SAN LEANDRO UNIFIED SCHOOL DISTRICT

INSTRUCTIONS FOR PLACING BOND RESOLUTION ON DISTRICT AGENDA OF MARCH 14, 2017

Summary of Action Items for March 14, 2017 Agenda

1. Action Item: RESOLUTION NO. 17-12: Consideration of "RESOLUTION OF THE BOARD OF EDUCATION OF THE SAN LEANDRO UNIFIED SCHOOL DISTRICT AUTHORIZING THE ISSUANCE AND SALE OF GENERAL OBLIGATION BONDS, ELECTION OF 2016, SERIES A, IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED $47,500,000 AND APPROVING ALL RELATED DOCUMENTS AND ACTIONS."

1. Action Item: RESOLUTION NO. 17-14: Consideration of "RESOLUTION OF THE BOARD OF EDUCATION OF THE SAN LEANDRO UNIFIED SCHOOL DISTRICT AUTHORIZING THE ISSUANCE AND SALE OF 2017 REFUNDING GENERAL OBLIGATION BONDS IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED $30,000,000 TO REFUND OUTSTANDING GENERAL OBLIGATION BONDS AND APPROVING RELATED DOCUMENTS AND ACTIONS."

[Note: The Resolutions must be included as separate items of business on the agenda (not as a consent item), and may be approved upon a majority vote.]

EXAMPLE REPORT TO THE BOARD:

Background:

New Bond Projects. Measure J1 was successful at the November 8, 2016 Bond Election, authorizing the District to issue up to $104 million in GO Bonds to finance voter-approved school facility projects. Resolution 17-12 authorizes the issuance of a first series of bonds for new projects in an amount up to $47.5 million. The Bonds will be traditional, tax-exempt, current interest bonds (no capital appreciation bonds) that mature and bear interest within legal limits. The Bonds are proposed to be sold on a negotiated basis to the investment banking firm of Piper Jaffray.

Refinancing. The District has previously issued voter-approved general obligation bonds which are secured by *ad valorem* property taxes in order to finance capital improvements to its school facilities. Bonds previously issued include the District's Election of 2006, Series A Bonds and its 2007 Refunding Bonds, which were both issued on March 7, 2007 (together, the "2007 Bonds"). Portions of the 2007 Bonds were refinanced in 2016 to achieve taxpayer savings. The District has been advised that due to favorable interest rates which currently are available in the municipal bond market, the District can realize interest rate savings by refinancing the remaining portions of the 2007 Bonds with proceeds of 2017 Refunding GO Bonds. Resolution 17-14 authorizes the issuance of 2017 Refunding Bonds, and interest rate savings will be passed on to property tax payers by way of lower tax rates. The Bonds are proposed to be sold on a negotiated basis to the investment banking firm of Piper Jaffray.

Documents Authorized:

Upon adoption, the Resolutions authorize District officials to proceed with the financings and bring into final form and execute the following documents, drafts of which will be made available to Board members prior to the date that resolutions are considered:

(1) Official Statement: The Preliminary Official Statement (the "POS") is the document that will be printed and circulated to potential investors in the proposed Bonds. The POS serves as the disclosure document to investors, and the District's responsibilities under federal securities law is to ensure the POS does not include an material misstatements or omissions. The POS has been prepared to include the type of information meeting industry standards for GO bonds disclosures. It describes the terms of the bonds (principal maturity amounts and dates, interest payment dates), and the security for the bonds (*ad valorem* taxes levied and collected in the District in a sufficient amount to pay debt service coming due in each fiscal year on the Bonds), describes the District's tax base, and also presents District financial information to provide an investor with information regarding the District's overall financial health. The Resolutions delegate authority to the District's staff to continue to work with the financing team to make changes to the POS following approval but before the Preliminary Official Statement is printed and distributed to investors, to ensure that it is accurate.

(2) Bond Purchase Agreement. This document sets forth all of the terms of the sale of the Bonds to the bond underwriting firm of Piper Jaffray. The sale must occur within the parameters of law and the resolutions.

(3) Escrow Agreement. This document governs the deposit of the Refunding Bond proceeds into an escrow fund, to be used to pay off the 2007 Bonds to be refunded.

(4) Continuing Disclosure Certificate. Under the Resolution, the District covenants to comply with all of the terms of the Continuing Disclosure Certificate, which is attached to the POS as Appendix E and will be signed upon the delivery of the Bonds. Under this agreement, which is required under Federal securities laws, the District must (1) annually (by March 31 of each year) file certain information with the Securities Rulemaking Board, consisting generally of the District's annual financial statements, and (2) report certain significant events that might occur over the terms of the Bonds, such as a rating change or a delinquent payment. This reporting obligation extends until the Bonds are paid in full, or otherwise refunded or defeased.