

SECOND PARTY OPINION

GREEN BONDS

SUMMARY

Kestrel Verifiers is of the opinion that Dublin Unified School District's General Obligation Bonds, Election of 2016, Series C (Green Bonds) conform with the four pillars of the Green Bond Principles 2018 as follows:



Use of Proceeds

The District intends to use the bond proceeds to construct schools, improve energy and operational efficiency and modernize classrooms and buildings. Proceeds will be allocated to the future high school, Frederiksen Elementary and Murray Elementary that will be built to California's mandatory green building standard. Environmental objectives of green buildings include reducing energy demands and requiring responsible use of natural resources.



Process for Project Evaluation and Selection

In the June 2016 election, voters approved Measure H, which authorized up to \$283 million in general obligation bonds for school construction projects. Priorities were identified in the 2015 Facilities Master Plan. Kestrel Verifiers evaluated the bond financed projects for conformance with the Green Building category of the GBPs.



Management of Proceeds

100% of bond proceeds shall be allocated to the school construction projects. A separate fund will be established and maintained distinctly from all other funds in the District.



Reporting

The Dublin Unified School District commits to posting continuing disclosures to the Municipal Securities Rulemaking Board (MSRB) done annually on the Electronic Municipal Market Access (EMMA) system.



ISSUER:

Dublin Unified School District,
California

OPINION ON:

General Obligation Bonds,
Election of 2016, Series C
(Green Bonds)

GREEN SECTOR:

Green Buildings

EVALUATION DATE:

April 22, 2020

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SECOND PARTY OPINION

Par: \$123,000,000
Issuer: Dublin Unified School District, California
Issue Description: General Obligation Bonds, Election of 2016, Series C (Green Bonds)
Project: School Construction & Modernization
Green Category: Green Buildings
Evaluation date: April 22, 2020

GREEN BONDS DESIGNATION

Kestrel Verifiers, an Approved Verifier accredited by the Climate Bonds Initiative, conducted an independent external review of this bond to evaluate conformance with the Green Bond Principles (June 2018) established by the International Capital Market Association.

This Second Party Opinion reflects our review of the uses and allocation of proceeds and oversight and conformance of the bonds with the Green Bond Principles. In our opinion, the General Obligation Bonds issued by the District are aligned with the four pillars of the Green Bond Principles and qualify for green bonds designation.

ABOUT THE ISSUER

Dublin Unified School District serves approximately 12,500 students in the City of Dublin and Castro Valley in Alameda County, California. The District consists of seven elementary schools, two middle schools, one high school, an independent study program, a continuation high school, and an adult education program. A Board of Trustees governs the District and is made up of five elected members that meet regularly.

The District is an Energy Star partner, signaling their commitment to improving energy efficiency of their operations. The District also has an Energy Conservation Program which consists of regular audits performed by the Energy Manager to track, monitor, and report on the District's energy use. Energy savings can be redirected to other parts of the district's budget, including educational programs and personnel.

THE BOND-FINANCED PROJECT

Proceeds from the Series C General Obligation Bonds will be used to construct and modernize schools and improve energy and operational efficiency as shown in Table 1. Voters authorized a total of \$283 million through Measure H in the June 2016 election and the District previously issued Measure H bonds in November 2016 and November 2017.

Table 1: School construction projects receiving Measure H funds

School	Description	Estimated Completion
Future High School	Design, planning and initial construction	Fall 2022 (Phase I)
Frederiksen Elementary New Construction & Modernization	Site development and construction; rebuild on existing site in phased approach	Summer 2021
Murray Elementary New Construction & Modernization	Classroom installation and construction; rebuild on existing site in phased approach	Fall 2022

California's second largest source of greenhouse gas emissions is the building sector. To address the large opportunity for emission reductions from buildings, California maintains robust statewide green building codes. In 2007 in response to Assembly Bill 32 (California Global Warming Solutions Act), the state developed green building standards driven by the following objectives:

- Reducing greenhouse gas emissions from buildings
- Promoting environmentally responsible, cost-effective, healthier places to live and work
- Reducing water and energy consumption

Today, new construction and modernization projects in California schools must meet the Green Building Standards Code, Part 11 of Title 24 of the Code of California Regulations. This code is also known as CALGreen and is the first statewide mandatory green building code in the United States. By following these efficient and responsible building design specifications, the Dublin Unified School District will conserve natural resources and help California meet its greenhouse gas reduction goals.

General Specifications: Specifications from the District's 2015 Facilities Master Plan include smart heating and cooling with individual room temperature control, high-efficiency ventilation systems, and natural lighting. The educational vision imagines that a school building should "promote harmony between the natural systems as well as the users that will inhabit it."

Future High School: The first phase of the Future High School to be partially funded with Measure H funds will accommodate 1,300 students. Later additions will accommodate approximately 1,000 more students. The site for the school has been acquired and the estimated completion date for the first phase of the project is Fall 2022.

Elementary Schools: Frederiksen and Murray Elementary schools will be replaced with new construction and modernized in phases. New buildings will be built on the current site and the older buildings will be phased out as space allows. Groundbreaking on Frederiksen occurred in March 2020 and is planned for Spring 2020 for Murray.

