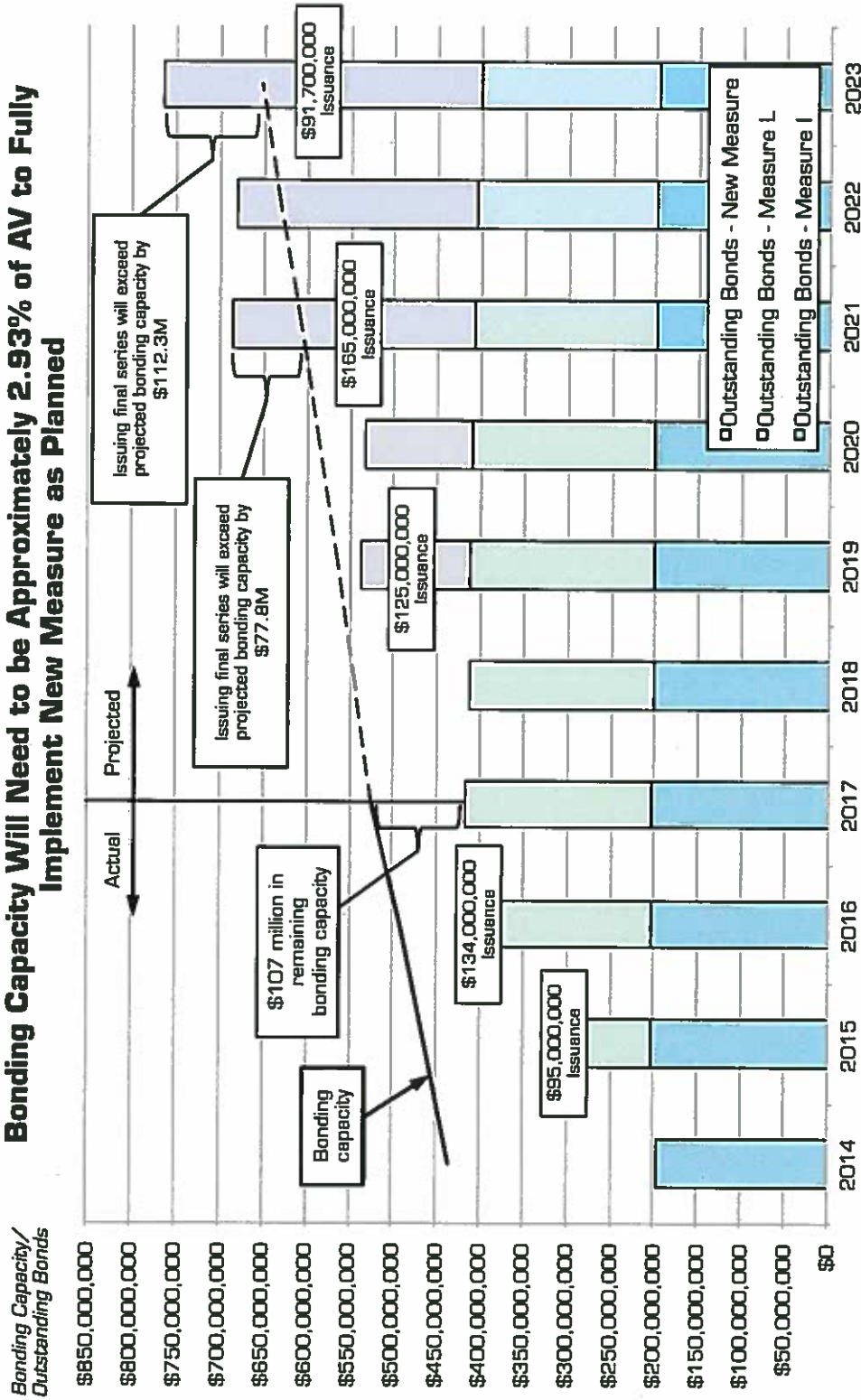
**\$381.7 Million is Projected to Net \$367.68 Million for Projects,  
or \$342.99 Million in Terms of 2018 Dollars**



Debt service based on MMD "AAA" ratas as of May 30, 2018, adjusted +75bp for assumed "A++" rating, plus timing adjustments for potential rate increasing prior to bond issuance of +125bp (2019), +150bp (2021), and +200bp (2023). Existing net local secured AV is assumed to grow 4% annually, while all other AV types are assumed to remain unchanged. Series 2019 assumed to be issued in February; Series 2021 and Series 2023 assumed to be issued in April. Values rounded.

# \$381.7 Mil. Over 5 Yrs. Exceeds Current Projected Bonding Capacity

**Bonding Capacity Will Need to be Approximately 2.93% of AV to Fully Implement New Measure as Planned**



Based on 2017-18 AV and 4% annual assumed net local secured AV growth, while all other types of AV remain unchanged. Bonding capacity is limited to 2.5% of total AV for a unified district, and the District may apply for a waiver from the State for this section of the Education Code.

# Education Code Waiver May Be Needed

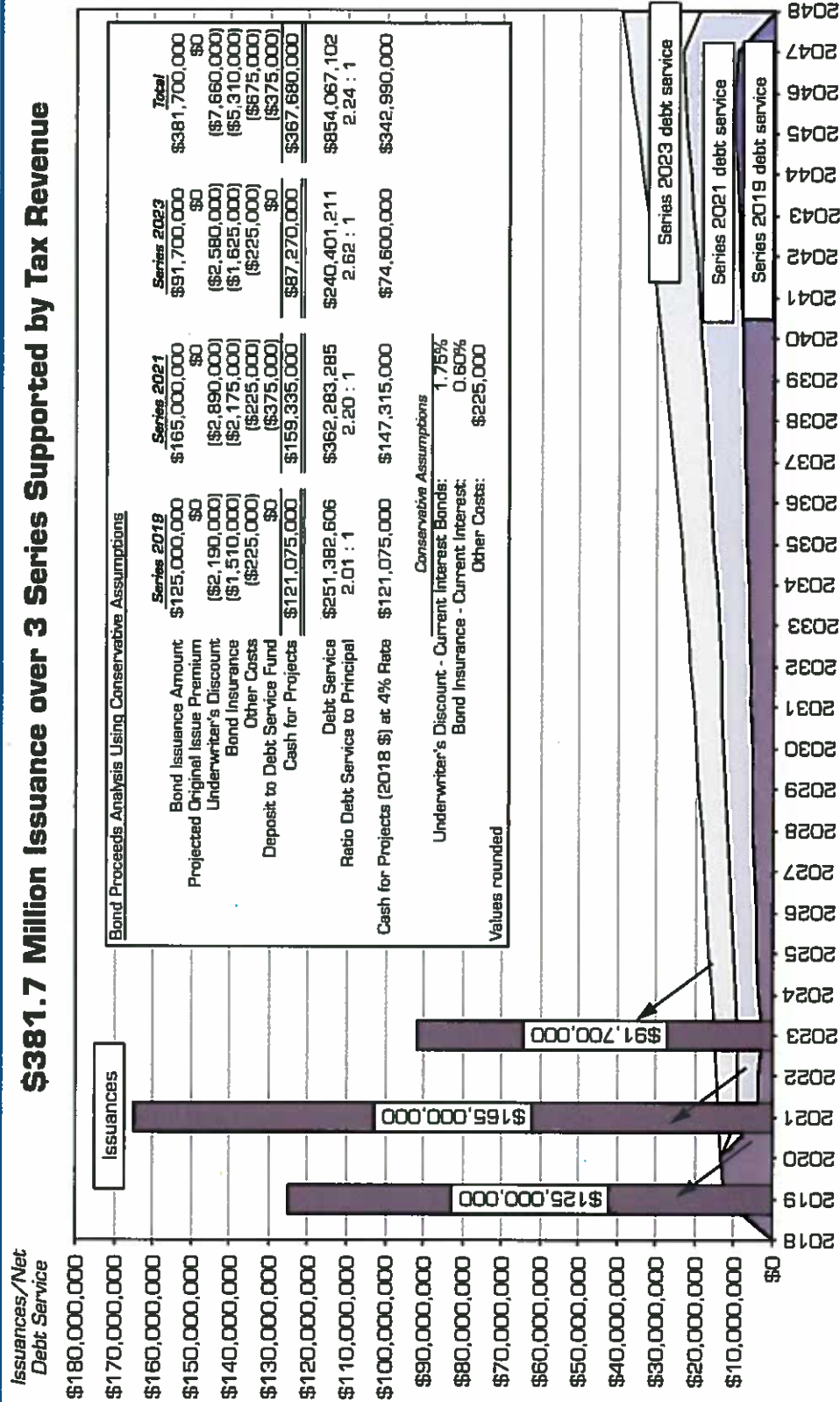
- ◆ Current projections for growth in assessed value, combined with timing bond sales to meet expenditure needs, indicate that a waiver of Education Code 15270(a), extending the District's bonding capacity limit to approximately 2.93% will be needed
  - ▶ Waivers for unified school districts\*, since 2007, have all been approved; ranging from 2.71% to 4.71%, so if a waiver is needed, it is expected to be well within the State Board of Education's precedents
- ✓ *If assessed value continues to grow near the rate it has in recent years, then a waiver may not be necessary.*
  - *For example, if net local secured grows at approximately 7.4% and all other assessed value does not change, then a waiver will likely not be needed.*

\* The maximum approved for a union school district was 5.0%



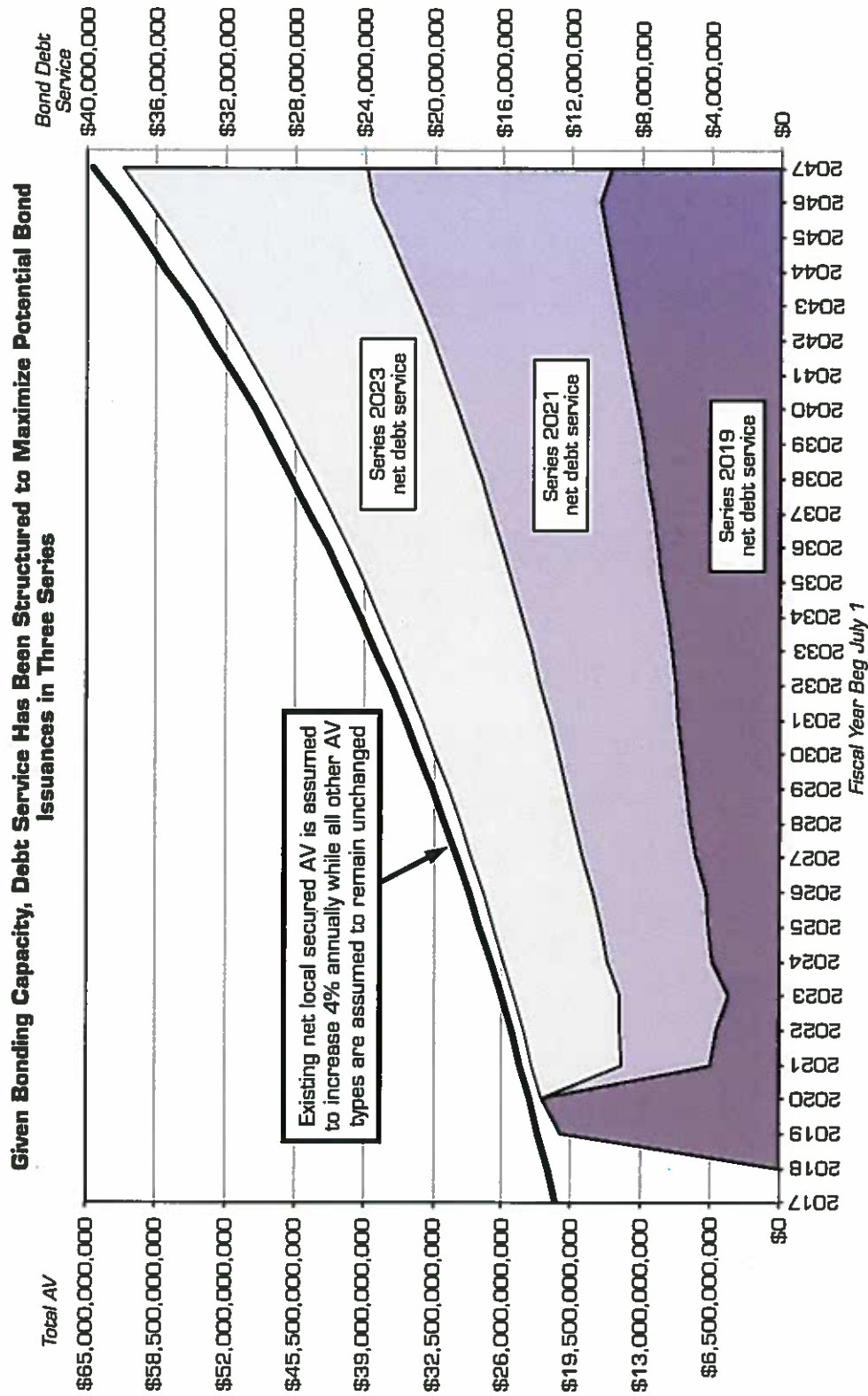
# \$381.7 Mil. Nets \$367.7 Mil. for Projects

(Sizing and timing of series based on estimated expenditure rate)



Debt service based on MMD "AAA" ratings as of May 30, 2018, adjusted +75bp for assumed "A+" rating, plus timing adjustments for potential rate increasing prior to bond issuance of +125bp (2019), +150bp (2021), and +200bp (2023). Existing net local secured AV is assumed to grow 4% annually, while all other AV types are assumed to remain unchanged. Series 2019 assumed to be issued in February; Series 2021 and Series 2023 assumed to be issued in April. Values rounded.

# Bond Plan Based on Issuing in 3 Series

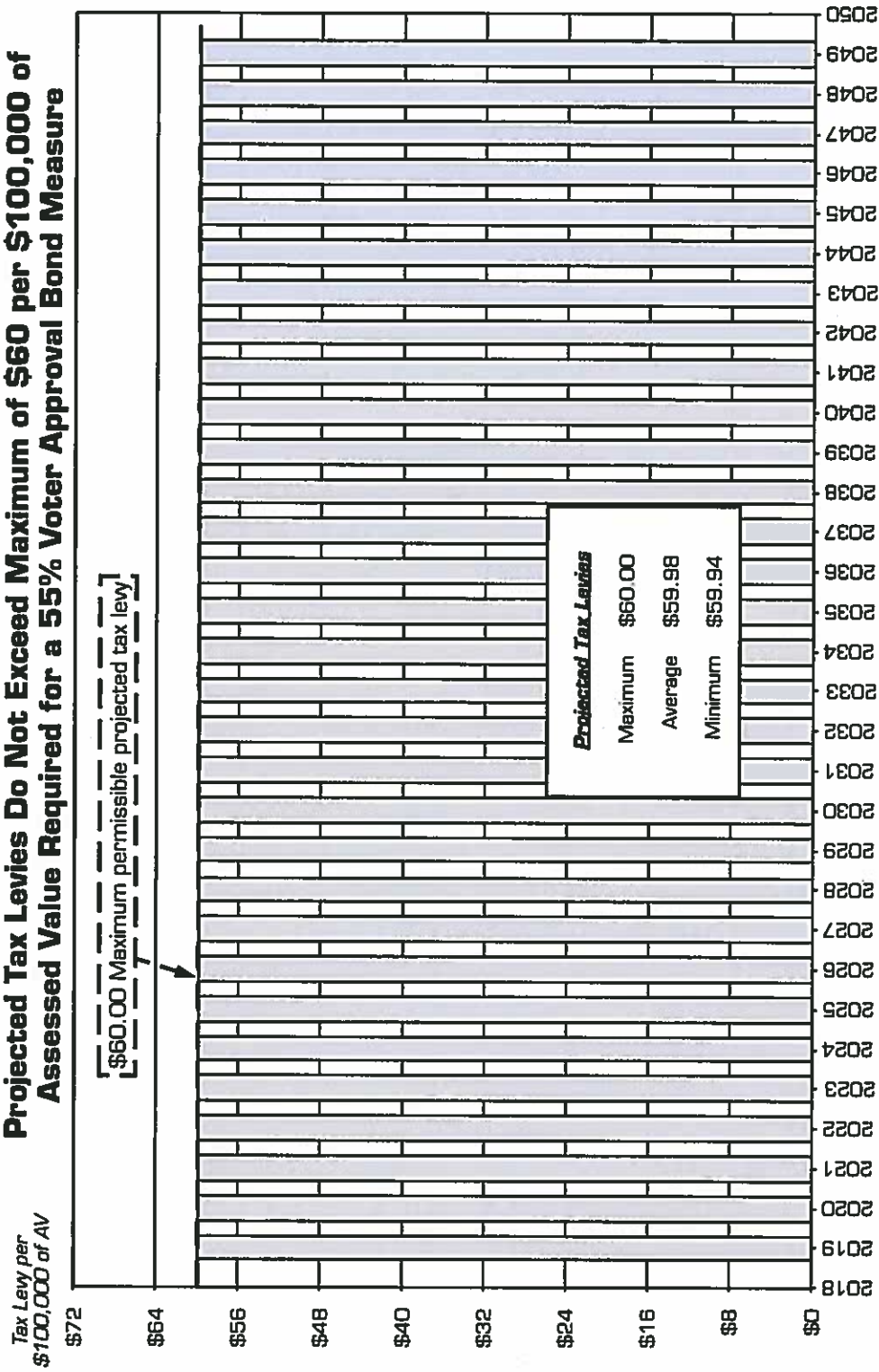


Debt service based on MMD "AAA" rates as of May 30, 2018, adjusted +75bp for assumed "A+" rating, plus timing adjustments for potential rate increasing prior to bond issuance of +125bp (2019), +150bp (2021), and +200bp (2023). Existing net local secured AV is assumed to grow 4% annually, while all other AV types are assumed to remain unchanged. Series 2019 assumed to be issued in February; Series 2021 and Series 2023 assumed to be issued in April. Values rounded.



