

April 2, 2020

Mountain View Whisman School District

Measure T Bond Issuance

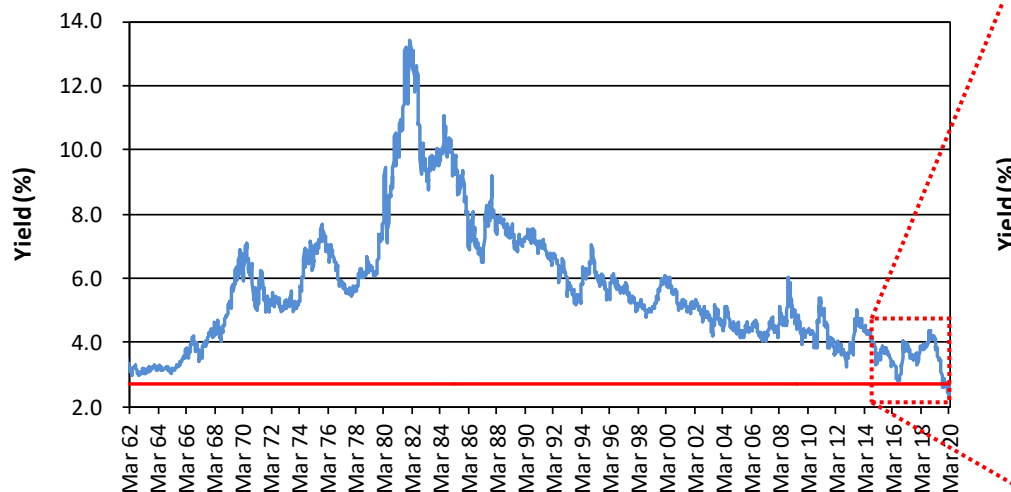


Municipal Bond Interest Rates

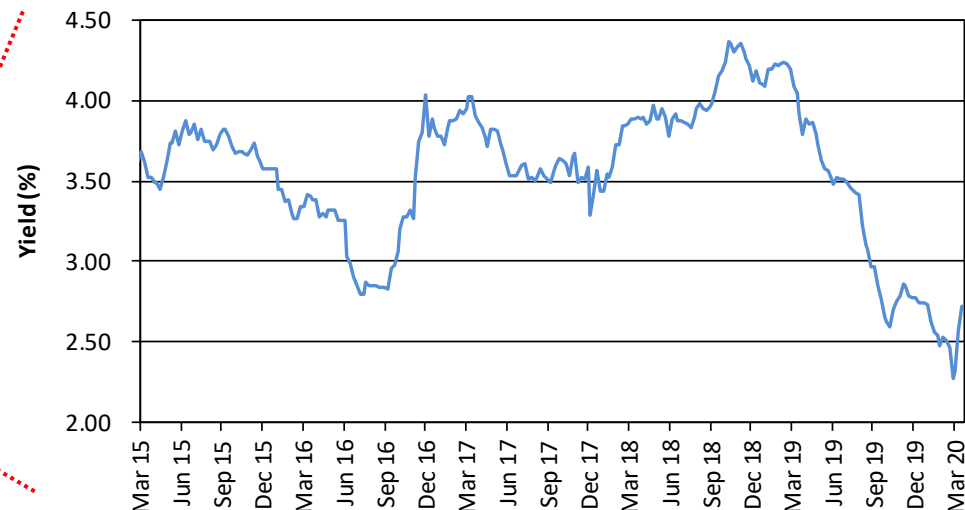
Municipal bond interest rates are near historic lows and have trended downward since Fall 2018 due to:

- ◆ Slowdown in European economies
- ◆ Trade developments with China
- ◆ Geopolitical uncertainties surrounding Iran, Brexit, Hong Kong & U.S. elections
- ◆ Fed rate cuts/stimulus measures
- ◆ Health concerns over COVID-19

**Bond Buyer General Obligation Bond Index ⁽¹⁾
(1962 to Current)**



**Bond Buyer General Obligation Bond Index ⁽¹⁾
(5-Year History)**



(1) Index reflects average yield to maturity of 20 general obligation bonds with 20-year maturities rated 'Aa2' by Moody's Investors Service and 'AA' by Standard and Poor's. Source: The Bond Buyer & Bloomberg.

