

School Facilities Finance

An Overview for
Forestville Union
School District

January 2022



EASTSHORE CONSULTING

FINANCIAL ADVISORY & FACILITIES PLANNING · FISCAL CONSULTING · ELECTION STRATEGIES & PUBLIC RELATIONS

Introduction

- In addition to the responsibility of day-to-day educational services which school districts provide, they are also charged with building and maintaining the public infrastructure for education *as well as* the broader community
- Even without other challenges, total costs to meet facilities needs for any district can be many millions (or tens of millions) of dollars, exceeding available General Fund resources
- Rarely is there a single funding source for any one project and often it takes federal, State and local money to reach completion
- It is important for districts to seek every source to make the most of a community's investment and maximize project funding
- Frequently, local funding sources involve voter-approved General Obligation (GO) Bonds, adding yet another role to the bevy of districts' functions
- This presentation provides an overview of raising local facility funding through GO Bonds and other sources to achieve as much of a district's facility vision as possible



Revenue Measure History – Forestville Union School District

Election Date	Type of Election	Bond / Parcel Tax Amount	Projected Tax Rate	Result	Approval Percentage
June 1993	Parcel Tax	\$39 / parcel for 5 yrs	N/A	Win	N/A
Nov. 2001	Prop. 46 Bond	\$5.1 Million	\$26.50 per \$100,000 of AV	Win	71.1%
March 2005	Parcel Tax	Renewal & Increase to \$76.34 / parcel for 8 Yrs	N/A	Loss	63.0%
Nov. 2010	Prop. 39 Bond	\$5.1 Million	\$25 per \$100,000 of AV	Win	66.1%

First Steps & Different Kinds of Bonds

- As a district begins to contemplate significant facilities improvements and a bond, a number of general steps should occur:
 - Vision – It all starts with identifying a project, be it individual classrooms, an entire campus or districtwide improvements derived from a needs assessment or full Facilities Master Plan (FMP)
 - Budgeting – Once project goals are identified, a prioritized budget can be developed so that there is a clear sense of what the vision may cost
 - Planning – Capital projects take foresight to achieve and financing should be thoroughly planned before multi-million dollar commitments are made
- More often than not, the plan will require funding which exceeds what a district can support from other sources, and it becomes necessary to ask the community for an investment
- Community funding for schools is often obtained through taxes which support bonds, including:
 - GO Bonds which can be approved under Prop. 39 with 55% support, with requirements that maximum tax rates are not exceeded, a detailed project list is provided to voters, a citizens' oversight committee is assembled, and that the election is held on a 'regularly scheduled' date
 - Assessment, Mello-Roos, Prop. 46 GO Bonds, and Other Taxes, which typically require 66.67% approval and may be more limited in use
- Most often, the lower approval rate leads to the Prop. 39 GO Bond route



Prior Bonds – Forestville Union School District

Election of 2001 - Measure E

Series	Tax-Status	Dated Date	Original Issue Amount	Outstanding Principal	Redemption Date	Redeemable Amount
Series 2002	Tax Exempt	5/7/2002	\$ 3,000,000	\$ -	8/1/2010	\$ -
Series 2005	Tax Exempt	8/2/2005	1,099,588	525,171	N/A	-
Series 2006	Tax Exempt	11/16/2006	1,000,358	-	N/A	-
Total Election of 2001			<u>\$ 5,099,947</u>	<u>\$ 525,171</u>		<u>\$ -</u>

Election of 2010 - Measure K

Series	Tax-Status	Dated Date	Original Issue Amount	Outstanding Principal	Redemption Date	Redeemable Amount
Series 2011	Tax Exempt	6/23/2011	\$ 3,000,000	\$ -	8/1/2021	\$ -
Series 2012	Tax Exempt	4/26/2012	2,099,309	2,088,487	8/1/2022	1,810,000
Total Election of 2002			<u>\$ 5,099,309</u>	<u>\$ 2,088,487</u>		<u>\$ 1,810,000</u>

General Obligation Refunding Bonds

Series	Tax-Status	Dated Date	Original Issue Amount	Outstanding Principal	Redemption Date	Redeemable Amount
2011 GO Refunding	Tax Exempt	9/1/2011	\$ 1,070,000	\$ -	8/1/2021	\$ -
2017 GO Refunding	Tax Exempt	10/31/2017	4,075,000	3,885,000	8/1/2027	2,150,000
Total GO Refunding Bonds			<u>\$ 5,145,000</u>	<u>\$ 3,885,000</u>		<u>\$ 2,150,000</u>

Competing Goals

- The use of bonds in combination with other established funding alternatives for capital projects will help complete the largest number of improvements possible
- Often this puts districts in a position of needing to satisfy the competing goals of raising more for projects, keeping taxes low, and getting the ‘best deal’ on any bonds by obtaining lower interest rates
 - State Matching funds for facilities may be enhanced by obtaining more local funding, but often this requires the issuance of more debt
 - Issuance of more debt may not align with policy goals to levy a lower tax rate and require repayments to take longer at higher interest rates
 - The desire for lower interest rates on the bonds may entice unrealistic growth projections to allow for quicker repayment – but also result in higher taxes
- Districts and their teams must balance competing goals to arrive at a program which meets both the financial and political needs of the broader community (as well as potential construction cash flow requirements)
- Also, districts should not be afraid to make debt policies more robust (e.g. prohibiting capital appreciation bonds, otherwise known as “CABs”)
- Such policies can guide bond program design prior to entering into long-term commitments – which, if poorly planned and structured, could cause financial harm to a district and its community for many years