# Projected Tax Levies ≤ \$60

**Projected Tax Levies Do Not Exceed Maximum of \$60 per \$100,000 of Assessed Value Required for a 55% Voter Approval Bond Measure**



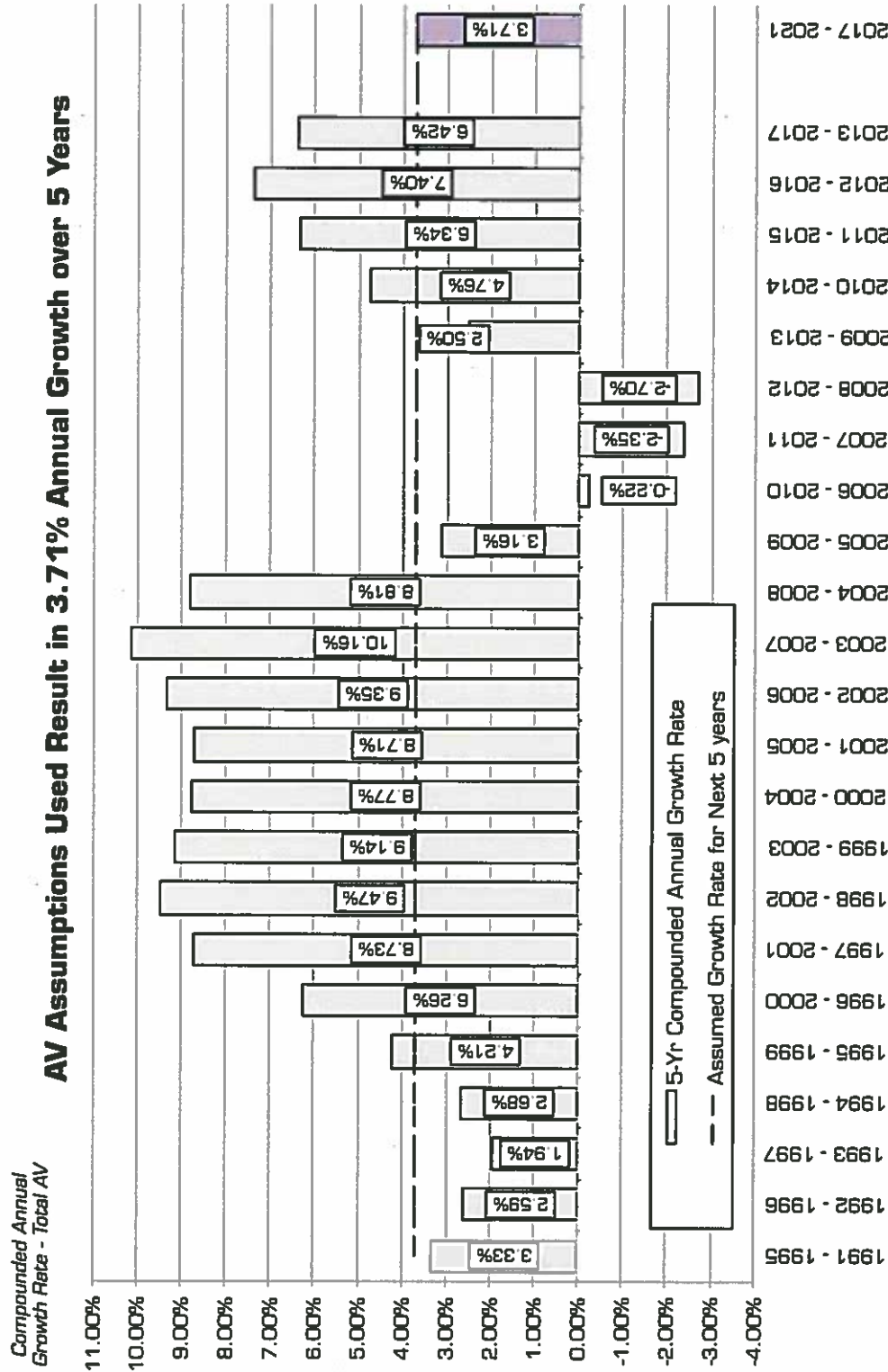
Existing net local secured AV is assumed to grow 4% annually, while all other AV types are assumed to remain unchanged.

# Additional Reference Materials

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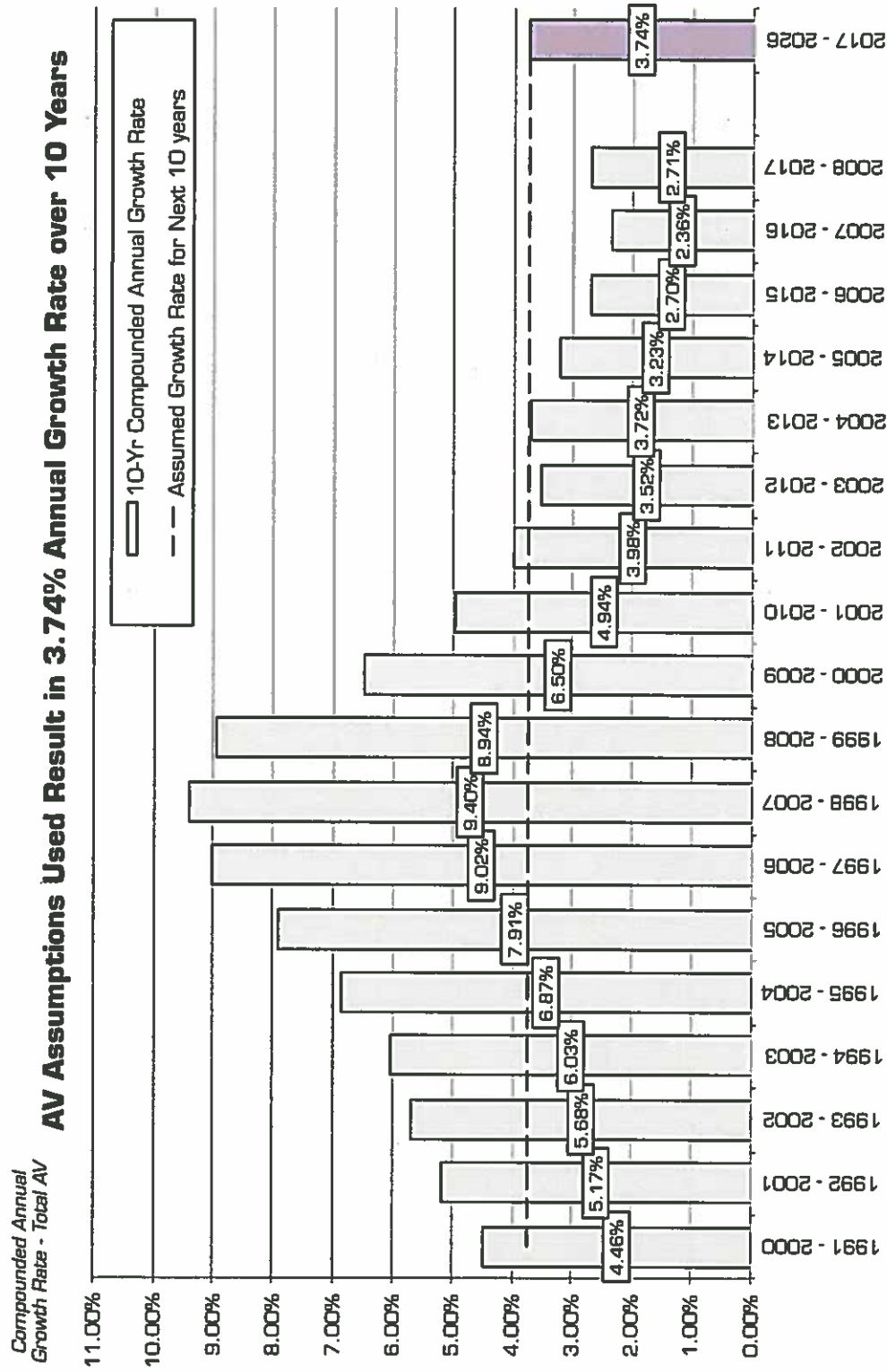
- ◆ Assessed Value
  - ▶ Historical Analysis
  - ▶ Composition
- ◆ February 7, 2018 Board Presentation

# Historical AV Analysis – 5 Year Periods



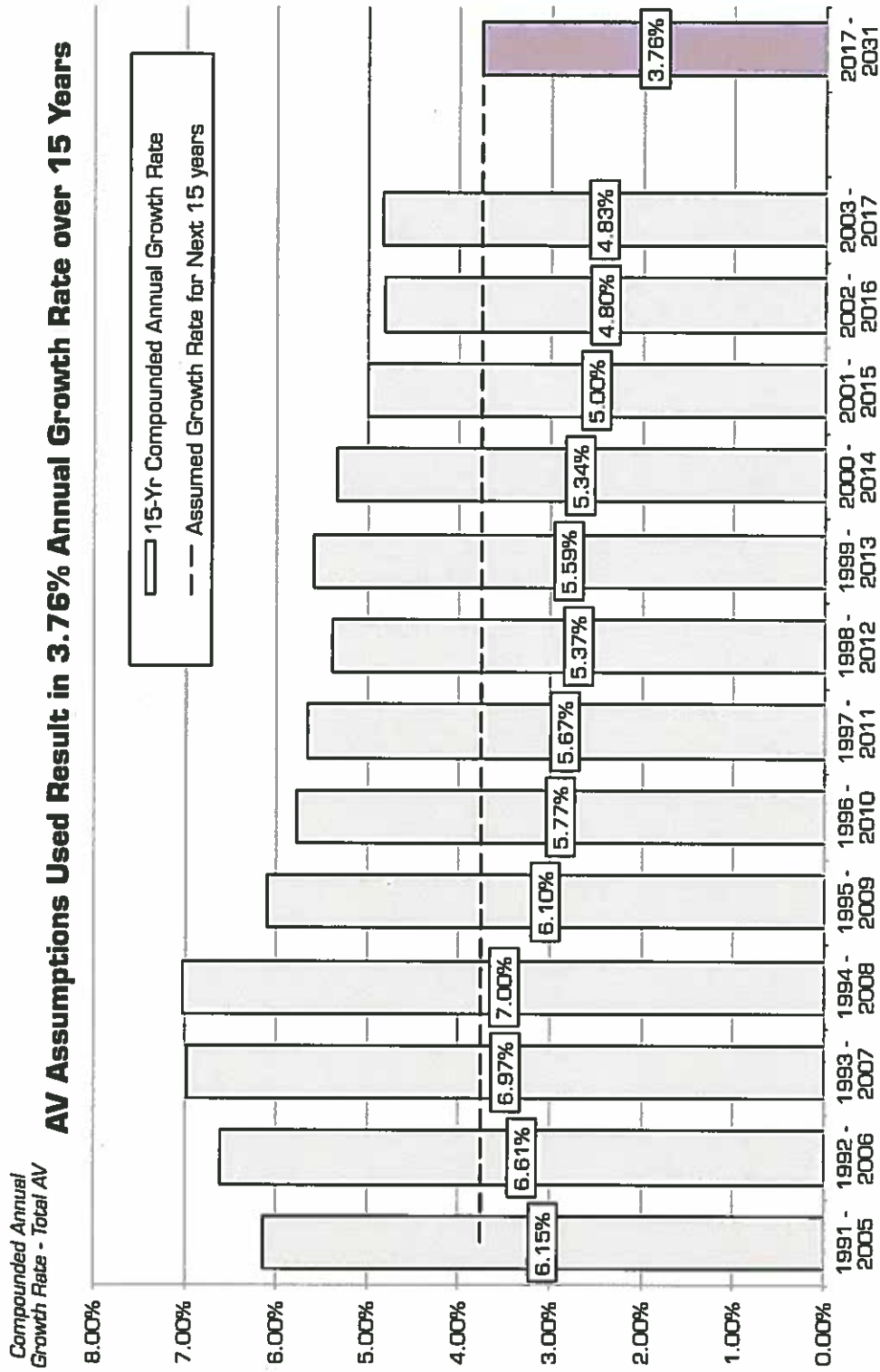
Historical data from Alameda County Auditor-Controller's Agency. Net local secured AV is assumed to increase 4% annually, while all other AV types are assumed to remain unchanged.

# Historical AV Analysis – 10 Year Periods



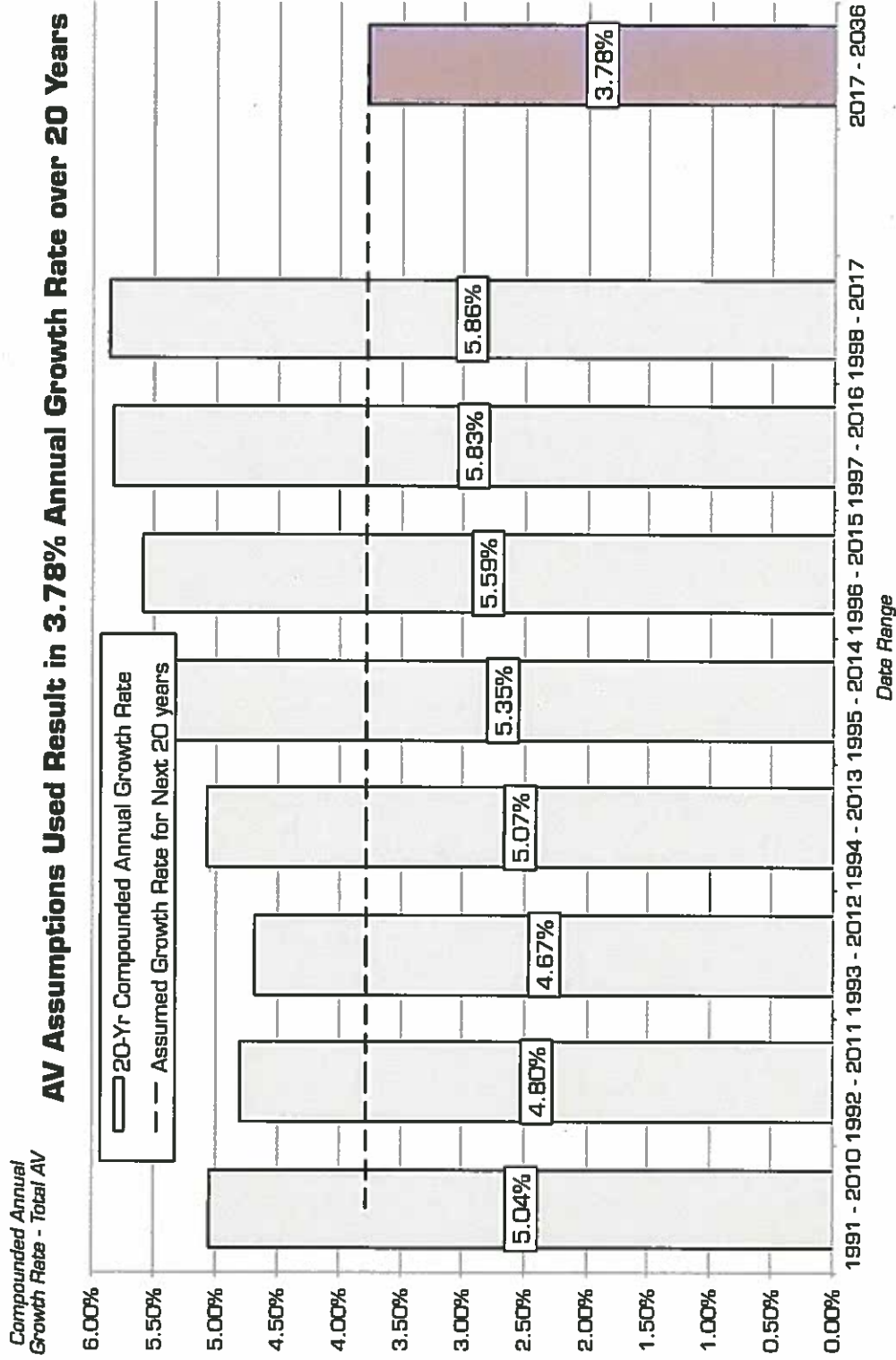
Historical data from Alameda County Auditor-Controller's Agency. Net local secured AV is assumed to increase 4% annually, while all other AV types are assumed to remain unchanged.

