

MEMORANDUM

To: Mountain View Whisman School District
From: Keygent, *District Financial Advisor*
Date: October 18, 2022
RE: Bond Sale Overview

On October 18, 2022, Mountain View Whisman School District successfully sold its second installment of Measure T bonds, the \$100 million Election of 2020 General Obligation Bonds, Series B (the “Bonds”).

Board Approval

On August 18, the Board of Trustees was presented with legal documents and a financing overview of the Bonds. As a result of inflation and Fed actions, interest rates had risen significantly in recent months. At the time, the interest rate for the Bonds was estimated at 4.5% for a total cost of \$182 million.

Credit Rating Update

As part of the bond financing process, the District team presented its updated credit profile to the rating agencies, Moody’s and Standard & Poor’s. Both agencies reviewed the District’s local economy, finances, management and debt profile and assigned final ratings on October 6.

- Moody’s affirmed the District’s bond rating at the highest level of ‘Aaa’ and assigned a ‘Stable’ outlook noting the following credit strengths:
 - o Favorable location in vibrant Silicon Valley economy
 - o Unusually high resident income and wealth
 - o Strong financial position, supported by community funded status
- Standard & Poor’s upgraded the District to their highest level of ‘AAA’ and assigned a ‘Stable’ outlook noting the following credit strengths:
 - o Robust, stable economy connected to the greater Bay Area, as reflected by very strong incomes and extremely strong wealth indicators
 - o Maintenance of very strong available reserves
 - o Good management policies and practices

Pre-Marketing for Bond Sale

On October 17, the District’s underwriter, RBC, held a pre-pricing call to review market conditions and preliminary interest rates. The District’s top credit ratings and recent upgrade helped the Bonds attract investor attention in spite of the inflationary interest rate environment experiencing municipal bond fund outflows. Based on the pre-marketing interest rates, the overall interest rate for the Bonds was estimated at 4.29% for a total cost of \$170.3 million.

Bond Sale

On October 18, the District’s Bonds were made available investors at 6:30 am. Over the 1.5 hour order period, the District received over \$1.1 billion in orders from 60 unique accounts which included top tier investors from bond funds, separately managed accounts, insurance companies, money managers and individual retail. The 11x subscription for the District’s \$100 million allowed RBC to lower overall interest rates by 0.10%.

Final Financing Results

The District achieved favorable borrowing costs as a result of its ‘Aaa/AAA’ ratings and very strong investor demand. RBC estimated that the interest rate benefit of the rating grade was ~0.05%, or ~\$1 million in lower taxpayer interest costs. The final overall interest rate for the Bonds was 4.19% for a total cost of \$168.4 million.

Mountain View Whisman School District
Election of 2020 General Obligation Bonds, Series B

Final Financing Summary

Sale Date:	October 18, 2022
Closing Date:	November 8, 2022
Sale Method:	Negotiated
Underlying Ratings:	Aaa / AAA / --
Optional Redemption:	9/1/2030 @ 100%

Sources and Uses:

	Total
<i>Sources:</i>	
Par Amount	\$ 100,000,000
Original Issue Premium	2,076,298
Total	\$ 102,076,298
<i>Uses:</i>	
Deposit to Building Fund	\$ 99,667,000
Deposit to Debt Service Fund	1,701,298
Costs of Issuance	333,000
Underwriting Fees	375,000
Total	\$ 102,076,298

Costs of Issuance Detail:

Items	Provider	Total
Bond Counsel	Stradling Yocca Carlson & Rauth	\$ 80,000
Disclosure Counsel	Stradling Yocca Carlson & Rauth	20,000
Bond/Disclosure Counsel Expenses	Stradling Yocca Carlson & Rauth	1,500
Financial Advisor	Keygent LLC	80,000
Financial Advisor Expenses	Keygent LLC	1,000
Printing/Posting & Distribution	Avia Communications	2,500
Demographics	California Municipal Statistics, Inc.	2,125
Moody's Rating	Moody's	75,000
S&P Rating	Standard & Poor's	66,000
Paying Agent & COI Custodian	U.S. Bank	2,500
Contingency		2,375
Total		\$ 333,000

Mountain View Whisman School District
Election of 2020 General Obligation Bonds, Series B

Final Financing Summary

Debt Service Schedule:

Date	Principal	Coupon (%)	Yield (%)	Yield to Maturity (%)	Interest	Debt Service Fund	Total Net Debt Service
9/1/2023	\$ 5,715,000.00	5.000	2.750	-	\$ 3,590,999.86	\$(1,701,297.75)	\$ 7,604,702.11
9/1/2024	3,385,000.00	5.000	2.800	-	4,126,400.00	-	7,511,400.00
9/1/2025	-	-	-	-	3,957,150.00	-	3,957,150.00
9/1/2026	-	-	-	-	3,957,150.00	-	3,957,150.00
9/1/2027	-	-	-	-	3,957,150.00	-	3,957,150.00
9/1/2028	-	-	-	-	3,957,150.00	-	3,957,150.00
9/1/2029	-	-	-	-	3,957,150.00	-	3,957,150.00
9/1/2030	-	-	-	-	3,957,150.00	-	3,957,150.00
9/1/2031	1,160,000.00	5.000	2.950	3.141	3,957,150.00	-	5,117,150.00
9/1/2032	1,580,000.00	5.000	2.990	3.327	3,899,150.00	-	5,479,150.00
9/1/2033	3,400,000.00	5.000	3.030	3.478	3,820,150.00	-	7,220,150.00
9/1/2034	3,850,000.00	5.000	3.170	3.678	3,650,150.00	-	7,500,150.00
9/1/2035	4,330,000.00	5.000	3.260	3.815	3,457,650.00	-	7,787,650.00
9/1/2036	4,850,000.00	5.000	3.330	3.923	3,241,150.00	-	8,091,150.00
9/1/2037	5,405,000.00	5.000	3.380	4.004	2,998,650.00	-	8,403,650.00
9/1/2038	6,000,000.00	4.000	4.030	-	2,728,400.00	-	8,728,400.00
9/1/2039	6,580,000.00	4.000	4.110	-	2,488,400.00	-	9,068,400.00
9/1/2040	7,185,000.00	4.000	4.160	-	2,225,200.00	-	9,410,200.00
9/1/2041	7,855,000.00	4.000	4.200	-	1,937,800.00	-	9,792,800.00
9/1/2042	8,545,000.00	4.000	4.230	-	1,623,600.00	-	10,168,600.00
9/1/2043	9,280,000.00	4.250	4.350	-	1,281,800.00	-	10,561,800.00
9/1/2044	10,085,000.00	4.250	4.350	-	887,400.00	-	10,972,400.00
9/1/2045	10,795,000.00	4.250	4.350	-	458,787.50	-	11,253,787.50
Total	\$100,000,000.00				\$70,115,737.36	\$(1,701,297.75)	\$ 168,414,439.61

Repayment Ratio:	1.68 to 1
All-Inclusive Interest Rate:	4.19%