ALIGNMENT TO GREEN STANDARDS


Green Bonds are any type of bond instrument where the proceeds will be exclusively applied to finance or re-finance, in part or in full, new and/or existing eligible Green Projects and which are aligned with the four core components of the Green Bonds Principles (“pillars”) which include: Use of Proceeds, Process for Project Evaluation and Selection, Management of Proceeds, and Reporting.

1. Use of Proceeds

The General Obligation Bonds will be used to finance the School Construction & Modernization Projects exclusively. The projects are eligible green projects as defined by the Green Bond Principles in the project category of Green Buildings.

California’s Green Building Standards Code specifies measures for sustainable planning and design, energy efficiency, water efficiency and conservation, material conservation and resource efficiency, and environmental quality. Combined, the standards encourage building concepts with positive environmental impacts, responsible water use, and reduced greenhouse gas emissions. Environmental benefits include meeting greenhouse gas reduction targets, ensuring responsible site selection, diverting waste from landfills and water conservation.

The project conforms with the Green Bond Principles:

BOND LABEL	ELIGIBILITY CRITERIA
	<p>Green buildings which meet regional, national or internationally recognized standards or certifications</p> <p>California’s Green Building Standards Code (Title 24, Part 11)</p>

2. Process for Project Evaluation and Selection

In 2015, the District developed a Facilities Master Plan that began with an educational vision. As part of the Master Plan, there was facilities assessment, demographics review, financial analysis, cost estimation, prioritization and scheduling. A growing student body, aging buildings, and opportunities for cost efficiency all drive the need for the School Construction & Modernization projects in the District. Demographic projections demonstrated the need for expanded capacity in the high school and elementary schools, and it was determined that new construction was more cost effective than upgrading existing elementary school buildings to meet current standards.

In June 2016, voters approved Measure H that authorized issuance of \$283 million in bonds to finance the School Construction & Modernization projects. The Board of Trustees adopted a resolution on March 24, 2020 to issue the Series C General Obligation Bonds.

3. Management of Proceeds

100% of the bond proceeds are required to be allocated to the School Construction & Modernization projects. A Building Fund (the “Building Fund”) will be established for the Bonds as a separate fund to be maintained distinct from all other funds of the District.

Net proceeds of the bonds will be deposited in the Building Fund and disbursed by the County Treasurer upon request of the District for projects described previously. For funds not immediately disbursed, the County will follow a strict investment policy which prioritizes safety, liquidity and yield. With each investment, the County Treasurer seeks to implement a policy of responsible investment, to incorporate environmental, social and governance (ESG) factors in investment decisions. The Treasurer will actively incorporate ESG factors in investment analysis and decision-making and will work to implement the principles of responsible investing.

4. Reporting

So long as the General Obligation Bonds are outstanding, the District will submit continuing disclosures to the Municipal Securities Rulemaking Board (MSRB). The issuer will also provide reports in the event of material developments. This reporting will be done annually on the Electronic Municipal Market Access (EMMA) system operated by the MSRB.

Data on project status will also be available on the Project Status Tracker from the state's Division of the State Architect, which approves and certifies school construction projects (<https://www.apps2.dgs.ca.gov/DSA/Tracker/County.aspx>). A Citizens' Oversight Committee has been established to oversee Measure H Bond expenditures and manage performance and financial audits of Measure H bonds. Furthermore, the District regularly updates its website to show progress on facilities projects to allow for greater transparency.

CONCLUSION

Based on our independent external review, the General Obligation Bonds, Election of 2016, Series C, (Green Bonds) conform, in all material respects, with the Green Bond Principles (2018). It is the opinion of Kestrel Verifiers that these bonds are eligible in the Green Buildings category based on the California Green Building Standards Code (CALGreen). The school construction projects financed by the General Obligation Bonds follow efficient and responsible building design that will conserve natural resources and help the State of California meet its exemplary greenhouse gas reduction goals.

ABOUT KESTREL VERIFIERS



For 20 years Kestrel has been a trusted consultant in environmental finance. Kestrel Verifiers, a division of Kestrel 360, Inc. is a Climate Bonds Initiative Approved Verifier qualified to verify transactions in all asset classes worldwide. Kestrel is a US-based Woman-Owned Small Business and a certified Women's Business Enterprise.

For more information, visit www.kestrelverifiers.com

DISCLAIMER

This opinion aims to explain how and why the discussed financing meets the ICMA Green Bond Principles based on the information which was available to us during the time of this engagement (April 2020) only. By providing this opinion, Kestrel Verifiers is not certifying the materiality of the projects financed by the Green Bonds. It was beyond Kestrel Verifiers' scope of work to review issues relating to regulatory compliance and no surveys or site visits were conducted. Furthermore, we are not responsible for surveillance on the project or use of proceeds. The opinion delivered by Kestrel Verifiers does not address financial performance of the Green Bonds or the effectiveness of allocation of its proceeds. This opinion does not make any assessment of the creditworthiness of the Issuer, or its ability to pay principal and interest when due. This is not a recommendation to buy, sell or hold the Bonds. Kestrel Verifiers is not liable for consequences when third parties use this opinion either to make investment decisions or to undertake any other business transactions. This Opinion may not be altered without the written consent of Kestrel Verifiers.