# Historical AV Analysis – 15 Year Periods



Historical data from Alameda County Auditor-Controller's Agency. Net local secured AV is assumed to increase 4% annually, while all other AV types are assumed to remain unchanged.

# Historical AV Analysis – 20 Year Periods

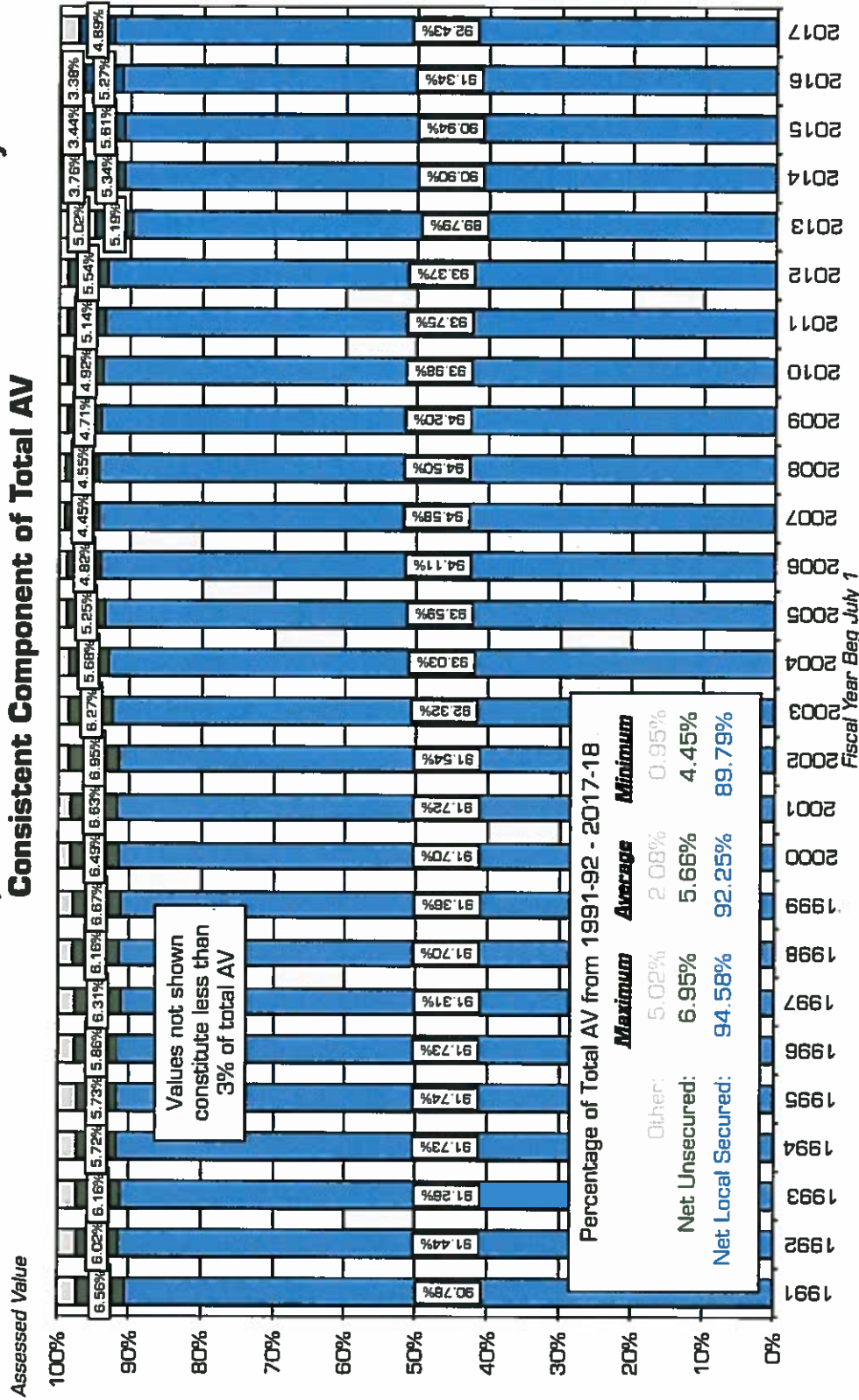


Historical data from Alameda County Auditor-Controller's Agency. Net local secured AV is assumed to increase 4% annually, while all other AV types are assumed to remain unchanged.



# Most AV is Net Local Secured

Since 1991-92, Net Local Secured AV has Remained a Relatively Consistent Component of Total AV



Historic assessed value (AV) provided by the Alameda County Auditor-Controller's Department. The District's total AV is comprised of net local secured, unsecured, & other (comprised of utility & homeowner's exemption).

# Hayward Unified School District

## Financial Stewardship, Taxpayer Accountability, and Future Funding for Facilities



## Government Financial Strategies

Presented by Lori Raineri  
February 7, 2018

# Agenda

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- ◆ Review of Measures I & L
- ◆ Potential 2018 Bond Measure
- ◆ For Reference



# Review of Measures I & L

- ◆ Metrics
- ◆ Best Practices Utilized
- ◆ Conclusion



# Measures I & L: Improved Results

- ◆ Measure I authorization issued as planned
- ◆ Authorization for Measure L was set above plan, at \$229M, to allow for possible upside; all \$229M authorization has been utilized

	Pre-Election	Current Based on Actual Data	Difference
Issuances			
Measure I	\$205,000,000	\$204,999,877	(\$123)
Measure L	\$213,000,000	\$229,000,000	\$16,000,000
Total	\$418,000,000	\$433,999,877	\$15,999,877
Proceeds			
Measure I	\$204,700,000	\$203,962,215	(\$737,785)
Measure L	\$205,515,000	\$228,425,551	\$22,910,551
Total	\$410,215,000	\$432,387,765	\$22,172,765
Debt Service			
Measure I	\$531,375,371	\$504,846,365	(\$26,529,006)
Measure L	\$482,080,094	\$388,102,323	(\$93,977,771)
Total	\$1,013,455,465	\$892,948,688	(\$120,506,777)
Debt Service to Principal			
Measure I	2.59 : 1	2.46 : 1	(.13 : 1)
Measure L	2.26 : 1	1.69 : 1	(.57 : 1)
Total	2.42 : 1	2.06 : 1	(.37 : 1)



# Measures I & L: Improved Results

◆ Competitive processes for bond sales resulted in lower interest rates, greater than anticipated premium, and lower issuance costs which led to \$22.2 million more in total proceeds

	<u>Pre-Election</u>	<u>Current Based on Actual Data</u>	<u>Difference</u>
Issuances			
Measure I	\$205,000,000	\$204,999,877	(\$123)
Measure L	\$213,000,000	\$229,000,000	\$16,000,000
Total	\$418,000,000	\$433,999,877	\$15,999,877
Proceeds			
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Total	\$1,013,455,465	\$892,948,688	(\$120,506,777)
Debt Service to Principal			
Measure I	2.59 : 1	2.46 : 1	(.13 : 1)
Measure L	2.26 : 1	1.69 : 1	(.57 : 1)
Total	2.42 : 1	2.06 : 1	(.37 : 1)



# Measures I & L: Improved Results

◆ Total Measures I & L repayment cost is \$120 million under budget

	Pre-Election	Current Based on Actual Data	Difference
Issuances			
Measure I	\$205,000,000	\$204,999,877	(\$123)
Measure L	\$213,000,000	\$229,000,000	\$16,000,000
Total	\$418,000,000	\$433,999,877	\$15,999,877
Proceeds			
Measure I	\$204,700,000	\$203,962,215	(\$737,785)
Measure L	\$205,515,000	\$228,425,551	\$22,910,551
Total	\$410,215,000	\$432,387,765	\$22,172,765
Debt Service			
Measure I	\$531,375,371	\$504,846,365	(\$26,529,006)
Measure L	\$482,000,000	\$366,102,323	(\$115,897,677)
Total	\$1,013,455,465	\$892,948,688	(\$120,506,777)
Debt Service to Principal			
Measure I	2.59 : 1	2.46 : 1	(.13 : 1)
Measure L	2.26 : 1	1.69 : 1	(.57 : 1)
Total	2.42 : 1	2.06 : 1	(.37 : 1)

# Measures I & L: Improved Results

- ◆ Debt service to principal ratio for Measure I was improved by using Build America Bonds (BABs), minimizing use of CABs, and refinancing
- ◆ Measure L's ratio was improved by higher than anticipated growth in A.V. and lower than expected interest rates, which allowed plan to be adjusted to two issuances instead of three, and the elimination of CABs
- ◆ ...Resulting in a current combined ratio of 2.06:1, well below statutory limit of 4:1

	<u>Pre-Election</u>	<u>Current Based on Actual Data</u>	<u>Difference</u>
<b>Issuances</b>			
Measure I	\$205,000,000	\$204,999,877	(\$123)
Measure L	\$213,000,000	\$229,000,000	\$16,000,000
Total	\$418,000,000	\$433,999,877	\$15,999,877
<b>Proceeds</b>			
Measure I	\$204,700,000	\$203,962,215	(\$737,785)
Measure L	\$205,515,000	\$228,425,551	\$22,910,551
Total	\$410,215,000	\$432,387,765	\$22,172,765
<b>Debt Service</b>			
Measure I	\$531,375,371	\$504,846,365	(\$26,529,006)
Measure L	\$482,080,094	\$388,102,323	(\$93,977,771)
Total	\$1,013,455,465	\$892,948,688	(\$120,506,777)
<b>Debt Service to Principal</b>			
Measure I	2.59 : 1	2.46 : 1	(.13 : 1)
Measure L	2.26 : 1	1.69 : 1	(.57 : 1)
Total	2.42 : 1	2.06 : 1	(.37 : 1)

# GFOA Best Practices Utilized



- ◆ Selecting and Managing Municipal Advisors
- ◆ Selecting and Managing the Method of Sale of Municipal Bonds
- ◆ Selecting Bond Counsel
- ◆ Using Credit Rating Agencies
- ◆ Debt Issuance Transaction Costs
- ◆ Managing Build America and Other Direct Subsidy Bonds
- ◆ Understanding Your Continuing Disclosure Responsibilities
- ◆ Refunding Municipal Bonds



# For both bond measures . . .

◆ Actuals have been better than budget for all metrics

▶ Lower debt service



▶ Less taxes



▶ More bond proceeds, and earlier



✓ *Even through the Great Recession*

# Potential 2018 Bond Measure

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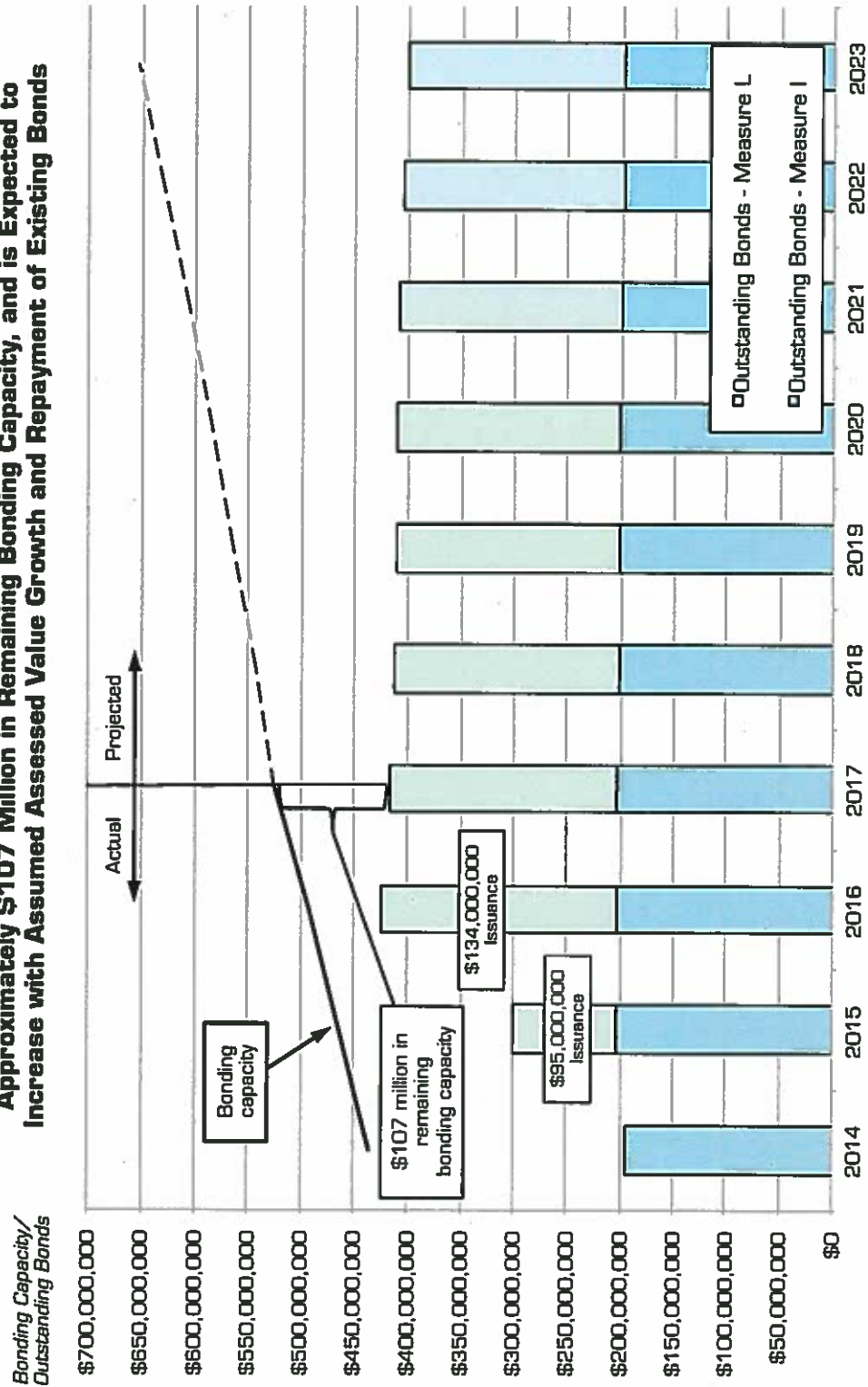
- ◆ Bonding Capacity
- ◆ Potential Bond Plan
- ◆ Timeline for Considering Measure