New Bond Program Options – Forestville Union School District

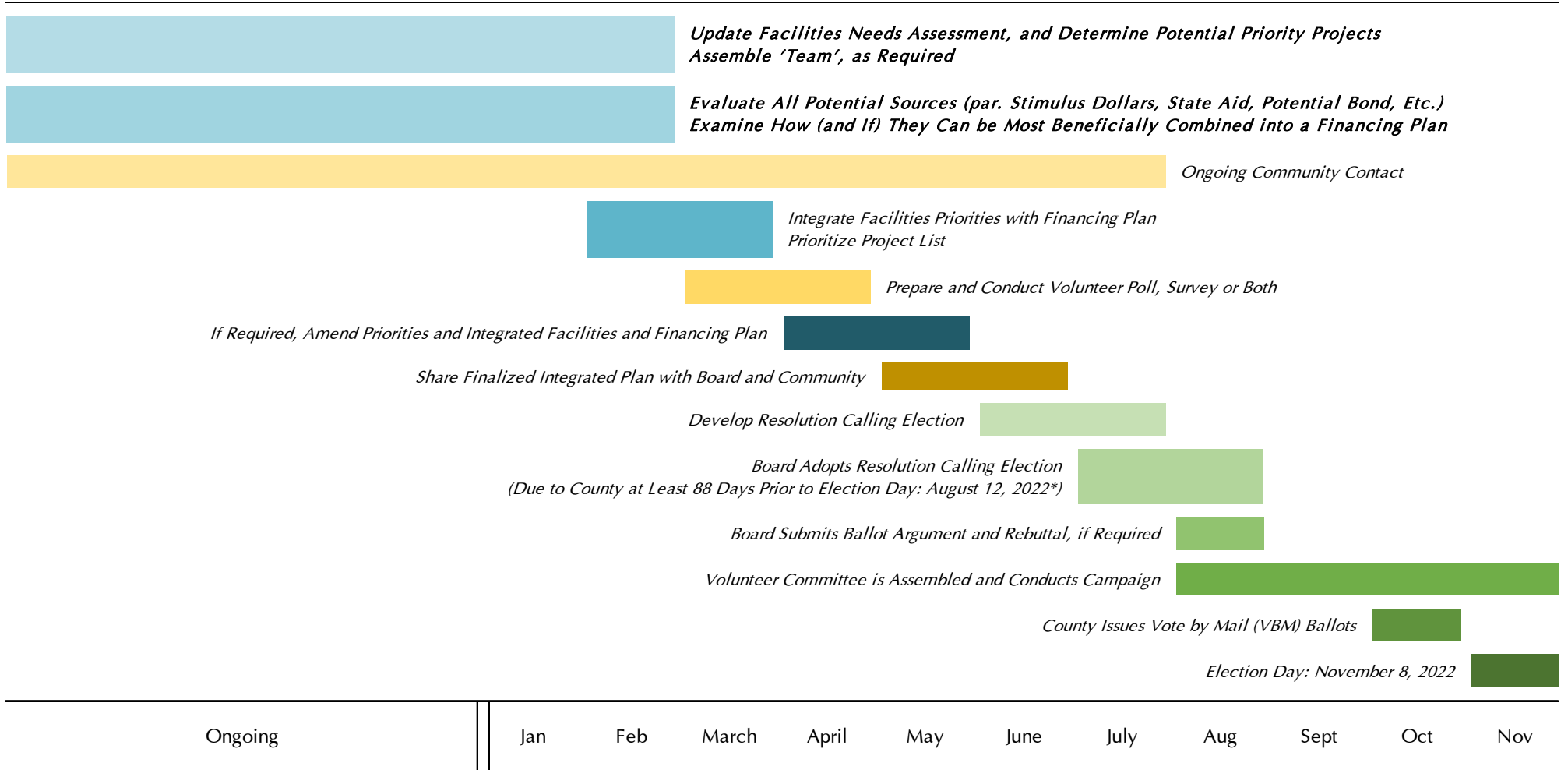
Tax Rate Target	Program Type	Max New Election Tax Rate	Estimate Authorization Size	Projected Repayment Ratio	Final Maturity	Average Combined Rate	Maximum Combined Tax Rate
\$ 15.00	Stand-Alone Program	\$ 15.00	\$ 5,435,000	1.73 to 1	2049-50	\$ 35.29	\$ 56.93
30.00	Stand-Alone Program	30.00	10,885,000	1.74 to 1	2049-50	50.29	72.52
60.00	Combined Rate Extension Plus	30.00	8,290,000	1.56 to 1	2046-47	46.94	60.83
60.00	Combined Rate Extension Plus after Refunding	30.00	8,950,000	1.6 to 1	2046-47	47.57	60.03

The GO Bond Process

- A GO Bond is a municipal debt instrument for funding construction of public infrastructure, and requires voter approval to levy a property tax for its repayment
- While there are two statutory options in California for how a district can pursue a GO Bond (the most common being “Prop. 39”), both require a similar overall process with many overlapping steps, including:
 - Selecting a team
 - Assessing financial feasibility and evaluating all potential options
 - Assessing political feasibility and gaining community input
 - Developing, refining and finalizing an overall plan
 - District Board calling an election
 - Volunteer Campaign Committee conducting a campaign in support of the measure
 - Election being successful
 - Selling the Bonds
 - Everything else (applying for and obtaining State Aid and other funding sources, construction, bond repayments, regulatory reporting, subsequent series of bonds, etc.)
- A typical GO Bond program will issue multiple “series” over time to obtain the total amount authorized by voters, each with repayment over a term as long as 40 years (a commitment which will outlast your tenure)



POTENTIAL Facilities Needs, Community Outreach and GO Bond Election Timeline: November 8, 2022
 (Forestville Union School District)



*State law requires that the resolutions calling school bond elections be submitted to the County Registrar of Voters at least 88 days prior to the election date (E-88). However, certain counties require the resolution well in advance of E-88, and Sonoma County should be consulted the moment the District 'officially' begins considering a bond.

Ideal Overall Timeline for Forestville

- In both 2001 and 2010, the District *was* successful in earning the trust of the community and local voters approved \$5.1 million in bonds in each of those elections
- The District leveraged these bonds against other sources to complete many important projects at your campus
- However, many facilities needs remain or have been identified since, and other projects (i.e. solar) may be more advantageous if included in a new bond
- In addition, COVID-recovery funding may enhance what can be achieved – and State Aid (including TK facilities grant funding) could again provide a substantial ‘slice of the pie’ in the years to come
- As such, the time may *now* be right to consider a new election
- But if the Board would like to initiate the broader facilities process, cost estimates and priorities should be determined – and then refined
- The District should have a full needs assessment to be well-prepared to ‘ask’ the community once again – though that is likely a relatively straightforward process given it’s just one campus and Counterpoint may already be in a position to merely update their existing review
- The District should also renew efforts to reach out and gauge community support for investing in the District’s vision throughout the rest of this school year (*post-omicron* surge), further specifying priorities that will eventually become the bond project list
- This will allow the District to extensively gather feedback, further shaping the Board’s vision and a bond measure prior to the deadline to call an election next year (likely August 2022)



Selecting a Team

- A team of consultants* should be assembled, and utilize its combined expertise to help meet as many needs as possible – while remaining responsible and politically viable
- Just like in prior attempts, the team integrates an understanding of actual facilities needs, the School Facilities Program in Sacramento, bond markets, legal requirements, the legislative environment and local politics to provide options that achieve your goals
- An Architect or construction firm (like Counterpoint) will assist in the assessment of needs, determining project scope, preliminary cost estimates and potential construction timelines
- Another consultant should help determine State Aid eligibility and navigate Sacramento bureaucracy to ensure the District receives its fair share of State facilities funding
- On bond and other financial matters, a Municipal Advisor (like us at Eastshore) will design easy to understand, conservative financing plans – based upon a firm grasp of your tax base and existing debt to ensure promises made to voters are kept – while integrating all potential funding sources to meet potential construction cash flow needs
- A Bond Counsel will be required on legal matters such as review of informational materials and preparation of the resolution to call the election
- Given a recent AG Opinion, it may also be advisable (but not required) to hire a Political Consultant to help share the plan with the community, conduct a poll or survey, and potentially work with a volunteer campaign committee, should volunteers desire assistance
- When contacting individual voters, local businesses, or civic organizations, the *entire* team assists the District through the process of community outreach
- If it makes sense to call an election, the *entire* team guides the District through the process

**A summary of estimated 'pre-election' planning costs, many of which may already have been incurred, is included in the Appendix to this presentation.*