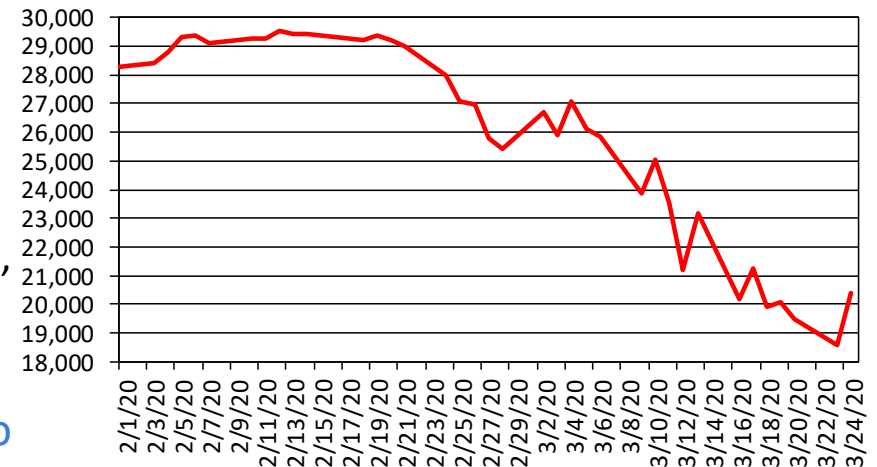


Current Economic Climate

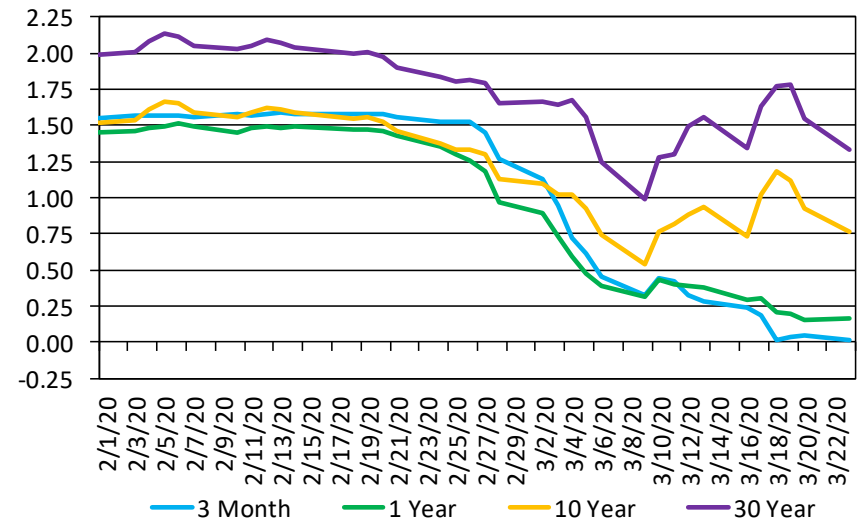
Global markets are currently in a period of extreme uncertainty and volatility

- ◆ **Impact of COVID-19 pandemic**
 - Global, national, state, and local health emergencies
 - Government shutdowns and closure of borders, schools and businesses
 - Widespread economic slowdown
- ◆ **The Fed surprised markets by dropping rates to 0%-0.25% (from 1%-1.25%) on March 15**
 - This followed the March 3rd surprise where rates were cut 0.5% to 1%-1.25%
- ◆ **Global banks have announced additional stimulus measures to combat the economic crisis**
- ◆ **On March 23, the Fed announced “unlimited quantitative easing” to backstop credit markets**
- ◆ **A \$2 trillion emergency stimulus package is being negotiated in the U.S. House and Senate**

Dow Jones Industrial Average ⁽¹⁾
(February 2020 to Current)



U.S. Treasury Rates ⁽²⁾
(February 2020 to Current)



(1) Source: Yahoo Finance.

(2) Source: United States Treasury.



Considerations Going Forward

More uncertainty and volatility going forward given the unpredictability of COVID-19's impact and response from governments and investors

- ◆ Stabilization or flattening of infection rate?
 - May shed light on depth and duration of economic disruption
- ◆ Implementation of further travel bans or additional/longer shutdowns?
- ◆ Development of a vaccine or effective treatment?
- ◆ Additional stimulus/relief measures?