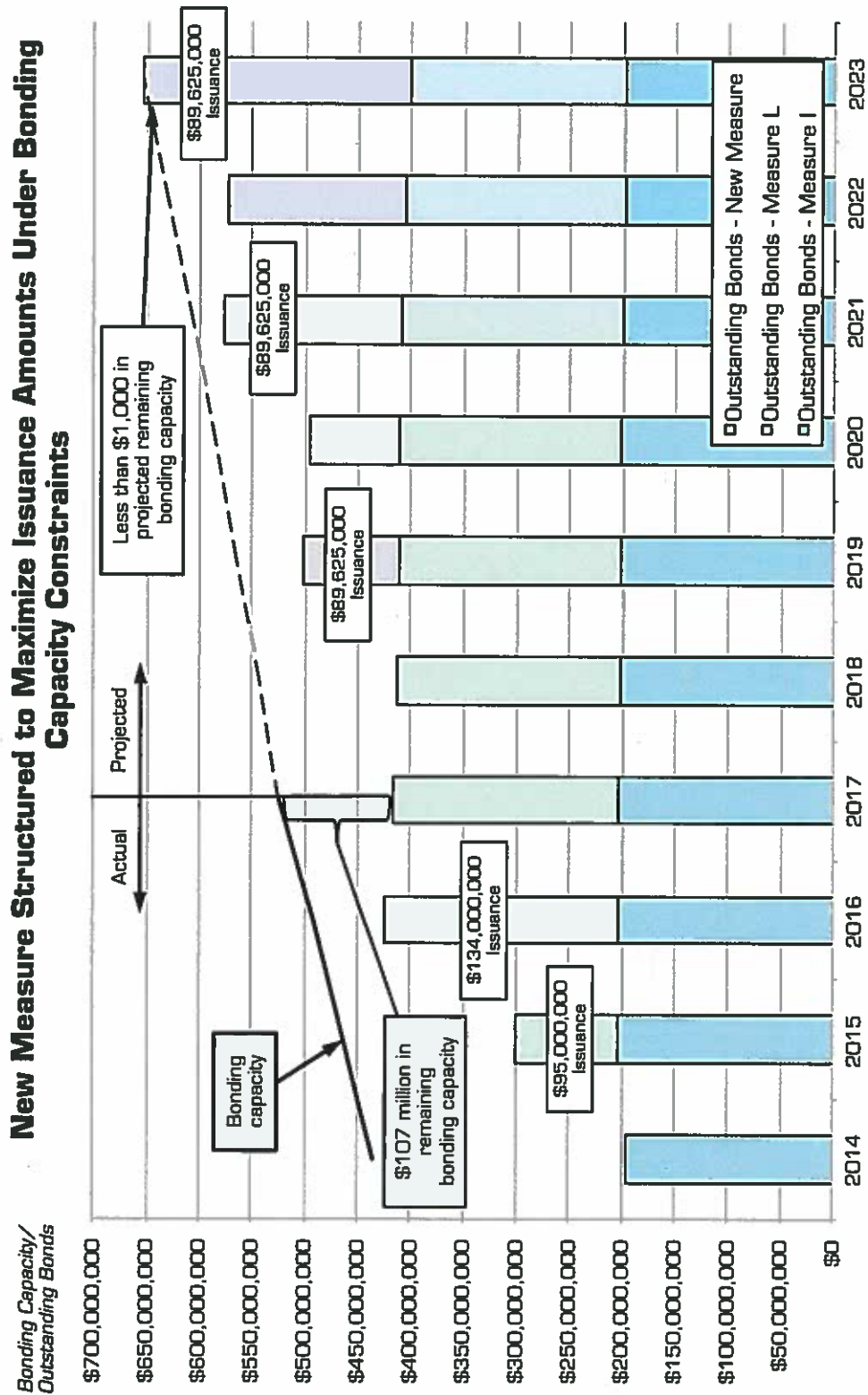
# Current Available Bonding Capacity is \$107 Million and is Expected to Grow

**Approximately \$107 Million in Remaining Bonding Capacity, and is Expected to Increase with Assumed Assessed Value Growth and Repayment of Existing Bonds**



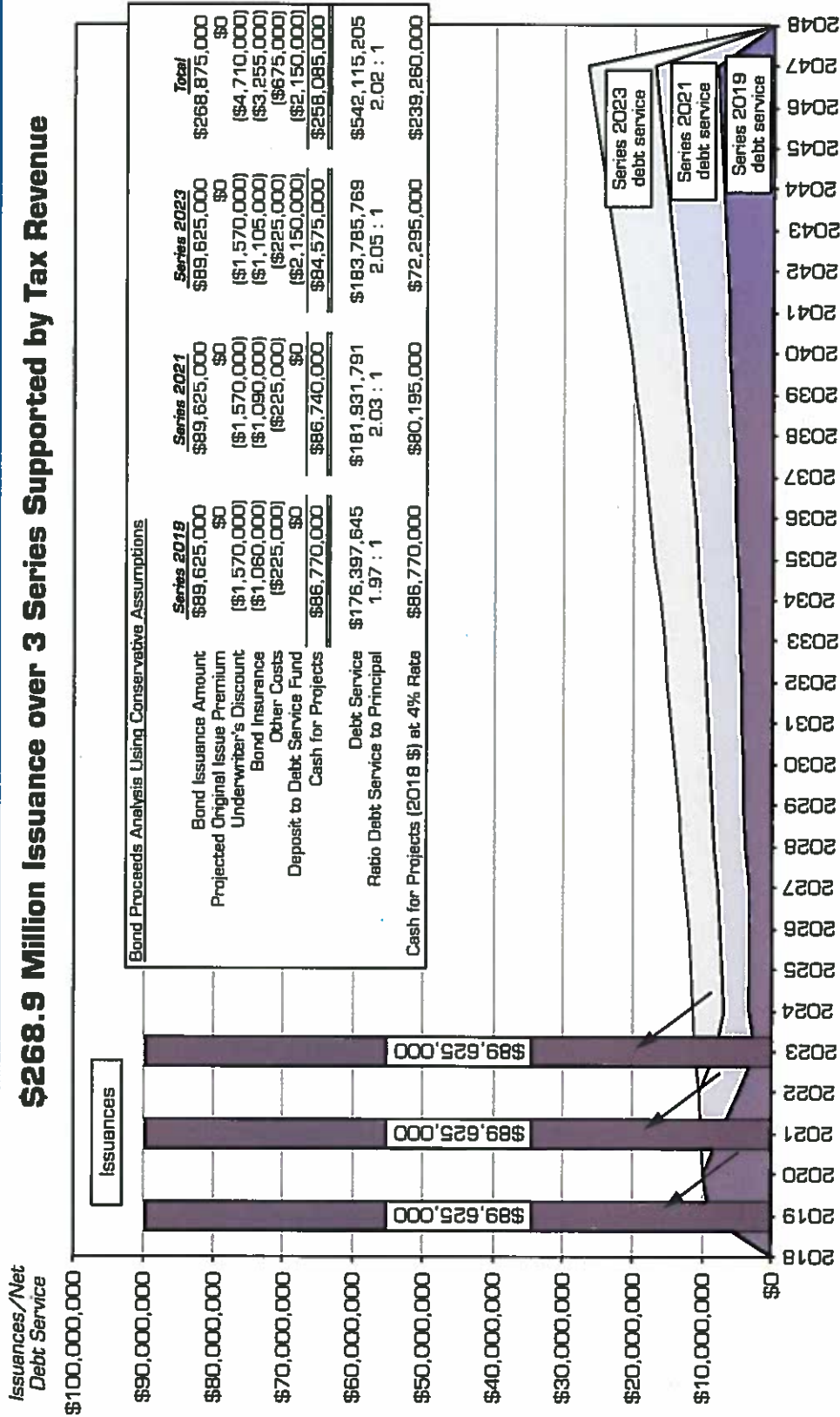
Based on 2017-18 AV and 4% annual assumed net local secured AV growth, while all other types of AV remain unchanged. Bonding capacity is limited to 2.5% of total AV for a unified district, and the District may apply for a waiver from the State for this section of the Education Code.

# ±\$269 Mil. Over 5 Yrs. Utilizes Capacity



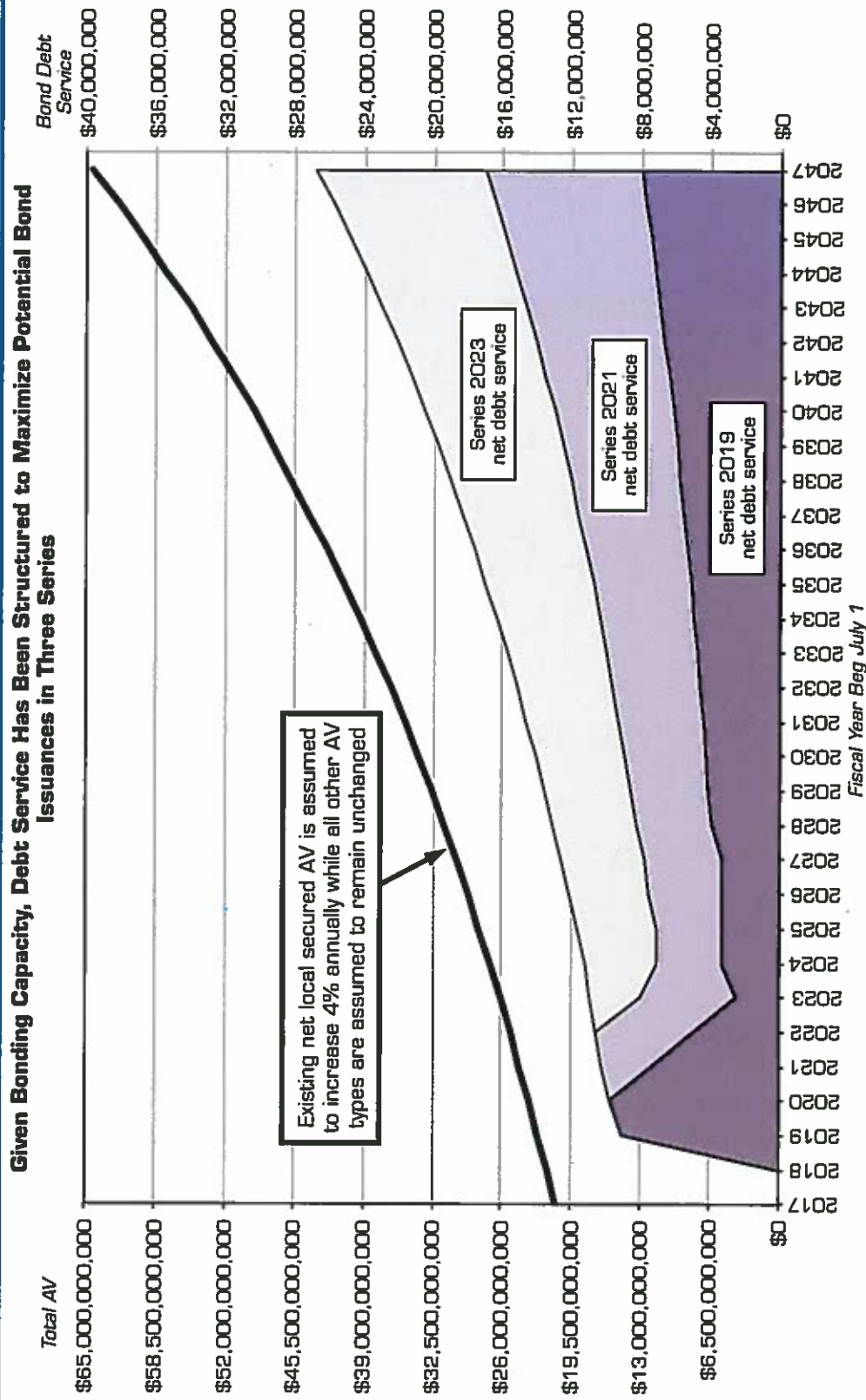
Based on 2017-18 AV and 4% annual assumed net local secured AV growth, while all other types of AV remain unchanged. Bonding capacity is limited to 2.5% of total AV for a unified district, and the District may apply for a waiver from the State for this section of the Education Code.

# \$268.9 Mil. Nets \$258.1 Mil. for Projects



Debt service based on MWD "AAA" rates as of Jan 26, 2018, adjusted +85bp for assumed "A+" rating, plus timing adjustments for potential rate increasing prior to bond issuance of +110bp (2019), +150bp (2021), and +185bp (2023). Existing net local secured AV is assumed to grow 4% annually, while all other AV types are assumed to remain unchanged. Values rounded.

# Bond Plan Based on Issuing in 3 Series

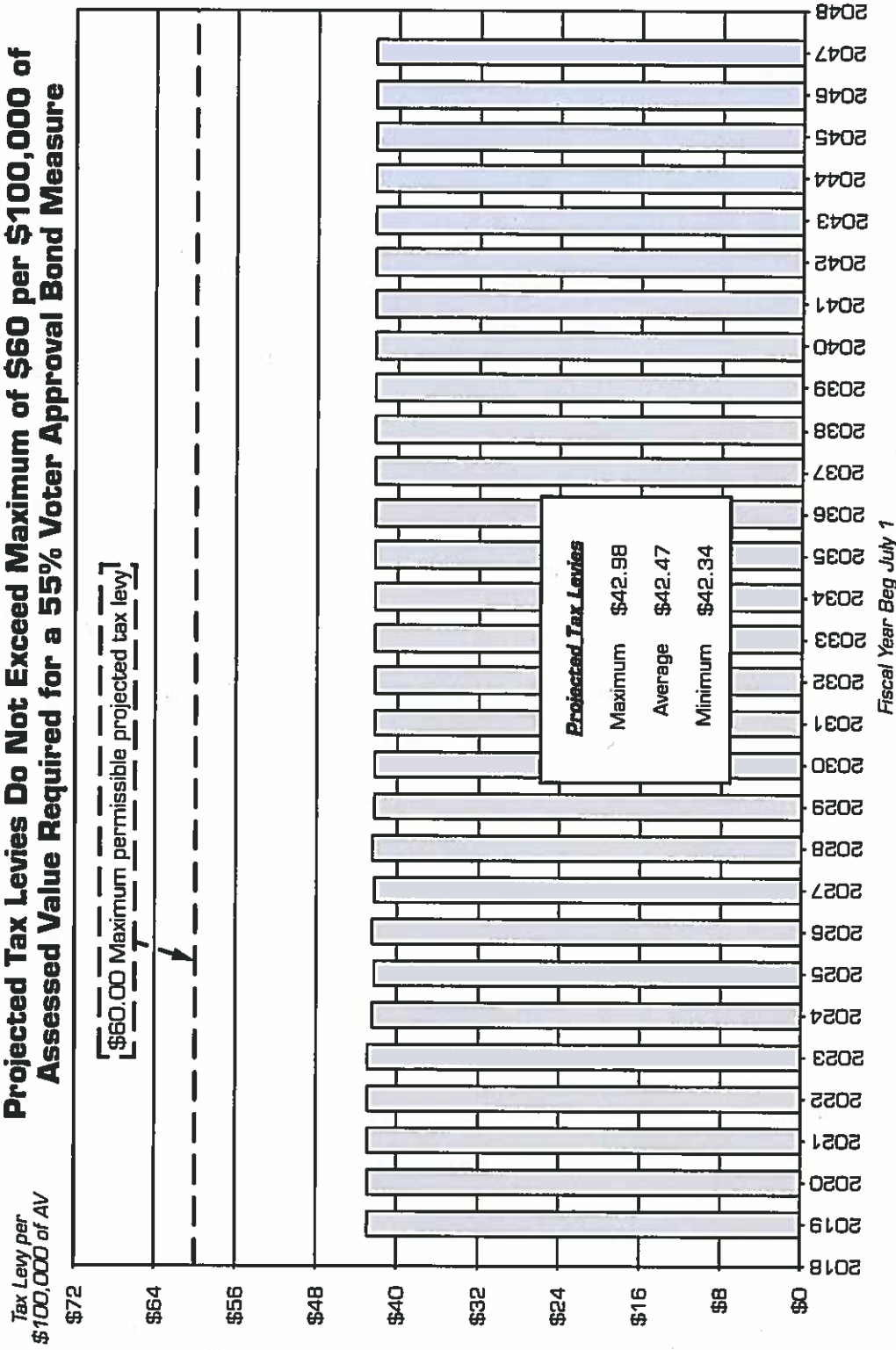


Debt service based on MMD "AAA" rates as of Jan 26, 2018, adjusted +85bp for assumed "A+" rating, plus timing adjustments for potential rate increasing prior to bond issuance of +10bp (2019), +150bp (2021), and +185bp (2023). Existing net local secured AV is assumed to grow 4% annually, while all other AV types are assumed to remain unchanged.