Forestville Union School District – Tax Base

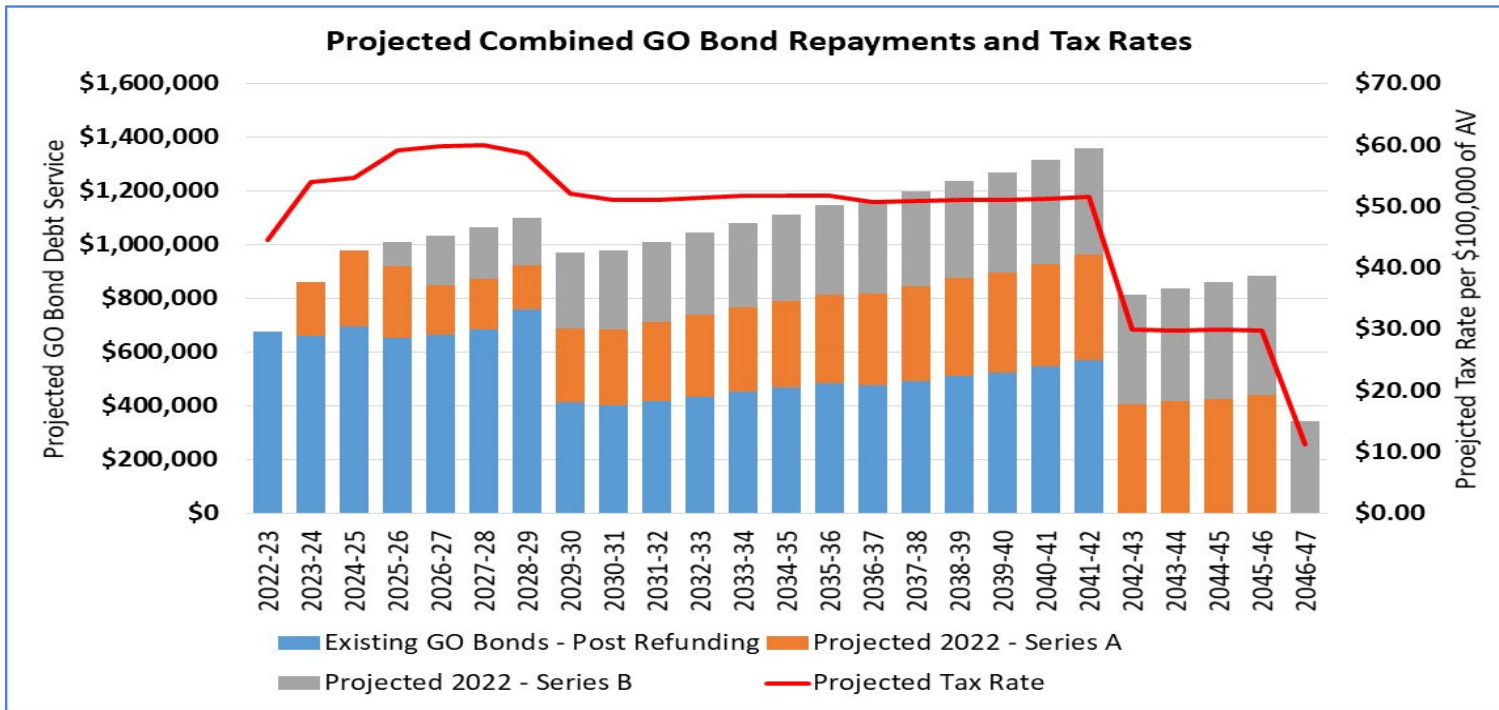
Year	Local Secured	Utility	Total Secured	Unsecured	Total Assessed Value	Growth Rate	Fiscal Year	Combined GO Bond Tax Rate per \$100,000 of Assessed Value	
2000-01	\$ 472,380,656	\$ -	\$ 472,380,656	\$ 11,672,617	\$ 484,053,273	8.00%	2001-02	\$0.00	
2001-02	524,473,171	-	524,473,171	14,300,118	538,773,289	11.30%	2002-03	\$26.20	
2002-03	573,793,557	-	573,793,557	14,346,435	588,139,992	9.16%	2003-04	\$26.20	
2003-04	625,682,136	-	625,682,136	16,599,991	642,282,127	9.21%	2004-05	\$26.20	
2004-05	661,307,474	-	661,307,474	17,468,414	678,775,888	5.68%	2005-06	\$37.00	
2005-06	727,573,481	-	727,573,481	18,916,620	746,490,101	9.98%	2006-07	\$37.00	
2006-07	800,976,316	-	800,976,316	19,602,574	820,578,890	9.92%	2007-08	\$32.00	
2007-08	880,555,032	-	880,555,032	22,004,786	902,559,818	9.99%	2008-09	\$32.00	
2008-09	927,160,085	-	927,160,085	21,785,256	948,945,341	5.14%	2009-10	\$32.00	
2009-10	921,268,385	-	921,268,385	22,751,543	944,019,928	-0.52%	2010-11	\$32.00	
2010-11	905,729,775	-	905,729,775	23,270,448	929,000,223	-1.59%	2011-12	\$63.30	
2011-12	900,940,583	-	900,940,583	23,390,940	924,331,523	-0.50%	2012-13	\$66.90	
2012-13	900,382,109	-	900,382,109	25,760,097	926,142,206	0.20%	2013-14	\$66.90	
2013-14	927,602,756	-	927,602,756	24,110,576	951,713,332	2.76%	2014-15	\$66.50	
2014-15	999,791,741	-	999,791,741	25,437,054	1,025,228,795	7.72%	2015-16	\$65.00	
2015-16	1,071,561,836	-	1,071,561,836	27,333,400	1,098,895,236	7.19%	2016-17	\$63.00	
2016-17	1,140,772,356	-	1,140,772,356	29,488,237	1,170,260,593	6.49%	2017-18	\$61.00	
2017-18	1,203,413,045	-	1,203,413,045	30,085,425	1,233,498,470	5.40%	2018-19	\$53.00	
2018-19	1,272,333,266	-	1,272,333,266	31,401,303	1,303,734,569	5.69%	2019-20	\$47.00	
2019-20	1,340,424,985	-	1,340,424,985	35,042,136	1,375,467,121	5.50%	2020-21	\$45.00	
2020-21	1,401,237,081	-	1,401,237,081	36,470,798	1,437,707,879	4.53%	2021-22	\$54.00	
2021-22	1,442,333,898	-	1,442,333,898	36,832,201	1,479,166,099	2.88%			
Five Year Average Growth Rate							4.80%		
Ten Year Average Growth Rate							4.84%		
Twenty Year Average Growth Rate							5.24%		
<p><i>*Of note, Forestville Union's Bonding Capacity Limit is defined by statute as 1.25% of the District's total assessed value, minus principal on all bonds outstanding (as displayed in the table to the right). The 'bond cap' does not directly correlate with what the District can raise with a single bond measure, which is much more frequently capped by the maximum projected tax rate allowed by Prop. 39 for unified school districts (\$30 per \$100,000 of assessed value). Generally, the 'bond cap' is only a matter of concern for the second or third bond authorization a district has recently approved, when the total principal outstanding approaches the capacity limit.</i></p>									
FORESTVILLE UNION ELEMENTARY SD									
Bonding Capacity Limit - October 1, 2021									
Secured Assessed Value							\$	1,442,333,898	
Unsecured Assessed Value								36,832,201	
Total Assessed Value							\$	1,479,166,099	
Bond Capacity Limit %								1.25%	
Bond Capacity Limit							\$	18,489,576	
Less: Outstanding Bonds								6,498,658	
Currently Available Bond Capacity							\$	11,990,918	