UCLA Anderson economic forecast ⁽¹⁾

- ◆ Prior to COVID-19, continued moderate growth in 2020 was forecast
- ◆ U.S. economy has entered a recession that may continue through September 2020
 - Based on assumption of an end to the pandemic and repaired supply chains by this summer*
 - GDP will have declined by 0.4% for 2020
 - Unemployment rate will have increased through 2020 and the beginning of 2021
 - In 2021, the economy is forecast to grow at 1.5% with full recovery in 2022
 - *Important caveat: If the pandemic is much worse than assumed, the forecast will be too optimistic whereas if the pandemic abates quickly due to extraordinary measures put in place to address it, then the forecast will be too pessimistic
- ◆ Recession expected to be more severe in California than for nation overall

(1) Source: Summarized from UCLA Anderson Forecast, March 12, 2020 and March 16, 2020 revision.

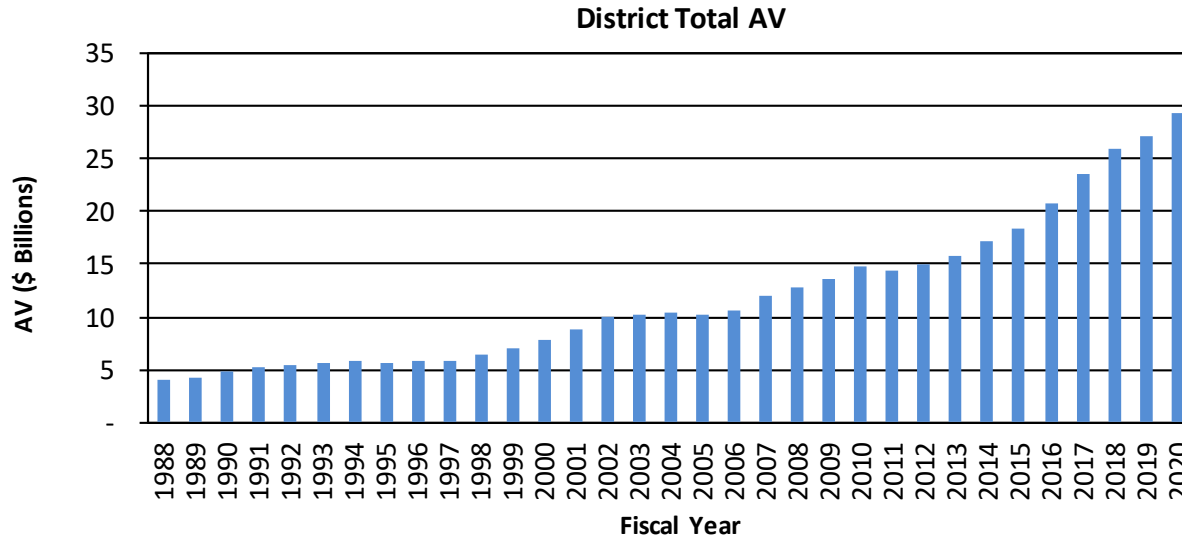


Assessed Value (“AV”) History

Mountain View Whisman SD grew 8.36% in 2019-20

◆ Annualized growth rates:

- 1-year: 8.36%
- 5-year: 9.86%
- 10-year: 7.10%
- 15-year: 7.35%
- 20-year: 6.83%
- 25-year: 6.81%
- 30-year: 6.22%



FY	Total AV ⁽¹⁾	Annual % Change
1988	\$ 4,016,359,523	
1989	4,254,855,681	5.94 %
1990	4,800,206,033	12.82
1991	5,223,278,540	8.81
1992	5,344,021,546	2.31
1993	5,606,013,593	4.90
1994	5,728,071,074	2.18
1995	5,653,430,504	-1.30
1996	5,778,951,712	2.22
1997	5,900,637,935	2.11
1998	6,416,959,960	8.75
1999	7,088,425,781	10.46
2000	7,834,967,334	10.53
2001	8,746,920,698	11.64
2002	9,970,705,164	13.99
2003	10,280,852,219	3.11
2004	10,414,457,142	1.30
2005	10,132,992,586	-2.70
2006	10,654,863,150	5.15
2007	11,900,729,296	11.69
2008	12,767,567,548	7.28
2009	13,650,618,335	6.92
2010	14,785,613,473	8.31
2011	14,397,541,410	-2.62
2012	14,881,752,063	3.36
2013	15,855,098,426	6.54
2014	17,155,503,989	8.20
2015	18,351,287,766	6.97
2016	20,657,107,181	12.56
2017	23,516,716,879	13.84
2018	25,996,182,874	10.54
2019	27,104,016,031	4.26
2020	29,368,739,836	8.36

(1) Source: California Municipal Statistics, Inc. and Santa Clara County.