# Tax Levies Are Approximately \$42.50

**Projected Tax Levies Do Not Exceed Maximum of \$60 per \$100,000 of Assessed Value Required for a 55% Voter Approval Bond Measure**

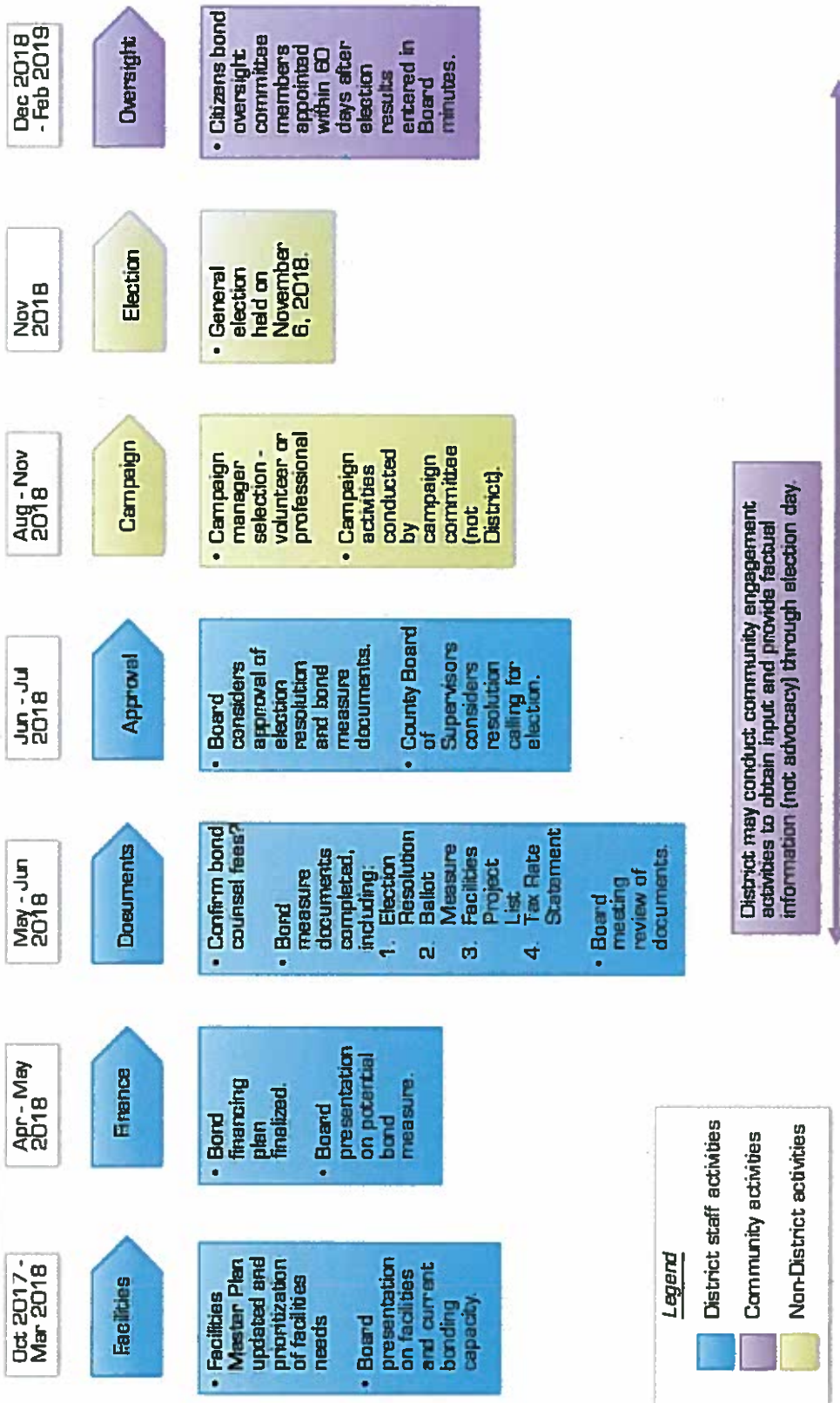


Existing net local secured AV is assumed to grow 4% annually, while all other AV types are assumed to remain unchanged.

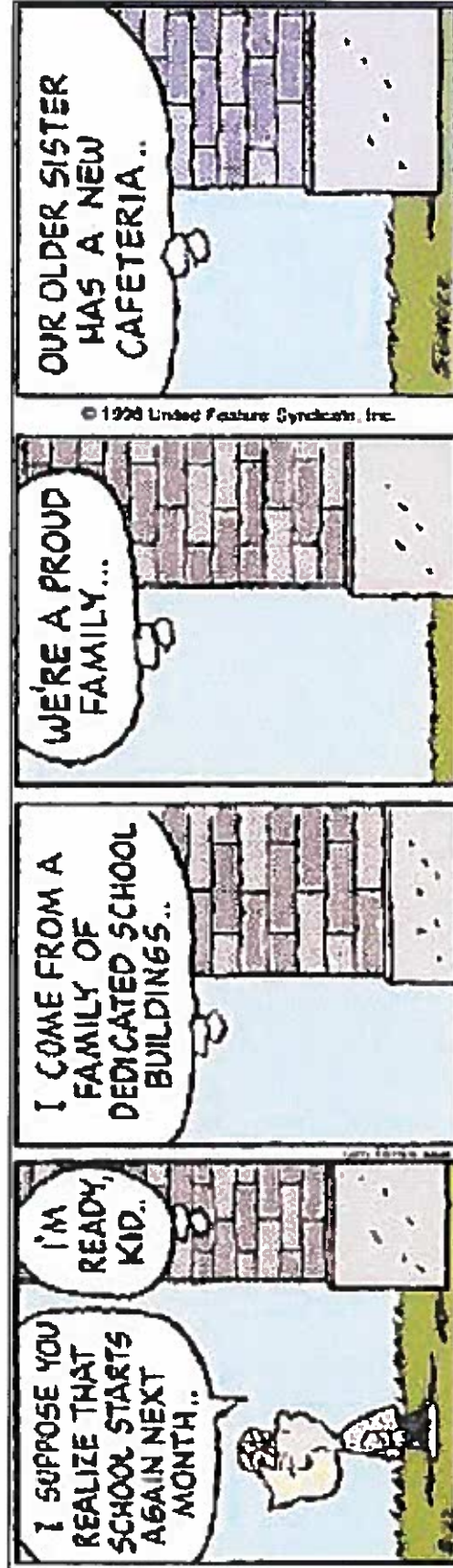


# Timeline

## Potential Timeline



# Facilities Matter



# Thank You, Any Questions?



# For Reference

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- ◆ Voter Approval Measure History
- ◆ Measures I & L – Additional Detail
- ◆ Assessed Value
- ◆ G.O. Bond Tax Rate Formula (approximate)



# Voters Have Been Supportive



## ◆ General Obligation Bonds:

Measure I - Hayward Unified School District	
Completed Precincts:	151 of 151
BONDS YES	11,556 72.18%
BONDS NO	4,454 27.82%
Note: from Alameda County Registrar of Voters. <a href="http://www.acgov.org/rov/elections/20080603/documents/summary_report.pdf">http://www.acgov.org/rov/elections/20080603/documents/summary_report.pdf</a>	

Bond Measure L - Hayward USD	
Completed Precincts:	129 of 129
Under Votes:	1,832
Over Votes:	12
BONDS YES	17,976 77.35%
BONDS NO	5,263 22.65%
Note: from Alameda County Registrar of Voters. <a href="http://www.acgov.org/rov/elections/20141104/documents/summary_report.pdf">http://www.acgov.org/rov/elections/20141104/documents/summary_report.pdf</a>	

## ◆ Parcel Taxes:

Measure G - Hayward USD	
Under Votes:	1,153
Over Votes:	5
YES	12,736 70.83%
NO	5,245 29.17%
Total	17,981
Note: from Alameda County Registrar of Voters. <a href="http://www.acgov.org/rov/elections/20120605/documents/summary_report.pdf">http://www.acgov.org/rov/elections/20120605/documents/summary_report.pdf</a>	

Measure A - Hayward USD	
Completed Precincts:	48 of 48
Under Votes:	79
Over Votes:	0
YES	9,101 70.67%
NO	3,778 29.33%
Note: from Alameda County Registrar of Voters. <a href="http://www.acgov.org/rov/current_election/232/summary_report.pdf">http://www.acgov.org/rov/current_election/232/summary_report.pdf</a>	



# Debt History

General Obligation Bonds, June 2008 Election - Measure L, \$206,000,000

Series	Cover Dates	Bond Type	Insurance - New Money	Insurance - Refunding	Insurance - Total	Total Net Debt Service	Debt Service to Principal as Issuance	Principal Paid & to be Paid as of Dec 1, 2017	Debt Service Paid & to be Paid as of Dec 1, 2017	Outstanding Principal as of Dec 1, 2017	Final Maturity	Able to Retire	Next Call Date	Callable Principal	Weighted Average Callable Coupon	Next Call Premium	
2008	Aug-08	DBs	\$0	\$100,000,000	\$0	\$194,217,920	1.94	\$8,955,000	\$41,473,445	\$0	Aug 1, 2015	n/a	n/a	\$0	n/a	(1), (4)	
2010A	Jul-10	CABs	\$20,989,877	\$0	\$20,989,877	\$127,647,794	3.23	\$7,564,986	\$34,312,784	\$5,537,820	Aug 1, 2034	No	n/a	\$0	n/a	(2), (4)	
2010B	Jul-10	DBs	\$84,000,000	\$0	\$84,000,000	\$211,554,494		\$84,000,000	\$215,938,828	\$84,000,000	Aug 1, 2043	Yes	Aug 1, 2020	\$84,000,000	7.35%	(3)	
2015 Ref	Aug-15	DBs	\$0	\$113,185,000	\$113,185,000	\$213,120,489	1.88	\$113,185,000	\$213,120,489	\$113,185,000	Aug 1, 2040	Yes	Aug 1, 2024	\$107,085,000	4.88%	(4)	
																	\$191,125,000
			\$204,989,877	\$113,185,000	\$318,184,877	\$748,740,707											
									\$213,734,988	\$504,846,305							

Debt Service to Principal Ratio:  
2.80 : 1  
Total debt service after refinancing to new money principal:

General Obligation Bonds, November 2014 Election - Measure L, \$229,000,000

Series	Cover Date	Bond Type	Insurance - New Money	Insurance - Refunding	Insurance - Total	Total Net Debt Service	Debt Service to Principal at Issuance	Principal Paid & to be Paid as of Dec 1, 2017	Debt Service Paid as of Dec 1, 2017	Outstanding Principal as of Dec 1, 2017	Final Maturity	Able to Retire	Next Call Date	Callable Principal	Weighted Average Callable Coupon	Next Call Premium
2015	Aug-15	DBs	\$95,000,000	\$0	\$95,000,000	\$159,377,438	1.66	\$95,000,000	\$159,377,438	\$80,505,000	Aug 1, 2040	Yes	Aug 1, 2024	\$77,005,000	4.42%	0%
2017	May-17	DBs	\$134,000,000	\$0	\$134,000,000	\$228,724,888	1.71	\$134,000,000	\$228,724,888	\$134,000,000	Aug 1, 2042	Yes	Aug 1, 2028	\$19,105,000	3.95%	0%
			\$229,000,000		\$229,000,000	\$388,102,323			\$388,102,323	\$214,505,000					\$196,110,000	

Debt Service to Principal Ratio

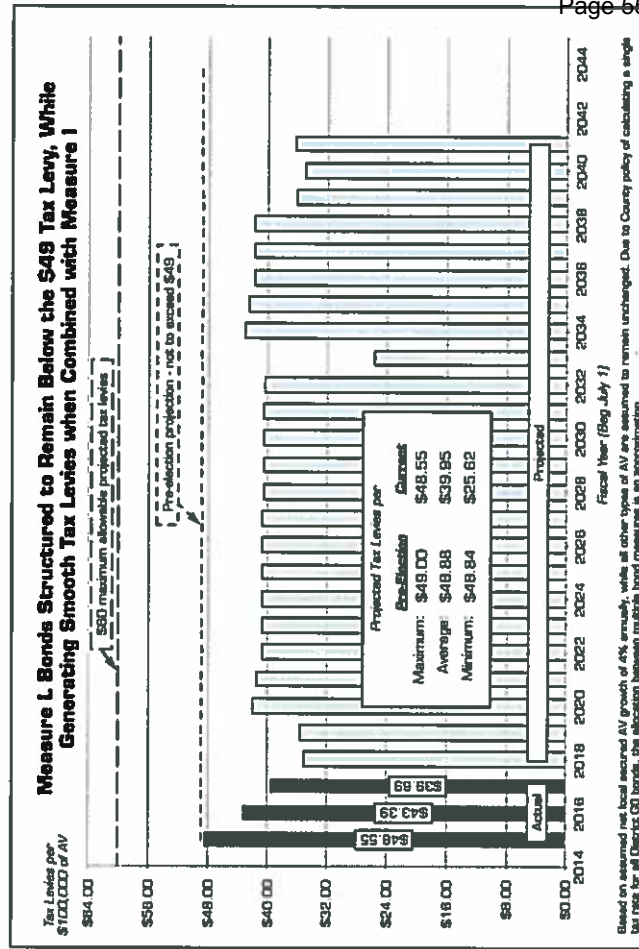
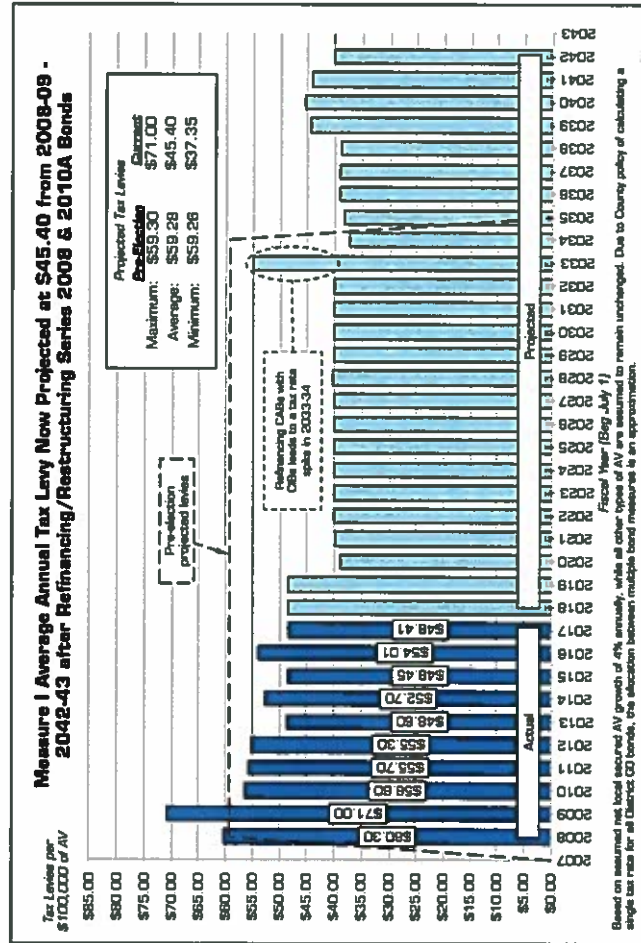
Debt Service to Principal Ratio:  
1.69 : 1  
Total debt service after refinancing to new money principal:

- (1) Net debt service reflects application of \$8,446 deposited to Interest & Sinking Fund to make debt service payments.  
(2) Net debt service reflects application of \$3,007,206 deposited to Interest & Sinking Fund to make debt service payments.  
(3) Series 2010B issued on federally taxable Build America Bonds; the federal government provides a subsidy equal to 35% of the interest payment.  
(4) Series 2008 & 2010A advance refunded by Series 2015 Refunding Bonds, saving taxpayers \$33,158,976. Series 2010A CAs reduced to \$7,564,986 from \$20,989,877.  
(5) Net debt service reflects application of \$4,289,464 deposited to Interest & Sinking Fund to make debt service payments.  
(6) Net debt service reflects application of \$4,887,357 deposited to Interest & Sinking Fund to make debt service payments.