Financial Feasibility

- GO Bonds are tied to the District's taxable property values, or Assessed Value (AV)
- Limitations on outstanding bond balances are directly correlated to AV and tax rates are inversely correlated with AV; as such, it is important to have a good understanding of the tax base and projected future growth trends
- To ensure promises made to voters are kept, it is *always* important to plan conservatively
- While there is often an urge to 'push' projected tax base growth in order to garner more funding, if limitations are exceeded, the ability to issue added bonds and complete projects is in jeopardy – and promises made to the community may be broken
- State law limits non-unified school districts' outstanding tax supported bond balances ("Bond Capacity") to no more than 1.25% of AV; the District has modest outstanding debt from the 2001 and 2010 authorizations and now has a net bonding capacity of nearly \$12 million
- With respect to any Prop. 39 GO Bond authorization, projected taxes are also limited by State law to no more than \$30 per \$100,000 of AV for non-unified school districts
- Based upon our initial review, the District could likely raise as much as approximately \$11 million with a single new bond measure utilizing two 25-year bond series – though seeking a more modest amount may prove advisable
- Given the approaching maturity of the 2001 bonds, a 'tax rate extension' may also prove viable *and* advantageous – though it would raise a somewhat smaller total amount
- Regardless, the specific structure of the request should be tailored to specific priorities, construction timing and cashflow needs AS WELL AS community feedback
- The District should also consider implementing 'self-imposed' rules *beyond* normal accountability standards, such as prohibiting costly Capital Appreciation Bonds (CABs) and limiting the total term and maximum cost of the bonds



Tax Rate Extension Option & Refunding Opportunities – Forestville Union School District



GO Refunding Analysis Over Time						
Year	Interest Rate Assumption		Refunding of Election of 2010, Series 2012		Refunding of 2017 GO Refunding Bonds	
			Gross Savings	NPV %	Gross Savings	NPV %
2022	+0.00%	Tax Exempt	\$ 317,984	13.34%		
	+0.25%	Tax Exempt	\$ 268,609	11.12%		
	+0.50%	Tax Exempt	\$ 219,749	8.98%		
	+1.00%	Tax Exempt	\$ 61,169	2.62%		
2025	+0.00%	Taxable			\$ (31,934)	-1.09%
2026	+0.00%	Taxable			\$ 19,585	1.04%
2027	+0.00%	Tax Exempt			\$ 205,150	8.67%

- Does not meet minimum NPV savings guidance

Managing Outstanding Debt

- In the next six months, the District will also have an opportunity to ‘refund’ (or refinance) its Series 2012 GO Bond issuance from the Measure K authorization in 2010
- Under current market conditions, this could decrease the total debt service by up to \$300,000
- Savings could be entirely passed along to taxpayers by reducing future tax rates (and then be widely publicized to further improve the District’s relationship with the broader community)
- Additionally, the reductions in tax rate could help enhance a new ‘tax rate extension’ bond program by providing additional tax rate capacity and raising approximately \$600,000 more for projects
- Whatever the refinancing ultimately achieves, managing the District’s outstanding, tax-supported debt is good public policy and reaffirms the District as a good steward of the community’s investment



Sample Solar Financing – Forestville Union School District

Year	Private Placed Lease Financing*							Private Placed Lease Financing*							
	Projected Savings @ 6% Inflation	Principal	Coupon	Capitalized		Debt Service	Net Savings	Projected Savings @ 4% Inflation	Principal	Coupon	Capitalized		Debt Service	Net Savings	
				Interest	Interest						Interest	Interest			
2022	\$ -	-		\$ 8,955	\$ (8,955)	\$ -	\$ -	\$ -	\$ -		\$ 8,955	\$ (8,955)	\$ -	\$ -	
2023	47,984	12,218	2.50%	21,493	(10,746)	22,964	25,020	47,984	19,073	2.50%	21,493	(10,746)	29,819	18,165	
2024	50,863	14,546	2.50%	21,187	-	35,733	15,130	49,903	21,173	2.50%	21,016	-	42,189	7,715	
2025	53,915	17,053	2.50%	20,823	-	37,876	16,039	51,899	23,389	2.50%	20,486	-	43,875	8,024	
2026	57,150	19,752	2.50%	20,397	-	40,149	17,001	53,975	25,729	2.50%	19,902	-	45,631	8,345	
2027	60,579	22,655	2.50%	19,903	-	42,558	18,021	56,134	28,198	2.50%	19,258	-	47,456	8,678	
2028	64,214	25,775	2.50%	19,337	-	45,112	19,102	58,380	30,801	2.50%	18,554	-	49,355	9,025	
2029	68,066	29,126	2.50%	18,693	-	47,819	20,247	60,715	33,545	2.50%	17,783	-	51,328	9,387	
2030	72,150	32,723	2.50%	17,964	-	50,687	21,463	63,144	36,437	2.50%	16,945	-	53,382	9,762	
2031	76,479	36,582	2.50%	17,146	-	53,728	22,751	65,669	39,483	2.50%	16,034	-	55,517	10,152	
2032	81,068	40,721	2.50%	16,232	-	56,953	24,115	68,296	42,691	2.50%	15,047	-	57,738	10,558	
2033	85,932	45,156	2.50%	15,214	-	60,370	25,562	71,028	46,067	2.50%	13,980	-	60,047	10,981	
2034	91,088	49,907	2.50%	14,085	-	63,992	27,096	73,869	49,621	2.50%	12,828	-	62,449	11,420	
2035	96,554	54,995	2.50%	12,837	-	67,832	28,722	76,824	53,360	2.50%	11,587	-	64,947	11,877	
2036	102,347	60,439	2.50%	11,462	-	71,901	30,446	79,897	57,291	2.50%	10,253	-	67,544	12,353	
2037	108,488	66,264	2.50%	9,951	-	76,215	32,273	83,093	61,426	2.50%	8,821	-	70,247	12,846	
2038	114,997	72,494	2.50%	8,295	-	80,789	34,208	86,416	65,771	2.50%	7,285	-	73,056	13,360	
2039	121,897	79,153	2.50%	6,482	-	85,635	36,262	89,873	70,338	2.50%	5,641	-	75,979	13,894	
2040	129,210	86,270	2.50%	4,504	-	90,774	38,436	93,468	75,135	2.50%	3,883	-	79,018	14,450	
2041	136,963	93,873	2.50%	2,347	-	96,220	40,743	97,207	80,174	2.50%	2,004	-	82,178	15,028	
Total	\$ 1,619,944	\$ 859,702		\$ 287,308	\$ (19,702)	\$ 1,127,309	\$ 492,636	\$ 1,327,776	\$ 859,702		\$ 271,756	\$ (19,702)	\$ 1,111,756	\$ 216,020	
				Repayment Ratio - 1.31 to 1								Repayment Ratio - 1.29 to 1			

* Financing assumes private placed lease financing with \$80,000 in issuance related costs. Interest would be capitalized through December 2023, mitigating interest payments through that date. 2.5% rate estimate is dependent upon market conditions.

Other Financings

- While the County's response to the District's recent efforts to fund solar improvements on its own behalf appears to have halted that process, such communications (i.e. the 17150 letter) could be presented in more advantageous ways
- Though there is no guarantee of any different outcome – and the District may no longer *want* to pursue such a financing – a better, more conservative and complete, reflection of the combined savings and debt service can be found on the preceding page
- There is some risk, but so long as some amount of savings are “guaranteed” by your solar provider, it is likely minimal and only amounts to prepayment of energy costs until such time as the borrowing is repaid
- In our experience, inflation estimates (which drive solar savings projections) of 4% are used more commonly
- Lower assumed inflation results in a flatter more efficient borrowing, reducing interest expense
- Other options may also be available to further reduce the cost of the transaction (loan from the COE or the County, pooling with other small issuers, etc.)
- Should the Board like to consider a more collaborative and robust approach to pursue this project, Eastshore would be happy to work with the District to attempt to revive these efforts



