

History of Measure "A" Interest Rates and Tax Assessments			
<u>Date</u>	<u>Interest Rate</u>	<u>Maximum tax per \$100,000 of assessed property value</u>	<u>Comments</u>
Early 2008	4.0 – 4.5%	\$87	Economy was strong. Assumptions were prepared for election materials.
July 2008	4.0 – 4.5%	\$87	77% of voters who participated in this election supported the hospital bond.
Oct 2008	6.9%		Interest rates had spiked due to the virtual shut-down of lending markets and the worst financial crisis in 70 years. Municipal bonds were downgraded due to factors such as the bankruptcy of the City of Vallejo and the \$24 billion California budget shortfall. PDH sold \$3.2 million in bonds to continue our project and take advantage of declining constructions costs. We were concerned interest rates could go even higher.
Nov 2008	7.0 - 8.0%		We were glad we had sold the first issue of bonds in October because financial conditions were getting worse putting the whole project in jeopardy. We once again reviewed the wisdom of proceeding and concluded it was in the community's interest to do so. Once construction costs start to escalate again our project would likely be priced out of reach. We had already reduced the cost and scope of the project to the absolute minimum. Further reduction becomes an inefficient use of taxpayer funds.
July 2009	7.45%	\$122++	An estimate of required taxes to fund the hospital bond was prepared for county taxation authorities. It included 6 months payment on a new \$12.1M bond, anticipated 7.45% interest, added a 20% one-time reserve, and allowed for near zero growth in assessed valuation and increased tax delinquencies. This resulted in a tax of \$122 per \$100K assessed value with a maximum to be even higher. The public was not notified ahead of time and once they got their tax bills many were irate and/or felt they had been misled.
Jan 2010	5.5% Perhaps as low as 4.5%	\$144. Perhaps as low as \$125. It still depends on future interest rates and assessed values which nobody can predict with certainty. See <i>Analysis of Alternative Bond Structures and Funding Options</i> .	Interest rates have moderated. The reserve may only need to be 10%, assessed valuations have increased more than expected and delinquencies are down. However, future year calculations will include a full 12 months of bond payments.