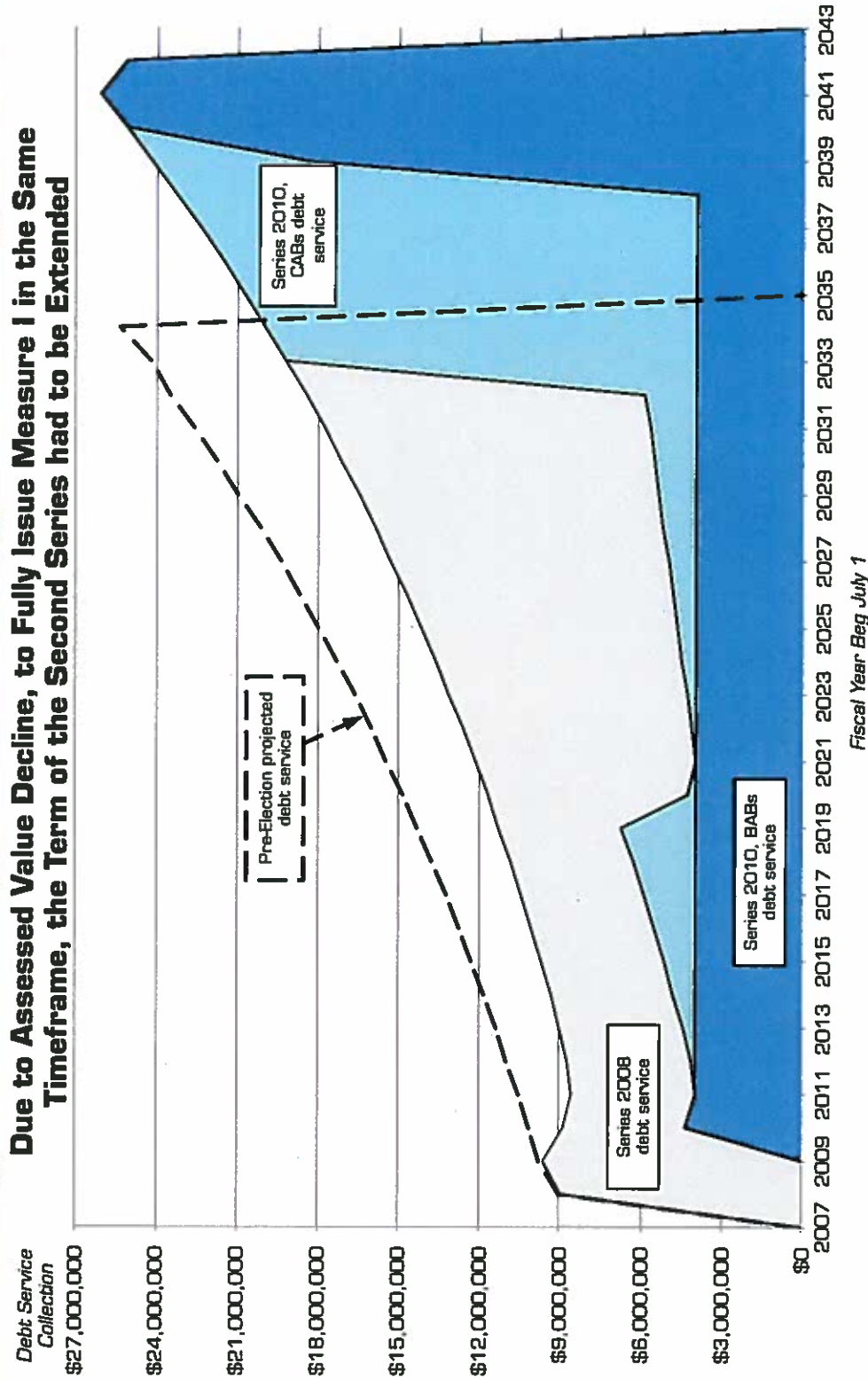
Measure I  
Final payment in 2043  
Paying \$2.46 per \$1 borrowed

Measure L  
Final payment in 2042  
Paying \$1.69 per \$1 borrowed

# Tax Levies Below Pre-Election Estimates

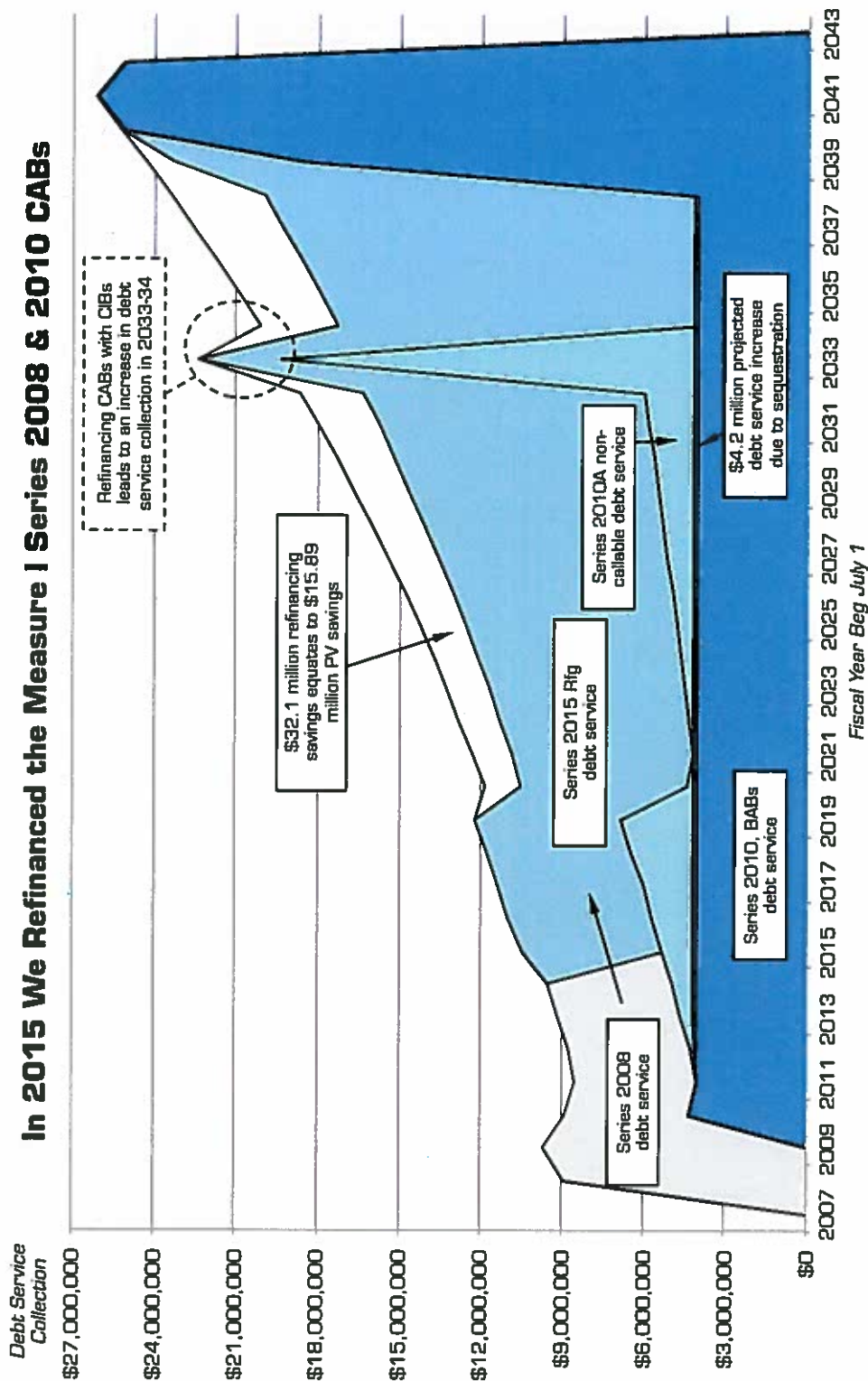


# Measure I Debt Service Lower, Later Final Payment



Debt service for existing issuances from Official Statements. Chart does not reflect premium of \$8,446 for Series 2008, & \$3,007,206 for Series 2008 applied to Interest & Sinking Fund for debt service payments.

# ...and has Been Improved

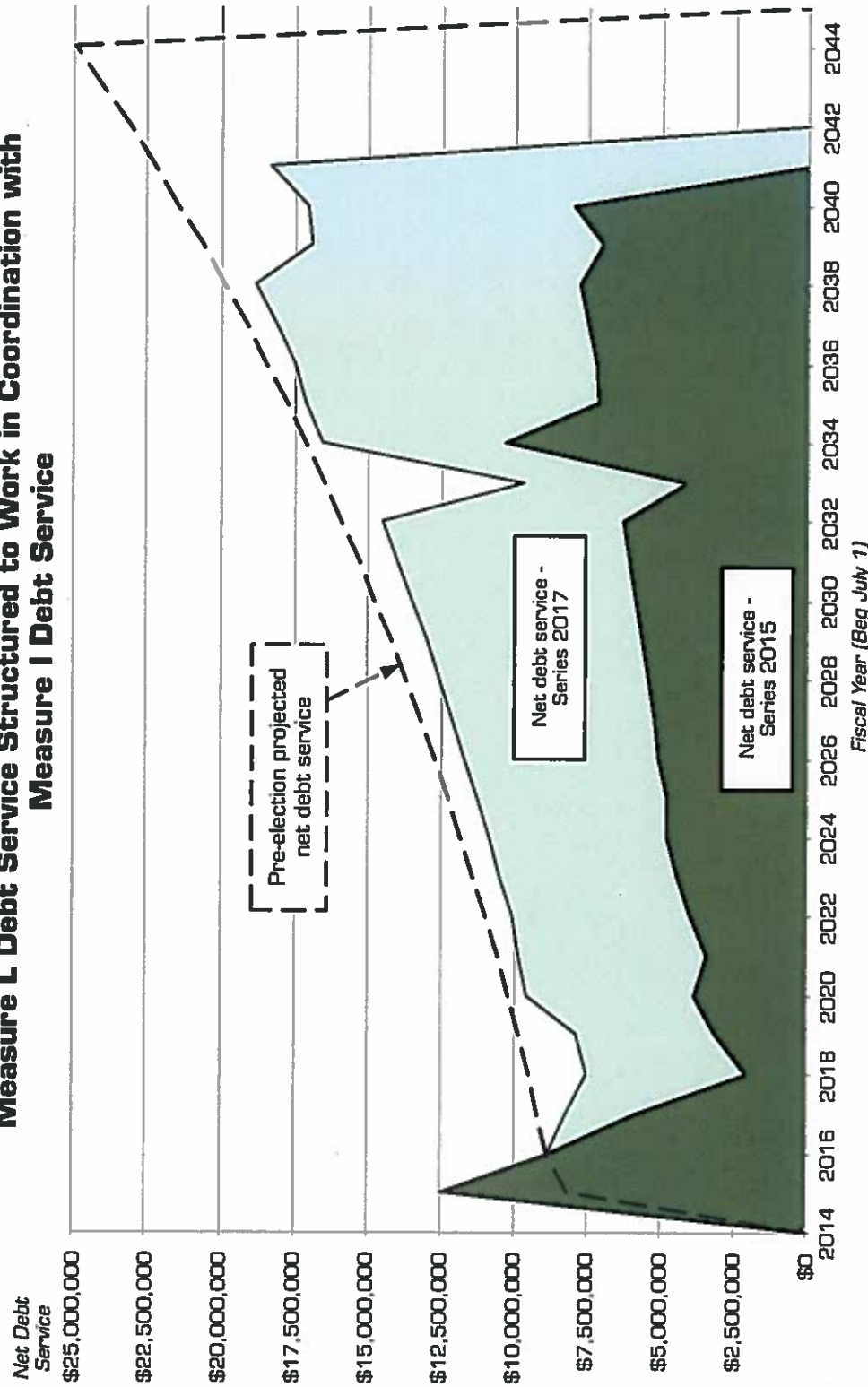


Debt service for existing issuances from Official Statements. Chart does not reflect premium of \$8,446 for Series 2008, & \$3,007,206 for Series 2008 applied to Interest & Sinking Fund for debt service payments.



# Measure L Debt Service Lower & Shorter

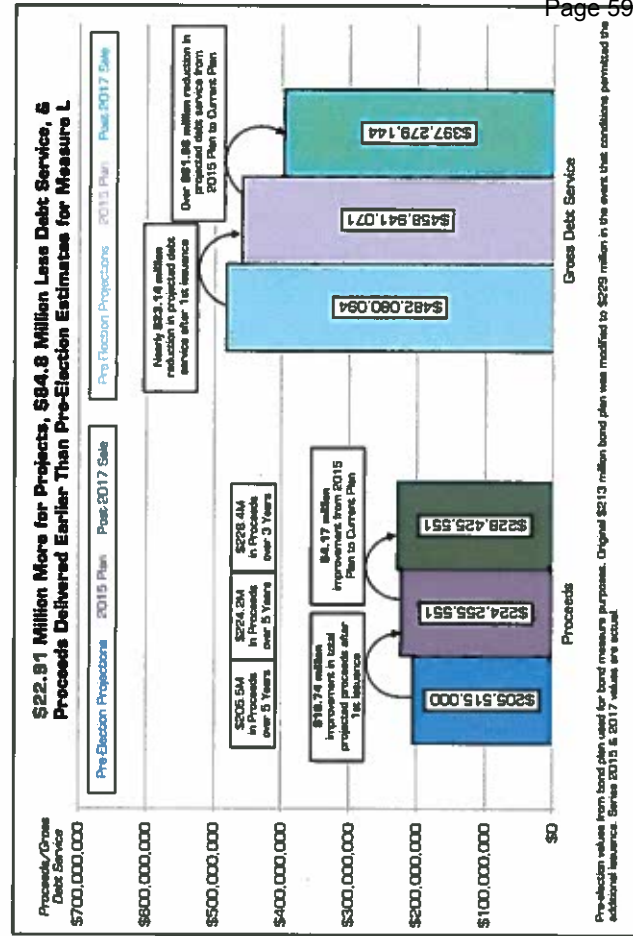
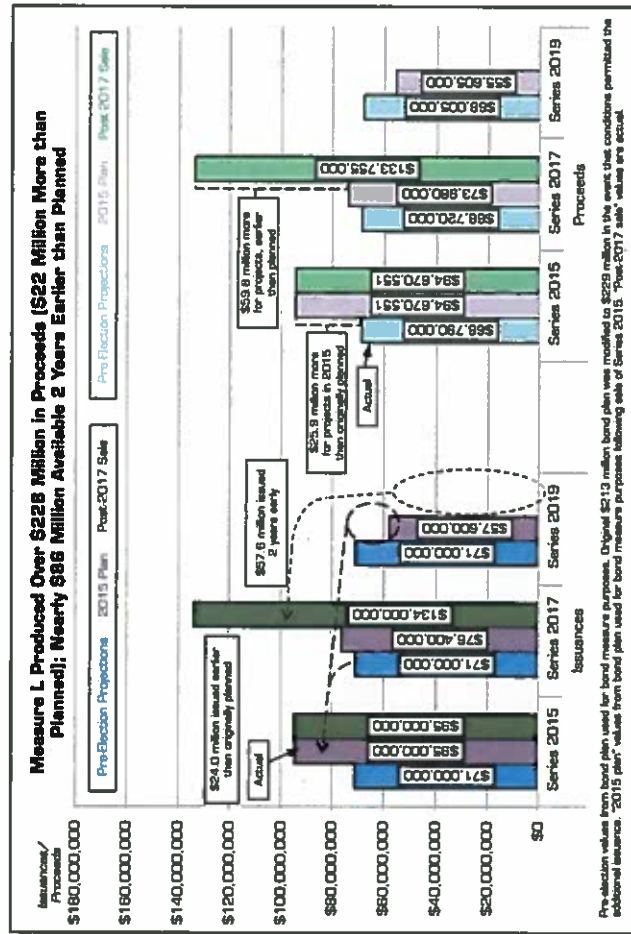
**Measure L Debt Service Structured to Work in Coordination with Measure I Debt Service**



Pre-election net debt service from bond plan used for bond measure purposes. Original \$213 million bond plan was modified to \$229 million in the event that conditions permitted the additional issuance. Net debt service values based on actual debt service and miscellaneous assumed revenues.