State Aid History – Forestville Union School District

State Aid Received Since 2000

Project Number	OPSC Processing Date	Warrant Issued Date	Amount Released
57/70680-00-001	9/19/2003	10/10/2003	\$ 14,859
50/70680-00-001	1/17/2003	2/7/2003	\$ 654,996
57/70680-00-001	1/9/2003	1/24/2003	\$ 928,712
TOTAL CLAIMS:			\$ 1,598,567

Source: OPSC Project Tracking (www.dgsapps.dgs.ca.gov)

Modernization Eligibility (Original SAB Approval in 2000)

School	K-6	7-8	9-12	Non-Severe	Severe
<i>FORESTVILLE ELEMENTARY</i>	375	0	0	0	0
<i>SAB Approvals/Adjustments:</i>	-375	0	0	0	0
Remaining:	0	0	0	0	0
TOTAL:	0	0	0	0	0

New Construction Eligibility (Original SAB Approval in 2000)

	K-6	7-8	9-12	Non-Severe	Severe
<i>Established Eligibility:</i>	95	-2	0	0	0
<i>SAB Approvals/Adjustments:</i>	-95	-8	0	0	0
TOTAL:	0	(10)	0	0	0

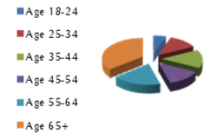
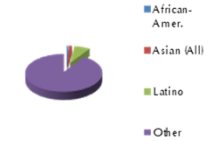
Other Potential Sources

- While other resources may not account for as large a portion of the overall facilities budget as bonds, their integration will enhance what the District is able to do – examples include:
- **State Aid**
 - Forestville ESD received more than \$1.5 million in SFP funds in the early 2000's
 - There could be additional eligibility – that may be enhanced with 'hardship' funding resulting from a new bond – and this option should certainly be included in plans
 - Similarly, all other potential federal and Sacramento stimulus funds and grants (including the coming TK facilities grants) should also be included
- **Partnerships with Other Local Entities**
 - Collaborations with other local entities, whether public or private, can be another source of funding (e.g. SCOE, the HSD, Sonoma County, the Chamber, wineries, etc.)
 - Additionally, by providing opportunities to better serve the community, such partnerships can engender additional trust from residents and benefit those who are not directly a part of the greater school community
- Seeking all available resources will maximize potential funds AND provide the community with an understanding that the District is making the most of their investment – thereby increasing trust in the Board and the District



PRELIMINARY Voter Demographics & Turnout Analysis (October 2021)

Total Voters	5,096	
Democrat	3,049	59.83%
Republican	734	14.40%
Other	1,313	25.77%
Male	2,474	48.55%
Female	2,481	48.69%
Other	141	2.77%
African-Amer.	35	0.69%
Asian (All)	71	1.39%
Latino	367	7.20%
Other	4,623	90.72%
Age 18-24	269	5.28%
Age 25-34	624	12.24%
Age 35-44	763	14.97%
Age 45-54	667	13.09%
Age 55-64	942	18.49%
Age 65+	1,831	35.93%
Homeowner	2,903	56.97%
Mobile Home	35	0.69%
Apt. Renter	204	4.00%
Permanent VBM	4,292	84.22%
Voted 6/14 P	1,514	29.71%
Voted 11/14 G.	2,283	44.80%
Voted 6/16 P.	2,821	55.36%
Voted 11/16 G.	3,731	73.21%
Voted 6/18 P.	2,416	47.41%
Voted 11/18 G.	3,586	70.37%
Voted 3/20 P.	3,358	65.89%
Voted 11/20 G.	4,497	88.25%



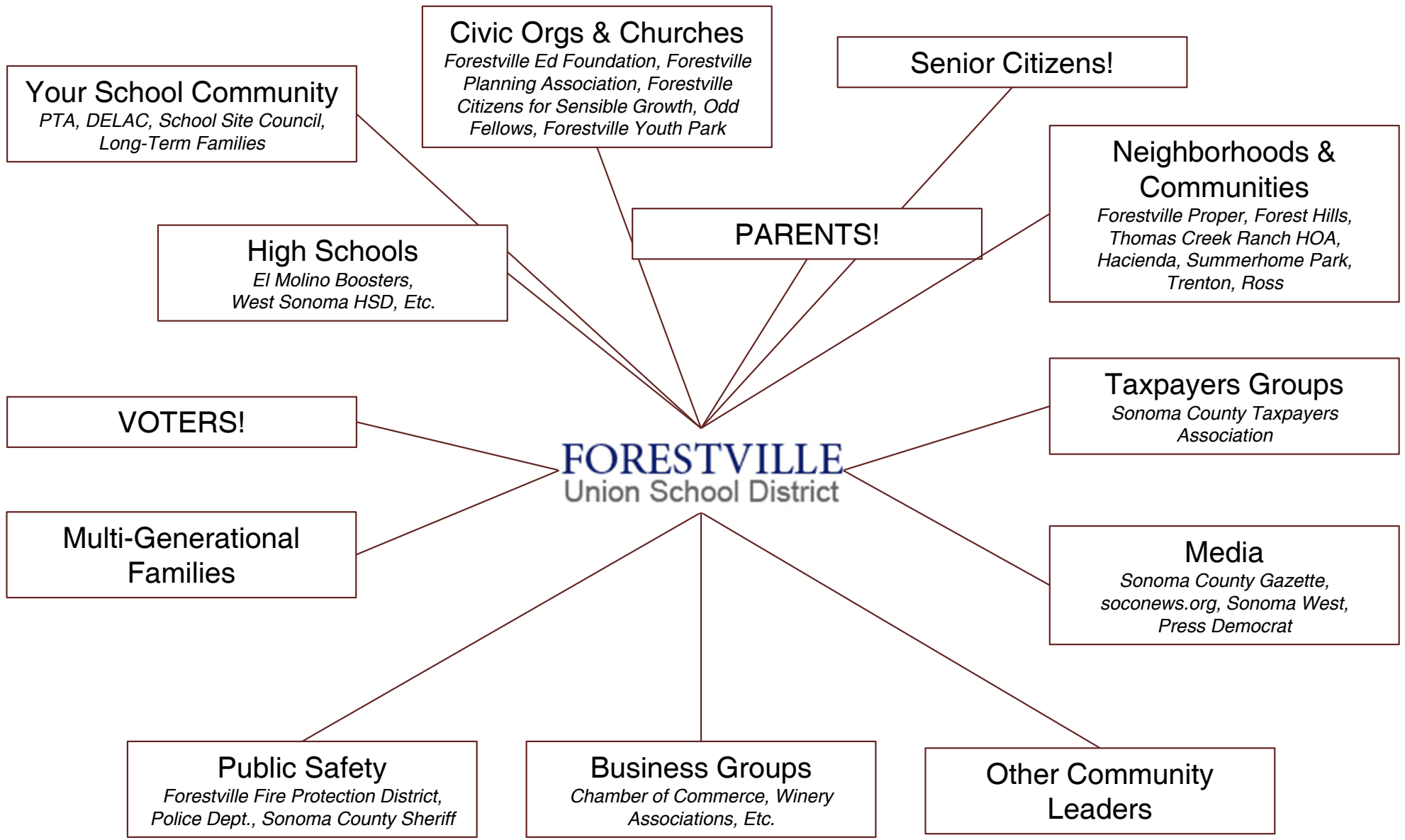
	June 2018		November 2018			November 2020		
TOTAL VOTED	2,416		3,586			4,497		
	<i>Voter Count</i>	<i>% of Turnout</i>	<i>Voter Count</i>	<i>% of Turnout</i>	<i>Difference</i>	<i>Voter Count</i>	<i>% of Turnout</i>	<i>Difference</i>
DEMOCRAT	1,623	67.18%	2,346	65.42%	-1.76%	2,782	61.86%	-5.31%
REPUBLICAN	361	14.94%	492	13.72%	-1.22%	654	14.54%	-0.40%
ALL OTHER	432	17.88%	748	20.86%	2.98%	1,061	23.59%	5.71%
AGE 18-24	22	0.91%	66	1.84%	0.93%	191	4.25%	3.34%
AGE 25-34	117	4.84%	277	7.72%	2.88%	475	10.56%	5.72%
AGE 35-44	218	9.02%	454	12.66%	3.64%	620	13.79%	4.76%
AGE 45-54	242	10.02%	448	12.49%	2.48%	591	13.14%	3.13%
AGE 55-64	479	19.83%	722	20.13%	0.31%	862	19.17%	-0.66%
AGE 65+	1,338	55.38%	1,619	45.15%	-10.23%	1,758	39.09%	-16.29%
MALE	1,140	47.19%	1,682	46.90%	-0.28%	2,180	48.48%	1.29%
FEMALE	1,226	50.75%	1,820	50.75%	0.01%	2,198	48.88%	-1.87%
LATINO	105	4.35%	199	5.55%	1.20%	300	6.67%	2.33%
PERMANENT VBM	2,060	85.26%	3,028	84.44%	-0.83%	3,797	84.43%	-0.83%

