

12.23. Approval of Resolution 18-033 for General Obligation Bonds Measure I (2010 Authorization Serial Bonds).

Rationale:

BERKELEY UNIFIED SCHOOL DISTRICT

TO: Donald Evans, Ed.D., Superintendent
FROM: Pauline Follansbee, Assistant Superintendent Business Services
DATE: June 27, 2018
SUBJECT: Approval of Resolution 18-033 for General Obligation Bonds Measure I (2010 Authorization Serial Bonds).

BACKGROUND INFORMATION:

On November 7, 2010, voters approved bond Measure I for the amount of \$210 million. The proceeds from Measure I is to be used for certain projects to construct new classrooms for growth, complete seismic upgrades, construct science labs, upgrade computers and education technology, renovate playgrounds, replace restrooms, cafeterias, roofs, heating, heating and fire safety systems, remove hazardous materials and improve energy efficiency.

The funds for Measure I will be collected through local property taxes over the years of the bond. The tax rate to the voters will continue to mirror the rates of prior measures and will hold to the District's promise to not exceed the highest rate of \$172.80 per \$100,000 of the assessed valuation that occurred in 2003/04.

In order for the District to have upfront funds available to begin and complete projects, the District periodically sells bonds on the Municipal Bond Market up to the amount established in the measure.

The District has reviewed and has updated its Measure I expenditure plan several times this year. The last such plan reviewed by the Board was on June 13, 2018. In order to accomplish the projects reviewed and approved by the Board, BUSD must issue the remainder of the bonds. A cash flow plan has been prepared by staff and reviewed by KNN, the District's financial advisor.

The issuance of \$85,000,000 of Measure I bonds will put the tax burden of all Measure I bonds in the low \$50 per \$100,000 of assessed valuation which is below the \$60 per \$100,000 of assessed valuation maximum required by these types of bonds. It will also place the tax burden for all BUSD bonds (A, AA and I) in the low \$140 per \$100,000 of assessed valuation which is below the \$172.80 per \$100,000 of assessed valuation which the Board committed to stay below in 2010.

FISCAL IMPACT:

There is no direct impact on the District's general funds. Proceeds in the amount of \$85 million par amount of bonds plus an estimated net premium (gross premium less underwriting discount) of \$693,404 will be deposited in estimated amounts of \$84,690,500 to

the Building Fund, \$693,404 to the Interest and Sinking Fund held by the County Treasurer for bond interest payment and \$309,500 to the Costs of Issuance Account held and disbursed by the paying agent of the bonds.

RECOMMENDATION:

Approve resolution 18-033