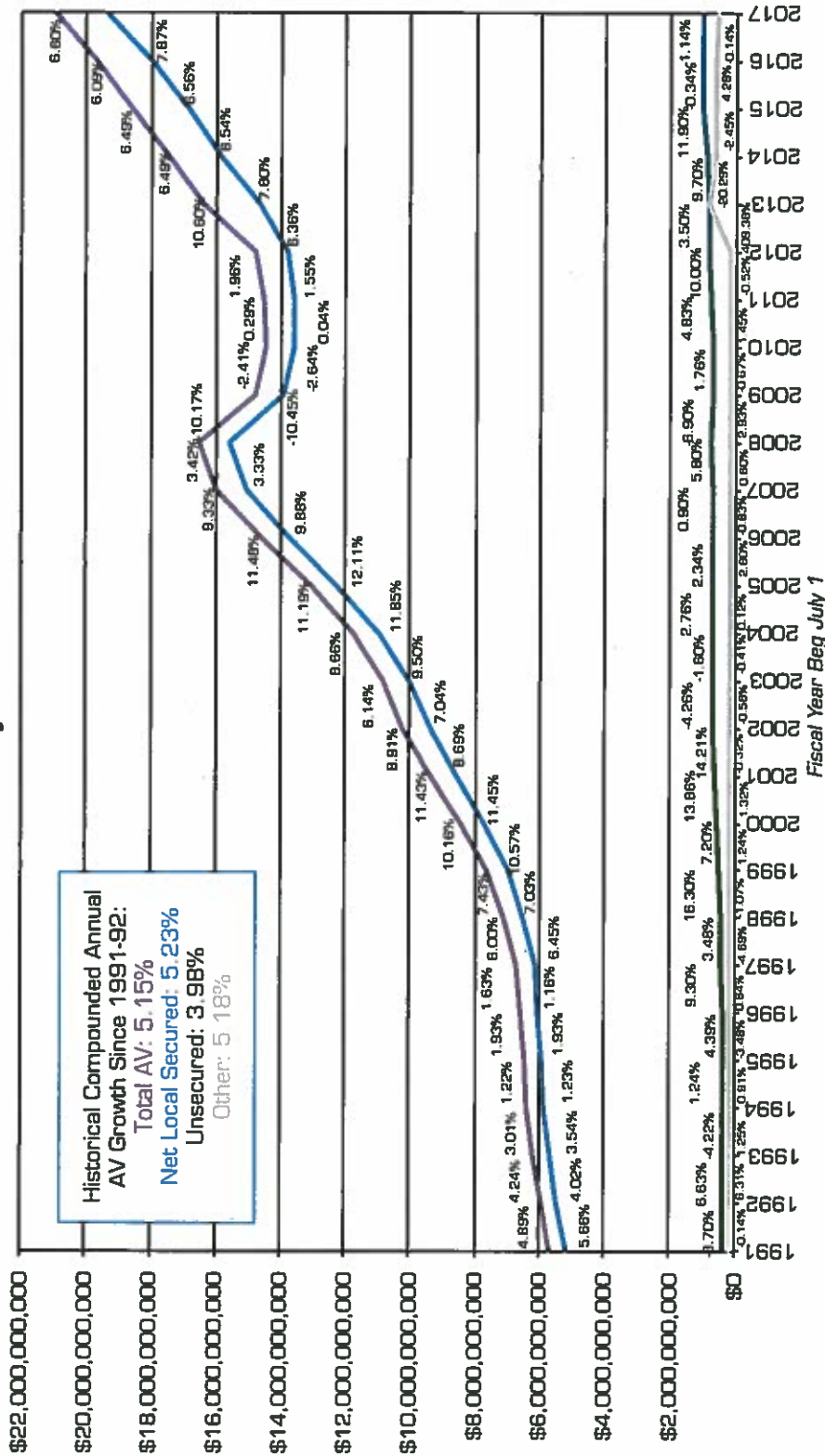


# Measure L: Bigger, Faster, Cheaper



# Assessed Value is Volatile

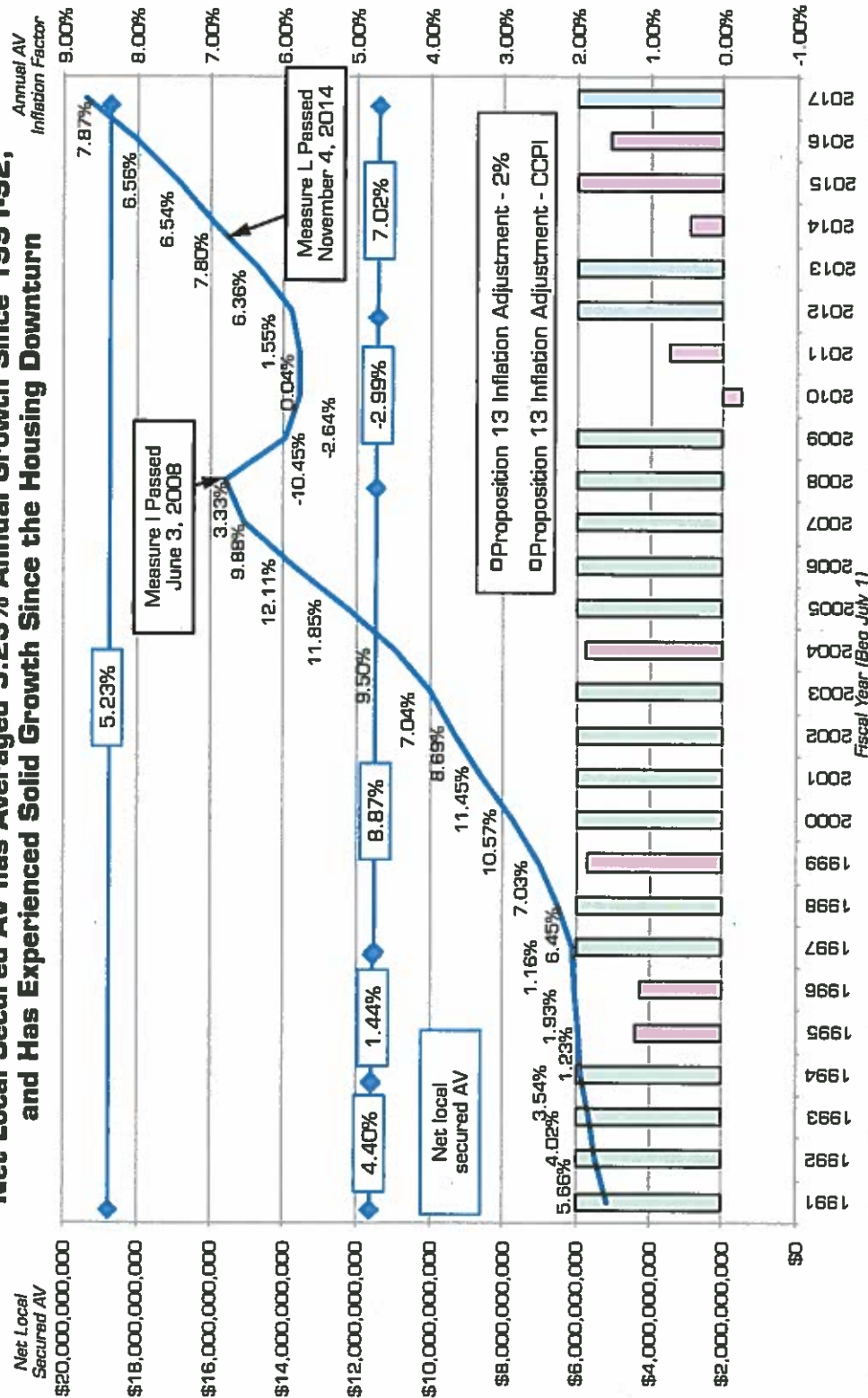
## Growth in District's Assessed Value has Primarily been Driven by Net Local Secured AV



Historic assessed value (AV) provided by the Alameda County Auditor-Controller's Department. The District's total AV is comprised of net local secured, unsecured, & other (comprised of utility & homeowner's exemption). 2012-13 Other AV growth of 409% due to improvements at Russell City Energy Center, a natural gas-fired, combined-cycle electric generating facility that went live summer 2013. Percentages shown are annual changes.

# A Closer Look at Net Local Secured AV

**Net Local Secured AV has Averaged 5.23% Annual Growth Since 1991-92, and Has Experienced Solid Growth Since the Housing Downturn**

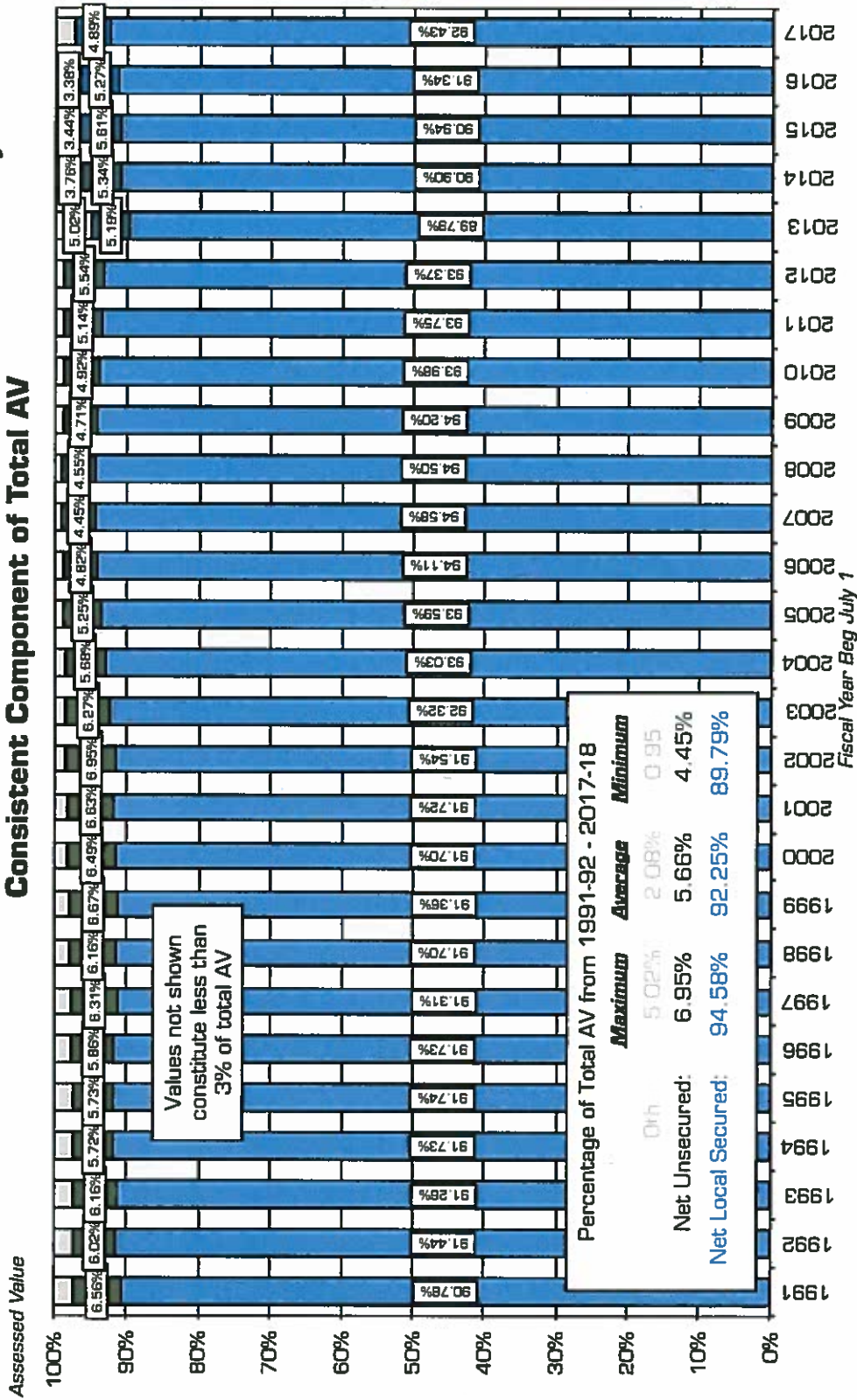


Historic assessed value provided by the Alameda County Auditor-Controller's Office. Historical Proposition 13 related inflation adjustments provided by the California State Board of Equalization. The District's total assessed value is comprised of net local secured, utility, homeowners' exemption, and unsecured values. Since 1991-92, net local secured has annually comprised 80% - 85% of the District's total assessed value. As individually the other components are relatively small and tend to be subject to less predictable volatility, the assessed value analysis focuses on net local secured.



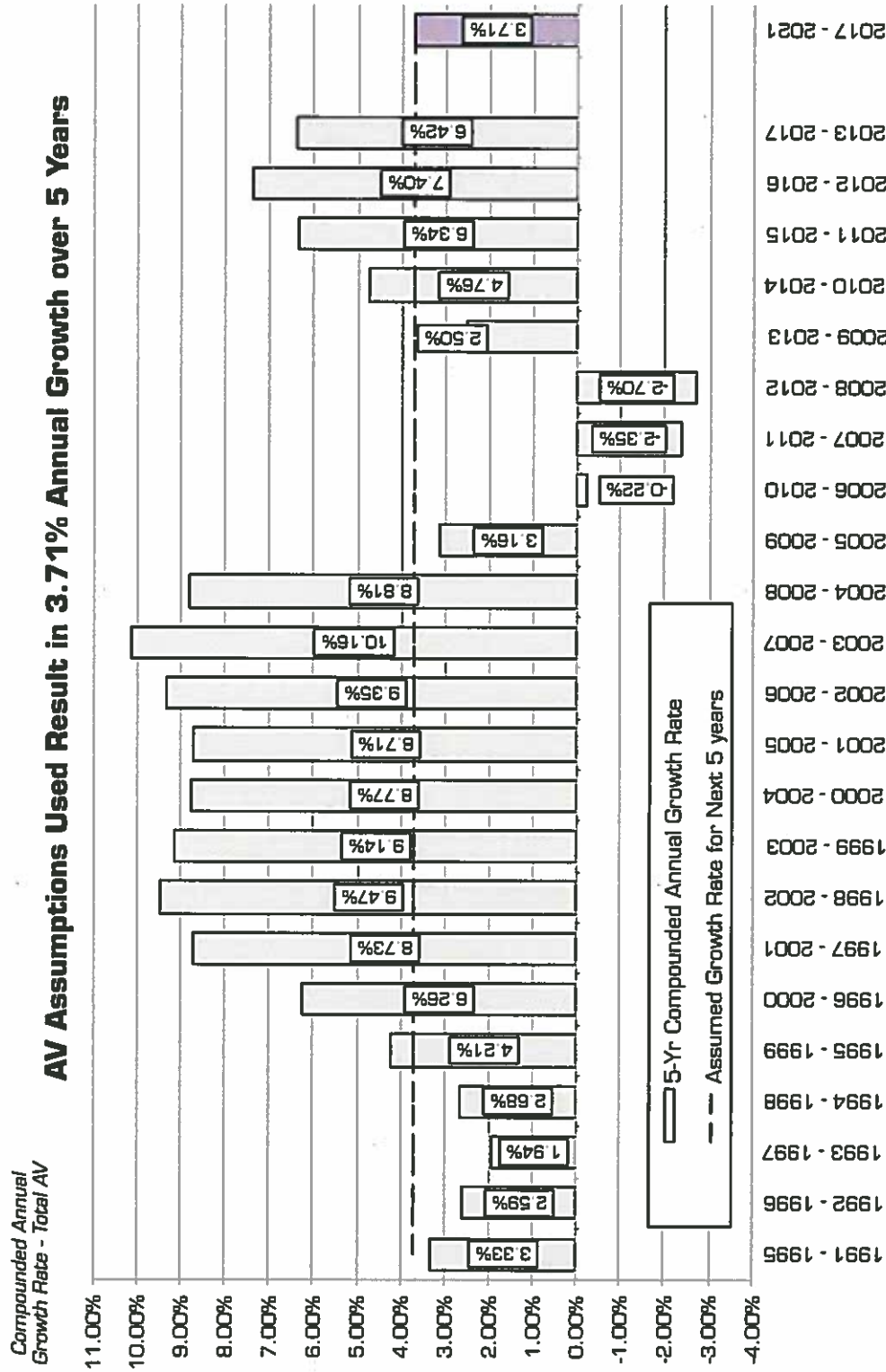
# Most AV is Net Local Secured

Since 1991-92, Net Local Secured AV has Remained a Relatively Consistent Component of Total AV



Historic assessed value (AV) provided by the Alameda County Auditor-Controller's Department. The District's total AV is comprised of net local secured, unsecured, & other (comprised of utility & homeowner's exemption).