Political Feasibility & Outreach

- Because voter support is required for a bond, it is vital to gain input from local residents throughout this entire process – *and* allow it to shape the District's efforts
- Though demographics in Forestville are favorable *and* the District has repeatedly been successful, community trust, participation and ownership is still be critical
- Indeed, the District's loss in its attempt to renew and increase its parcel tax in 2005 should re-enforce the need to go through the 'right' process
- As such, the District should engage the greater Forestville community, concurrently pursuing a number of different direct contact strategies to gain their feedback on proposed projects and gauge overall opinion
- One of the critical first steps is initiating conversations with many constituents, particularly major stakeholders like large taxpayers, business owners, civic organizations, the HSD, the County Office, and prominent residents
- The next step often is conducting additional public meetings where school needs and potential solutions are shared with all parents, voters, taxpayers and other residents
- After these communications have been incorporated into the overall program, the District should attempt some sort of survey or poll – though, given your small voting population, the best approach may be some combination of the two – which may yield insights not necessarily reflected in other efforts as well as provide another way to confirm and refine the vision and strategy
- Irrespective of the specific means of contact, if enough voters indicate their willingness to invest in District schools, the Board could call an election; if there is not sufficient support, an election should not be called



PRELIMINARY Forestville Union ESD Stakeholders



Develop a Plan

- The Board's prioritization of facility improvements should be based on specific needs determined by the District's construction team, *as well as* conversations with Administration, staff, parents, major stakeholders and the broader community
- These efforts continue throughout all stages of the entire facilities process, both before *and* after a successful bond election
- Indeed, the community may need to shape much of the District's project list – including possibly 'vetoing' certain potential bond projects
- Needs, community input and cost estimates must continually be combined with, and reasonably 'matched to', all available sources (i.e. available District resources, stimulus funds, a local GO bond, State matching funds, a TK facilities grant, etc.)
- Priorities and cash flow projections will continue to evolve in both planning for and adjusting to funding availability and construction requirements
- Maintaining and regularly updating the District's capital improvement plan will help ensure the vision is attainable and understandable, as well as establish accountability measures and ultimately gauge progress
- Like all other planning and outreach efforts, this will again demonstrate to the broader community that the District has a firm grasp on what can be done with their investment (and other resources), as well as expedite the construction process as funds are obtained



Calling an Election & Advocacy Efforts

- Once the plan has been developed and feedback has been obtained from the community, the act of calling an election is facilitated through a board resolution putting the question of authorizing bonds before eligible voters, just like the District has done previously
- This process requires the selection of “Bond Counsel”, the attorney that prepares the required documents and will opine about the legality of the bonds
- Due to its public nature, this resolution should be crafted with great attention to detail and adhere to all outreach efforts and ‘self-imposed’ rules, ideally with uniform Board support
- After the resolution calling the election is adopted, it must be submitted to the County Registrar of Voters at least 88 days prior to the election date (E-88), placing the bond measure on that ballot
- Thereafter, the ‘campaign’ should merely serve to reinforce prior communications and remind voters to vote
- A ‘campaign committee’ of dedicated volunteers should be assembled (by law, no District resources can be utilized to advocate for the measure)
- This campaign committee would then execute all advocacy efforts
- Modest donations could likely be obtained to meet the committee’s budget, and volunteers could be recruited to conduct the campaign
- In brief, there would probably be some combination of phone calls to voters, door-to-door direct contact, mail and a Get-Out-the-Vote (GOTV) program, according to the committee’s timeline



Selling the Bonds

- *Congratulations!* Because so much of the groundwork has been done to plan for construction, the District should be ready to sell bonds shortly after receiving voter approval – and turn tax dollars into improvements to Forestville school!
- It will take a team to access the capital markets for a bond sale, including:
 - Financial Advisor (aka Municipal Advisor) – the District’s representative, providing knowledge of legal, financial and political implications of bond issuances, and debt and construction programs
 - Bond Counsel – the District’s legal counsel for bond issuances, providing guidance on requirements from the State and federal agencies, such as the MSRB, SEC and IRS, and preparing all legal documents for a bond issuance
 - Potentially an Underwriter – the District’s conduit to bond purchasers and buyer of last resort for bonds not sold on the date of sale
 - Other Service Providers – Rating Agency, Bond Insurer, Paying Agent, Printer, etc.
- The team will help navigate the regulatory waters and keep the District in good standing
- Typically, team members are compensated from bond proceeds, not the General Fund*
- Once the team is in place and the financing plan is determined to be viable, the District would need to prepare to comply with SEC, IRS and MSRB regulation and work with SCOE and other County departments in the process of selling bonds

**A summary of estimated costs associated with one potential bond issuance is included in an appendix to this presentation.*



Important Questions for Any District to Ask about their Bonds

Are the projections being used to structure bonds realistic and conservative?

Aggressive projections lead to reaching for uncertain future dollars, which can encourage use of higher cost funds as well as create tax rate and capacity issues in the future.

Do the terms of the bonds currently being issued significantly impact future planned borrowings?

Always insist on a full debt program model with each issuance to ensure that today's great deal does not result in expensive future borrowings.

Do the interest rates being discussed seem reasonable?

Bond interest rates tend to stay within a fixed range of indices like the 10-year Treasury and your issuance should be within the normal range unless there is a good reason.

How do the bond terms compare to other similar bond issuances?

Your finance team should provide you with interest rate information for similar bond issuances to justify proposed rates and you should know why any rate in a given year is different by more than 0.25%.

Do the total repayments seem reasonable as compared to the amount borrowed?

If the tax base is repaying close to (or more than) \$4 for every \$1 borrowed, you may find unwanted public attention or be unable to comply with new regulations; remember that the final years of repayment are the most expensive.

Are excessive premiums being generated?

While they do not "count" against authorized bonds, the tax base must pay premiums and now their uses may be limited by current AG opinions.

Selling the Bonds (Cont.)