Credit Ratings

The 3 major credit rating agencies are:

- ◆ Moody's
- ◆ Standard & Poor's ("S&P")
- ◆ Fitch

The credit rating factors and weighting are as follows:

- ◆ Local economy (30%)
- ◆ District finances (30%)
- ◆ District management (20%)
- ◆ District debt/pension (20%)

The District's current credit ratings are:

- ◆ Moody's: Aaa
- ◆ S&P: AA+
- ◆ Fitch: N/A

	Moody's	S&P	Fitch	Rating Description
Investment grade	Aaa	AAA	AAA	Prime
	Aa1	AA+	AA+	High grade
	Aa2	AA	AA	
	Aa3	AA-	AA-	
	A1	A+	A+	Upper medium grade
	A2	A	A	
	A3	A-	A-	
	Lower medium grade	Baa1	BBB+	BBB+
		Baa2	BBB	BBB
Baa3		BBB-	BBB-	
Non-investment grade	Ba1	BB+	BB+	Speculative
	Ba2	BB	BB	
	Ba3	BB-	BB-	
	B1	B+	B+	Highly speculative
	B2	B	B	
	B3	B-	B-	
	Caa1 & below	CCC+ & below	CCC & below	Extremely speculative/ Default



Series A Issuance

Summary: Issue up to \$85 million from Measure T using a new tax of \$30 per \$100,000 of AV

◆ **Assumptions:**

- Measure T interest rates:
 - Series A: 4.12% ⁽¹⁾
 - Series B – D: 5.50% - 6.00%
- AV growth rates:
 - 2020-21 3.00%
 - 2021-22: 4.00%
 - Annually thereafter: 4.85%
- Current interest bonds only; no capital appreciation bonds

Illustrative Issuance Schedule ⁽²⁾

Issue	Issue Date	Proceeds	Net Repayment Ratio
Series A	May 2020	\$ 85,000,000	1.80 to 1
Series B	September 2022	58,000,000	1.98 to 1
Series C	September 2024	58,000,000	2.10 to 1
Series D	September 2026	58,000,000	2.07 to 1
Total		\$ 259,000,000	1.97 to 1

Includes ~\$46 million in tax-exempt bonds for bond projects and ~\$39 million in taxable bonds for COP prepayment

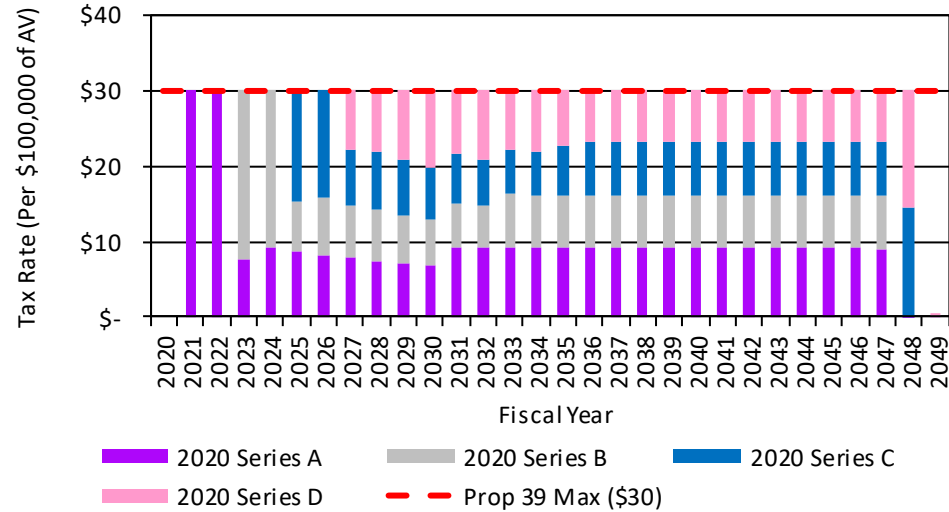
(1) Based on interest rates provided by RBC Capital Markets as of March 23, 2020. Subject to market fluctuations.