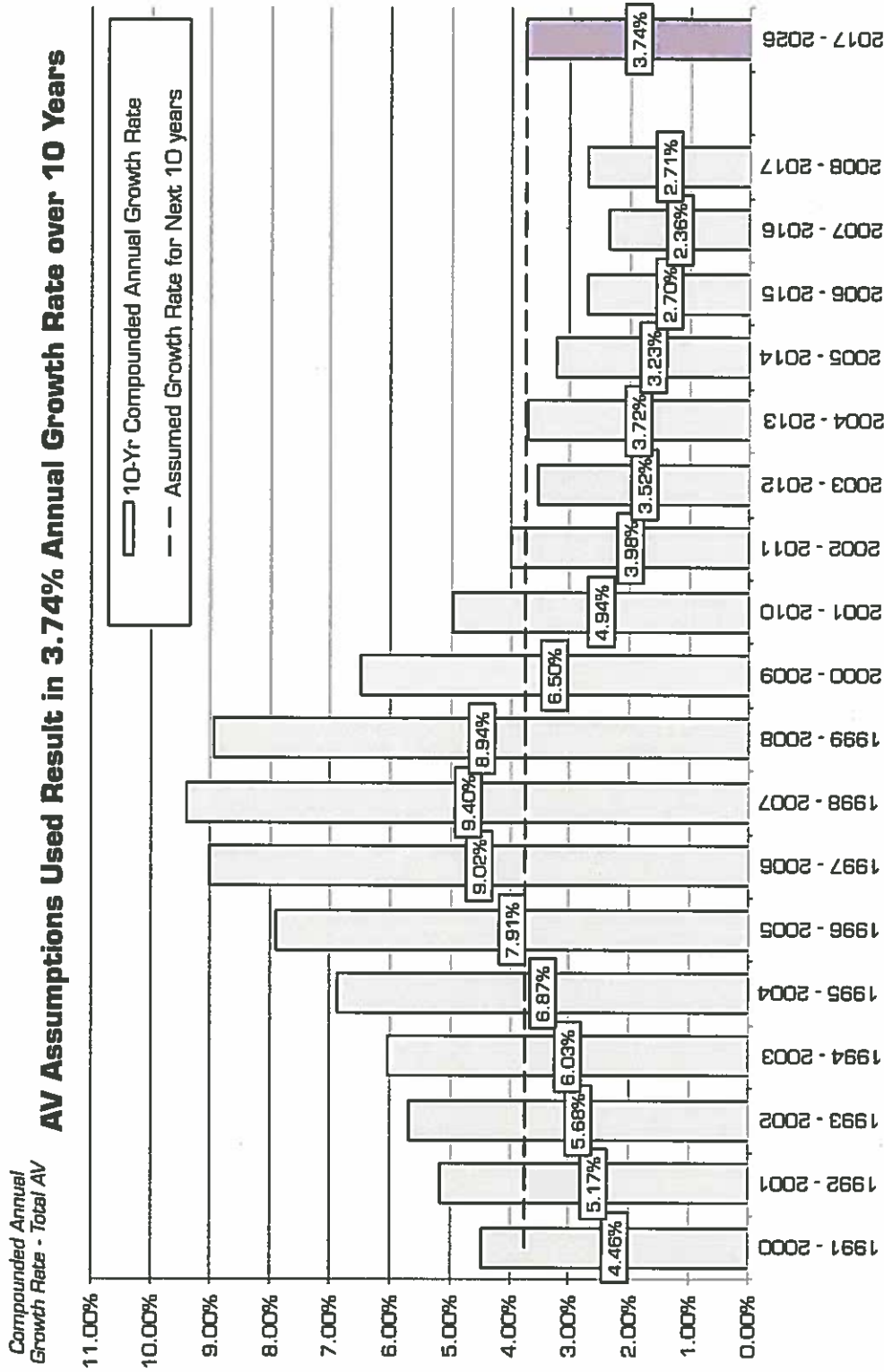
# Historical AV Analysis – 5 Year Periods



Historical data from Alameda County Auditor-Controller's Agency. Net local secured AV is assumed to increase 4% annually, while all other AV types are assumed to remain unchanged.

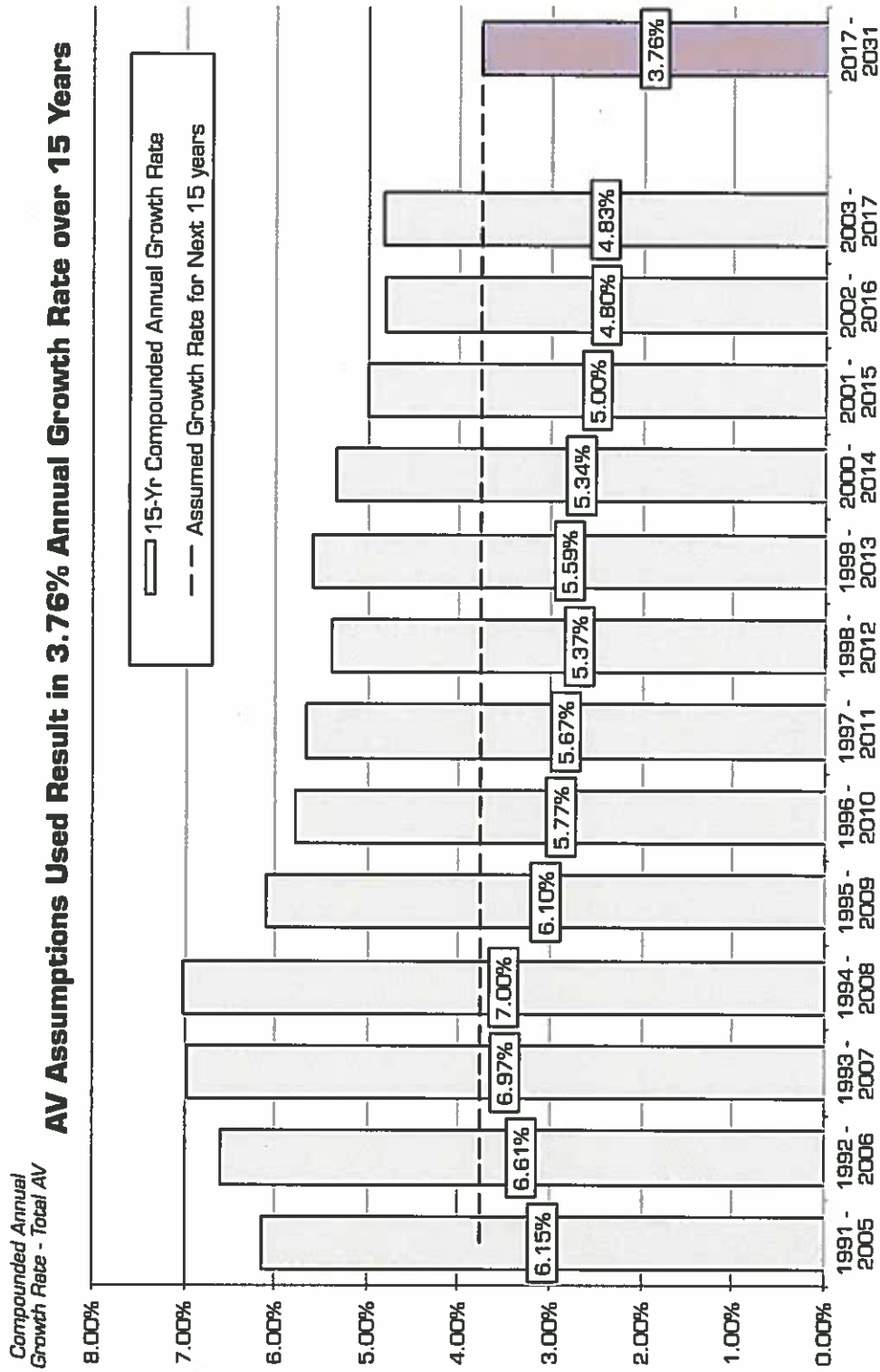


# Historical AV Analysis – 10 Year Periods



Historical data from Alameda County Auditor-Controller's Agency. Net local secured AV is assumed to increase 4% annually, while all other AV types are assumed to remain unchanged.

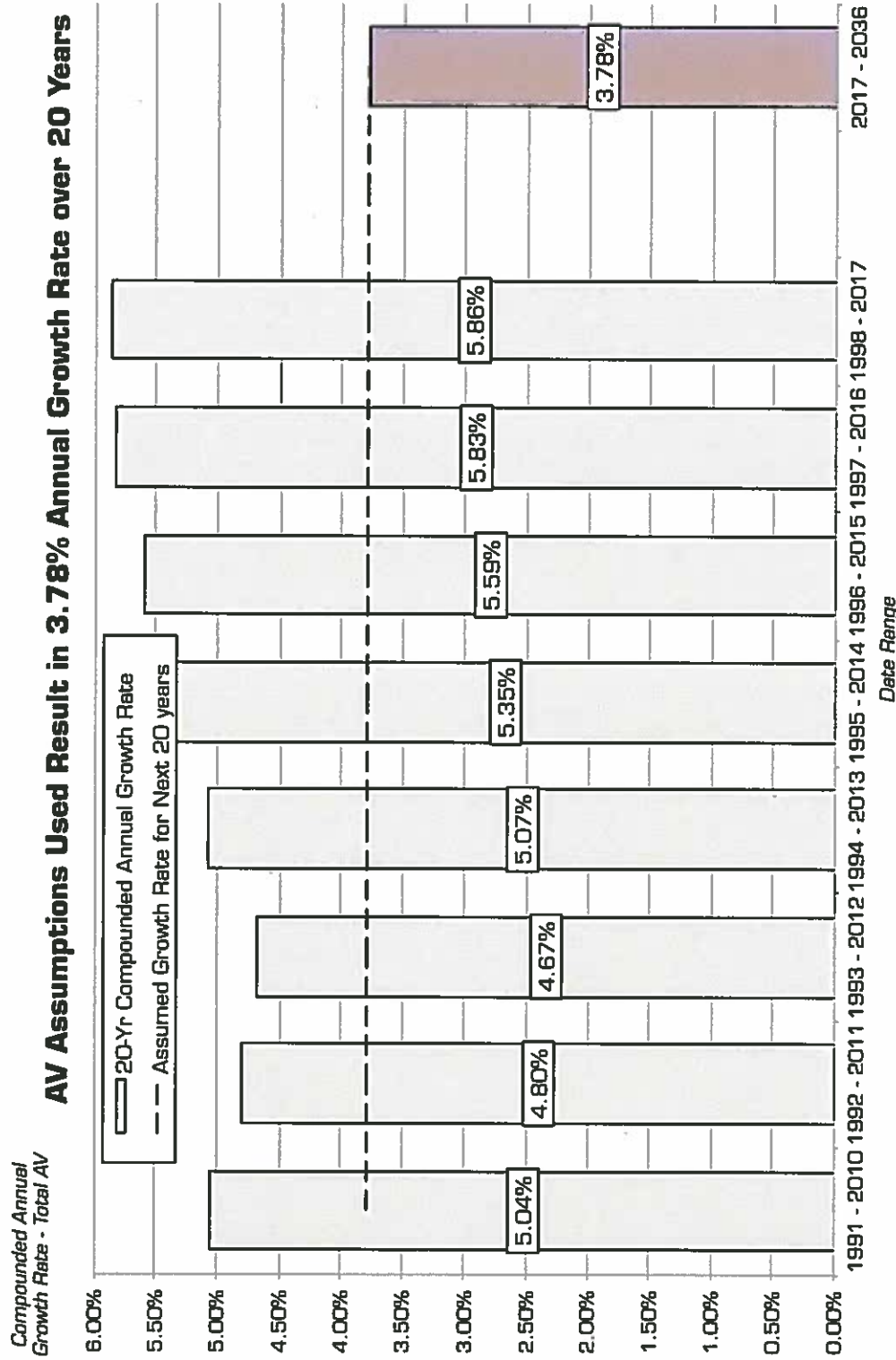
# Historical AV Analysis – 15 Year Periods



Historical data from Alameda County Auditor-Controller's Agency. Net local secured AV is assumed to increase 4% annually, while all other AV types are assumed to remain unchanged.

*Data Range*

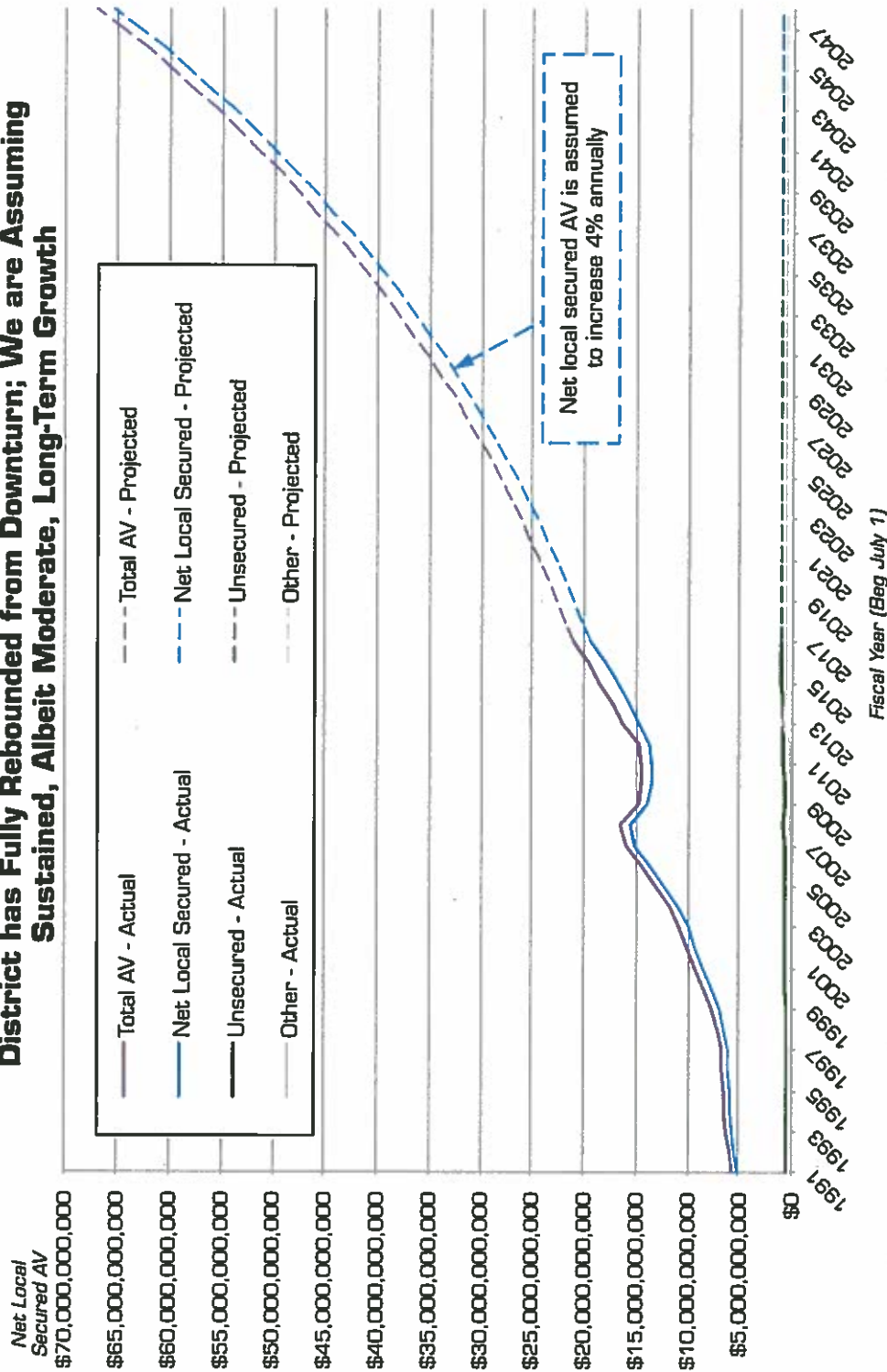
# Historical AV Analysis – 20 Year Periods



Historical data from Alameda County Auditor-Controller's Agency. Net local secured AV is assumed to increase 4% annually, while all other AV types are assumed to remain unchanged.

# Future AV Assumptions

**District has Fully Rebounded from Downturn; We are Assuming Sustained, Albeit Moderate, Long-Term Growth**



# G.O. Bond Tax Rates

- ◆ Bond tax rate  $\approx$  debt service  $\div$  assessed value
- ◆ Each property in the District pays its pro rata share, based on its individual assessed value (not market value)