- Specific circumstances should dictate the method of sale, whether it be negotiated or competitive, and market demand should be the primary driver for that decision
- Regarding the structuring of GO bonds, districts should ensure the number of series are minimized and that each series is evaluated in light of the entire facilities program
- Understanding that interest expense is incurred on bonds from the date of issuance, districts also should obtain bond funding only when required for construction projects, avoiding unnecessary interest expense
- Bond Counsel will prepare a variety of legal documents and “as to form” agreements required to issue the bonds, for review by the full team, and approval by the Board to lay out all of the regulatory disclosures
- As with personal borrowings, an independent credit review is usually required to establish a credit rating for the bonds which will impact the interest cost (higher rated bonds have lower interest rates)
- Limits on repayment requirements are established based upon projected tax base growth and future planned bond issuances
- On a selected pricing date, interest rates are negotiated, and the District and its team solicit investors to commit to purchase the bonds
- In the weeks after the pricing, all of the “as to form” documents are finalized and, on a selected “closing” date, proceeds from the sale of bonds are deposited to district-controlled accounts to pay project costs



Free Advice

- Be brave – the numbers are often big when it comes to capital projects but rely on quality preparation and planning to move forward successfully
- Be open – initially the vision may be specific in reaction to an immediate need, but more often the goals will be general
- Be public – make the entire process as public as possible, fully disclosing what the vision is and how the bonds will meet it, reaching out at every stage
- Be conservative and do not reach too far – more often than not, no amount of planning will be able to fully achieve your final vision, so resist the temptation to reach too far; the public is *very* sensitive to anything involving taxes and trying to go beyond the limits may break promises made to the community
- Be responsible – take the time to make sure that all regulatory requirements are kept up to date and continue to communicate with the public to keep them informed
- Be a leader of a team – debt financed projects often benefit from a wide range of experts for their financial, construction and political components to get the job done right



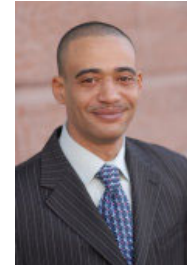
Eastshore Consulting

About Us

- Eastshore Consulting was formed early in 2012, and is fully registered and in compliance with all applicable laws and “Municipal Advisor” regulatory requirements
- Both founding partners spent many years working within the school facilities finance space, and our senior team now brings more than 50 years of combined experience to the table – all with a desire to change the culture of the school bond industry
- Eastshore works to fulfill our fiduciary responsibility to our clients by examining *all* viable options with an open mind and eye on short *and* long-term needs
- Our recommendations are based upon an extensive understanding of the issues which impact our clients’ facilities plans, debt portfolios and overall goals, often with long-term relationships with district leadership
- Our combined skills, experiences and perspectives provide clients with the highest level of service *and* the knowledge that their financial advisors are advising them to do what is in their best interests – not salesmen merely seeking fees from the next bond sale
- Eastshore has extensive experience on the North Coast, including Shoreline USD, Laytonville USD, Potter Valley USD, Mendocino COE and Klamath Trinity Joint USD – and we are currently helping other districts throughout the region plan for potential 2022 elections or otherwise meet their facilities needs
- We are uniquely qualified to assist with the evaluation of all potential options to meet *your* needs, design the most effective bond program for your circumstances, gain input from your community about bonds and access that potential investment in the most financially responsible manner – always focusing on going through the ‘right’ process and keeping the news positive



Our Senior Team



Shin Green, Principal – Shin provides Financial Advisory, Facilities Planning and Fiscal Consulting services. His areas of focus include analyzing the feasibility of debt, managing finances for capital projects and operating budgets, and advising clients in the issuance of general and limited obligation, as well as revenue-backed debt. Having been involved in over 150 debt financing transactions raising over \$2.0 billion for projects, he has the experience and contacts required to assist clients in getting the funding they need. In addition to GO Bonds and GO Refunding Bonds, his prior portfolio includes issuances of Federal tax credit financings, privately placed financings, COPs, and developer negotiations and financings, which often require special considerations. Having spent several years in the City of Rocklin Finance Division, he is fully aware of the internal pressures, concerns and high-level fiduciary responsibility demanded of public entities. Also, as a former auditor of public agencies, he has had the opportunity to review a variety of approaches and transactions well beyond his own direct experiences. This combination allows Shin to work seamlessly with clients and other industry professionals to bring your vision to reality in a responsible manner that maintains long-term fiscal health.

A product of Berkeley public school education, Shin received his BS in Business Administration from the Haas School of Business at the University of California at Berkeley. Shin currently resides in his hometown of Berkeley. He has Series 50 and Series 54 Licenses and is a registered Municipal Advisor Principal with the Municipal Securities Rulemaking Board (MSRB).



Our Senior Team



Michael Riemenschneider, Principal – Michael provides Facilities Planning and Election Strategies services to our clients, as he has assisted school districts with more than 100 separate bond and parcel tax measures throughout California, obtaining more than \$2.0 billion to meet facility and other needs. His work with administration, public service unions, major stakeholders, and other community members in the process shapes our advice for districts in developing potential measures and sharing information with our clients' communities. His experiences compliment the Financial Planning and Advisory services to help synchronize the entire team, matching financial realities with local political desires and allowing for clear and concise communication of what matters.

Michael received his BA and MA from Stanford University, focusing on demographics on the North Coast and its influence on local political preferences. Though much of his family still lives in Mendocino County, he currently resides in Oakland with his wife, Angela Rodriguez Riemenschneider, and their two sons, Diego and Luca. Michael has Series 50 and Series 54 Licenses and is a registered Municipal Advisor Principal with the MSRB.



Our Senior Team



Miguel Rodriguez, Director, Education Finance — Miguel provides Facilities Planning, Financial Advisory and Election Strategies services to our clients. He brings over 13 years of public finance experience dedicated to school districts and other public agencies in California. During his tenure, Miguel has participated in the development and implementation of capital financing programs providing over \$1.5 billion in funding to local districts. Additionally, Miguel has led the issuance of over 120 municipal debt securities, including GO Bonds, COPs, and short-term Notes, and is adept in executing all aspects of a transaction from conception to close.

Miguel received his BA from University of California at Berkeley and his MA from MIT, focusing on urban planning, finance, and policy. His Master's thesis examined school investments and making schools the center of communities. Originally from Los Angeles, Miguel and his partner, Claudia Aguilar, currently reside in Oakland's Fruitvale District. Miguel has a Series 50 License and is a registered Municipal Advisor Representative with the MSRB.



Sample Bond Program

ESTIMATED \$10.9 Million Bond Program, NO CAPITAL APPRECIATION BONDS

Two Series, Estimated Tax Rate: \$30 per \$100,000 of AV, Projected Tax Base Growth: 3.0%