(2) Issuance schedule for illustrative purposes only. Actual amounts and dates will be tailored to the District’s project needs.

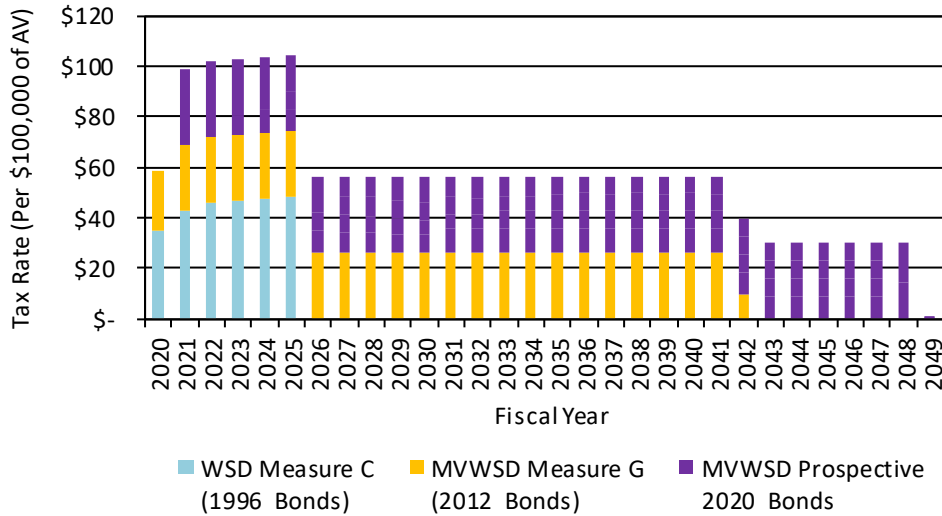


Projected Tax Rates (1)

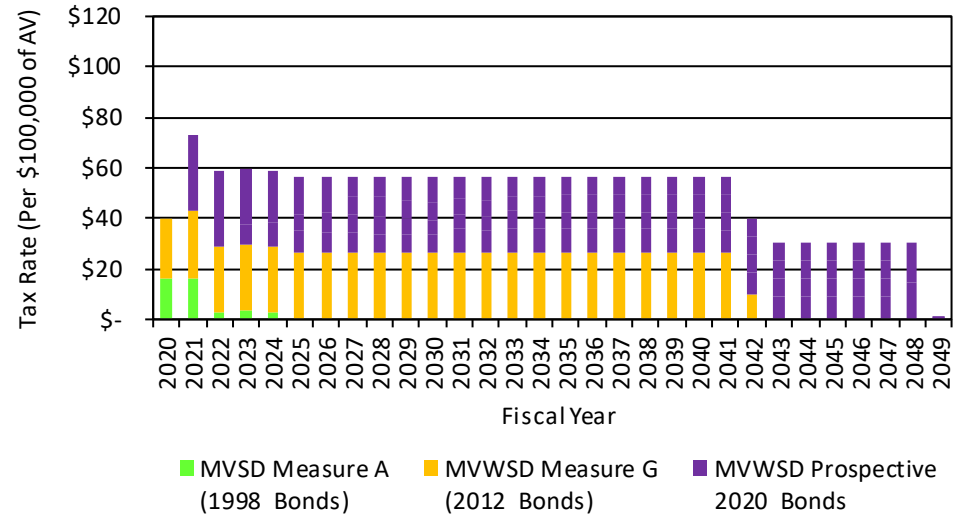
Projected Tax Rates - Prospective 2020 Election Bonds



Projected Tax Rates - Whisman SD Portion



Projected Tax Rates - Mountain View SD Portion



(1) Assumes assumptions shown on previous page.



Next Steps

- ◆ April 2: Board considers resolution and other legal documents to issue bonds
- ◆ Week of April 13: Rating calls with rating agencies
- ◆ April 21: County Board of Supervisors adopts resolution
- ◆ April 22: Receive ratings
- ◆ April 23: Finalize offering document and circulate to investors
- ◆ April 30: Sell bonds to investors ⁽¹⁾
- ◆ May 14: Close financing; District receives proceeds and COPs paid off

(1) Bond sale timing dependent on market conditions.