August 1,	SERIES A (ESTIMATED ISSUANCE DATE: 2/1/2023)				SERIES B (ESTIMATED ISSUANCE DATE: 8/1/2024)			
	Principal	Coupon	Interest	Debt Service	Principal	Coupon	Interest	Debt Service
2023	\$ -		\$ -	\$ -				
2024	250,000	4.00%	209,000	459,000				
2025	40,000	4.00%	199,000	239,000	\$ 15,000	3.00%	\$ 226,250	\$ 241,250
2026	50,000	4.00%	197,400	247,400	20,000	4.00%	225,800	245,800
2027	60,000	4.00%	195,400	255,400	30,000	4.00%	225,000	255,000
2028	70,000	4.00%	193,000	263,000	40,000	4.00%	223,800	263,800
2029	85,000	4.00%	190,200	275,200	45,000	4.00%	222,200	267,200
2030	95,000	4.00%	186,800	281,800	55,000	4.00%	220,400	275,400
2031	105,000	4.00%	183,000	288,000	65,000	4.00%	218,200	283,200
2032	115,000	4.00%	178,800	293,800	80,000	4.00%	215,600	295,600
2033	130,000	4.00%	174,200	304,200	90,000	4.00%	212,400	302,400
2034	150,000	4.00%	169,000	319,000	100,000	4.00%	208,800	308,800
2035	160,000	4.00%	163,000	323,000	115,000	4.00%	204,800	319,800
2036	175,000	4.00%	156,600	331,600	130,000	4.00%	200,200	330,200
2037	195,000	4.00%	149,600	344,600	145,000	4.00%	195,000	340,000
2038	210,000	4.00%	141,800	351,800	160,000	4.00%	189,200	349,200
2039	225,000	4.00%	133,400	358,400	180,000	4.00%	182,800	362,800
2040	250,000	4.00%	124,400	374,400	195,000	4.00%	175,600	370,600
2041	270,000	4.00%	114,400	384,400	215,000	4.00%	167,800	382,800
2042	290,000	4.00%	103,600	393,600	235,000	4.00%	159,200	394,200
2043	315,000	4.00%	92,000	407,000	255,000	4.00%	149,800	404,800
2044	340,000	4.00%	79,400	419,400	280,000	4.00%	139,600	419,600
2045	370,000	4.00%	65,800	435,800	300,000	4.00%	128,400	428,400
2046	395,000	4.00%	51,000	446,000	325,000	4.00%	116,400	441,400
2047	425,000	4.00%	35,200	460,200	350,000	4.00%	103,400	453,400
2048	455,000	4.00%	18,200	473,200	380,000	4.00%	89,400	469,400
2049					895,000	4.00%	74,200	969,200
2050					960,000	4.00%	38,400	998,400
2051								
	\$ 5,225,000		\$ 3,504,200	\$ 8,729,200	\$ 5,660,000		\$ 4,512,650	\$ 10,172,650

**Total Principal Amount
Repayment Ratio**

**\$10,885,000
1.74 to 1**

The above estimate is designed to provide a sense of what the District could raise and would be refined to match project needs and current market conditions. It should be noted that while any amount can be approved by voters, it will realistically be difficult to raise significantly more than \$11 million within a short timeframe unless multiple authorizations are sought or higher tax rates are utilized.

Estimated Costs

PRELIMINARY Estimate of ALL Potential District Costs for Facilities & GO Bond Planning Efforts (PRE-ELECTION)

Service	Estimated 'Out of Pocket' Expense			Estimated Contingent Expense*
Facilities Master Plan / Needs Assessment & Cost Estimates	\$10,000	to	\$40,000	-
Financial Planning, Cashflow Development & Informational Outreach (Eastshore)	\$10,000			-
State Aid Planning & SFP Eligibility Review, if Required	\$5,000	to	\$25,000	-
Community Outreach Consultant**	-	to	\$50,000	-
Voter Opinion Survey / Volunteer Poll	\$2,500	to	\$30,000	-
Informational Mailer Printing & Mailing	\$2,500	to	\$5,000	-
Cost of Legal Counsel	\$5,000	to	\$10,000	TBD
Cost of Election (Sonoma County)***	\$10,000	to	\$20,000	TBD
Contingency	\$10,000			TBD
Total Related Costs	\$55,000		\$200,000	TBD

*Contingent on successful passage and issuance of bonds. However, this amount is relatively limited due to an AG Opinion which restricted the potential uses of GO bond proceeds.

**By law, NO District resources can be utilized for campaign advocacy.

***Due to the County after the Election, regardless of the outcome. However, this amount can be paid from bond proceeds, should the Election be successful.

PRELIMINARY per Series Estimate of Cost of Issuance* (POST-ELECTION)
Approx. \$5 Million per Series

<u>Service</u>	<u>Firm</u>	<u>Range of Estimated Fees</u>		
Financial Planning & Advisory**	Eastshore Consulting LLC	\$45,000		
Bond & Disclosure Counsel	TBD	\$40,000	to	\$70,000
Rating Agency	TBD	\$17,500	to	\$25,000
Paying Agent***	TBD	\$1,500	to	\$2,500
Statistical Data***	CalMuni Statistics, Inc.	\$1,500	to	\$2,500
Printing***	TBD	\$2,000	to	\$3,000
Contingency	-	\$10,000		
Estimated Cost of Issuance		\$117,500		\$158,000
Estimated Underwriting Bank Compensation (\$7.50 to \$10 per \$1,000 bond)		\$37,500	to	\$50,000
Total Estimated Issuance Related Costs		\$155,000		\$208,000

* Typically, each team member is compensated from bond proceeds upon issuance, and not by the General Fund.

** Eastshore's proposed issuance fee for a single series bond program would be approximately \$60,000 and \$45,000 for a multiple series bond program.

*** Various service providers required to complete the issuance of bonds.

Required Disclosure

Required Disclosures

Pursuant to Municipal Securities Rulemaking Board (“MSRB”) rules, 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 Eastshore Consulting LLC (“Eastshore Consulting LLC” or “Advisor”) and its associated persons.

SEC and MSRB Registration

Eastshore Consulting LLC warrants that it is currently registered as a Municipal Advisor with the U.S. Securities and Exchange Commission (“SEC”) and the MSRB.

Conflicts of Interest

Eastshore Consulting LLC agrees that it shall be acting in a fiduciary capacity in connection with its work for clients and that its sole loyalty in this regard shall be to clients. Advisor agrees that it does not have any material conflicts of interest with respect to the work to be performed. However, like much of the rest of the public finance industry in California, Advisor represents that in connection with the issuance of municipal securities, Advisor may receive compensation from clients for services rendered, which is contingent upon placing a bond measure on the ballot, 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, Advisor hereby discloses that such contingent and/or transactional compensation may present a potential conflict of interest regarding Advisor’s ability to provide unbiased advice to enter into such transaction. However, this potential conflict of interest will not impair Advisor’s ability to render unbiased and competent advice or to fulfill its fiduciary duty to clients. If Advisor becomes aware of any additional potential or material conflicts of interest, Advisor will disclose the detailed information in writing to our clients in a timely manner.

Required Disclosures (Continued)

Other Municipal Advisor Relationships

Eastshore Consulting LLC 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 District. For example, Advisor serves as municipal advisor to other municipal advisory clients and, in such cases, depending on the client, owes a fiduciary duty to such other clients just as it would to another client. These clients may, from time to time and depending on the specific circumstances, have competing interests. In acting in the interests of its various clients, Advisor could potentially face a conflict of interest arising from these competing client interests. However, with respect to this potential conflict, Advisor mitigates such conflict through dealing honestly and with good faith to all clients. If Advisor determines that such a conflict is unmanageable, Advisor will notify clients in writing in a timely manner.

Legal or Disciplinary Events

Eastshore Consulting LLC has never been subject to any legal, disciplinary or regulatory actions and does not have any legal events or disciplinary history on Advisor's Form MA and Form MA-I. This includes information about any criminal actions, regulatory actions, investigations, terminations, judgments, liens, civil judicial actions, customer complaints, arbitrations and civil litigation. Anyone may electronically access Advisor's 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

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. If any material legal or regulatory action is brought against Advisor, Advisor will provide complete disclosure in detail, allowing clients to evaluate Advisor, its management and personnel.

MSRB Brochure

Within the MSRB website (www.msrb.org), clients may obtain the Municipal Advisory client brochure. The brochure describes the protections that may be provided by the MSRB Rules along with how to file a complaint with financial regulatory authorities.