

MEMORANDUM

To: Mountain View Whisman School District

From: Keygent LLC, *District Financial Advisor*

Date: July 23, 2024

RE: Bond Sale Overview

On July 23, 2024, the Mountain View Whisman School District successfully sold its \$74 million Election of 2020 General Obligation Bonds, Series C (the “Bonds”).

Board Approval

On April 18, 2024, the Board of Trustees was presented with a financing overview for a third and final Measure T bond issuance for \$74 million. At the time, the interest rate for the Bonds was estimated at 4.0% for a total cost of \$140 million. The Board of Trustees approved the issuance of the Bonds.

Credit Rating Update

On June 17, the District and its financing team met with Standard & Poor’s (“S&P”) for an updated bond credit rating. The team presented S&P with detailed information on the District’s finances, tax base, local economy, and management. On June 25, S&P affirmed the District’s ‘AAA’ rating with a “stable” outlook. ***The ‘AAA’ rating is extremely strong and is the highest possible credit rating from S&P.*** Of the 658 California school districts rated by S&P in 2023, the District was among only 26 ‘AAA’ rated districts (top 4%). The rating agency cited the following as rationale for the rating:

- “Consistent revenue growth and conservative budgeting practices”
- “Very strong economy characterized by extremely strong income and wealth levels”
- “Good financial policies”
- “Maintenance of a strong financial profile that supports the district’s very strong fund balance”
- “Sound revenue and expenditure assumptions for budget building”
- “Financial planning that goes beyond state minimums”

Pre-Marketing for Bond Sale

On the afternoon of July 22, the District’s underwriter, Piper Sandler, held a pre-pricing call to discuss market conditions and preliminary interest rates. They discussed the good timing for the sale, as the bond supply and demand environment was favorable and rates had recently come down. During the call, the District’s financial advisor, Keygent, reviewed the proposed interest rates against market comparables. The District’s proposed rates compared favorably to recent California school district bond sales. Based on the pre-marketing interest rates, the interest rate for the Bonds was estimated at 3.60% for a total cost of \$114.8 million.

Bond Sale

On the morning of July 23, the District held an order period for the Bonds. The District received over \$277 million in orders for the \$74 million in bonds available for sale (or 3.7 times subscription). The pricing strategy

paid off as investors flocked to the District's bond sale. Some maturities received orders for up to 10.1 times the amount available for sale. 35 unique investors put in orders for the sale, including Eaton Vance, Lord Abbett, Nuveen Asset Management, Blackrock and Goldman Sachs. As a result of the subscription levels, Piper Sandler was able to lower interest rates by 0.03% for the benefit of District taxpayers. The District's final interest rates compared favorably to other recent bond sales, and completely outperformed the rates received by another local, 'AAA' rated, community funded school district.

Final Financing Results

The District achieved very low borrowing costs as a result of its 'AAA' bond rating and favorable market conditions. The final true interest rate for the Bonds was 3.57% for a total cost of \$114.5 million (which was \$5.5 million less than estimated to the Board in April 2024). The Bonds also achieved a very low repayment ratio (debt service divided by principal) of 1.55 to 1, which is significantly below the legislative maximum of 4 to 1. Financing details are provided on the next two pages.

Measure T Final Results

Overall, Measure T achieved very low costs compared to estimates provided to voters in March 2020. The following was initially estimated for the \$259 million Measure T:

- Total cost: \$538 million
- Annual tax rate: \$30.00 per \$100,000 of assessed valuation
- Final year of tax: 2049
- Receipt of final proceeds to District: August 2026

Due to the District's strong bond management, conservative planning, and a favorable economy, Measure T achieved the following:

- Total cost: \$398 million
- Annual tax rate: \$25.70 per \$100,000 of assessed valuation
- Final year of tax: 2045
- Receipt of final proceeds to District: August 2024

Overall, the District received the bond funding two years sooner and cost taxpayers \$140 million less than originally estimated. Measure T has been a very successfully bond program for the District and its taxpayers.

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

Final Financing Summary

Sale Date:	July 23, 2024
Closing Date:	August 7, 2024
Sale Method:	Negotiated
Underlying Ratings:	--- / AAA / --
Optional Redemption:	9/1/2034 @ 100%

Sources and Uses:

<i>Sources:</i>	Total
Par Amount	\$ 74,000,000
Original Issue Premium	7,102,825
Total	\$ 81,102,825
 <i>Uses:</i>	
Deposit to Building Fund	\$ 73,772,000
Deposit to Debt Service Fund	6,843,825
Costs of Issuance	228,000
Underwriting Fees	259,000
Total	\$ 81,102,825

Costs of Issuance Detail:

Items	Provider	Total
Bond/Disclosure Counsel	Stradling Yocca Carlson & Rauth	\$ 85,000
Financial Advisor	Keygent LLC	80,000
Financial Advisor Expenses	Keygent LLC	3,000
Printing/Posting & Distribution	Avia Communications	2,750
Demographics	California Municipal Statistics, Inc.	2,300
S&P Rating	Standard & Poor's	50,000
Paying Agent & COI Custodian	U.S. Bank	2,500
Contingency		2,450
Total		\$ 228,000

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

Final Financing Summary

Debt Service Schedule:

Date	Principal	Coupon (%)	Yield (%)	Yield to Maturity (%)	Interest	Debt Service Fund	Total Net Debt Service
9/1/2024	\$ -	-	-	-	\$ 224,023.33	\$ (224,023.33)	\$ -
9/1/2025	2,930,000.00	5.000	2.710	-	3,360,350.00	(3,360,350.00)	2,930,000.00
9/1/2026	3,080,000.00	5.000	2.650	-	3,213,850.00	(3,213,850.00)	3,080,000.00
9/1/2027	310,000.00	5.000	2.640	-	3,059,850.00	(45,601.42)	3,324,248.58
9/1/2028	630,000.00	5.000	2.650	-	3,044,350.00	-	3,674,350.00
9/1/2029	970,000.00	5.000	2.600	-	3,012,850.00	-	3,982,850.00
9/1/2030	1,140,000.00	5.000	2.630	-	2,964,350.00	-	4,104,350.00
9/1/2031	505,000.00	5.000	2.670	-	2,907,350.00	-	3,412,350.00
9/1/2032	805,000.00	5.000	2.680	-	2,882,100.00	-	3,687,100.00
9/1/2033	2,410,000.00	5.000	2.640	-	2,841,850.00	-	5,251,850.00
9/1/2034	2,725,000.00	5.000	2.670	-	2,721,350.00	-	5,446,350.00
9/1/2035	3,070,000.00	5.000	2.720	2.881	2,585,100.00	-	5,655,100.00
9/1/2036	3,440,000.00	5.000	2.770	3.058	2,431,600.00	-	5,871,600.00
9/1/2037	3,835,000.00	5.000	2.830	3.217	2,259,600.00	-	6,094,600.00
9/1/2038	4,260,000.00	5.000	2.840	3.317	2,067,850.00	-	6,327,850.00
9/1/2039	4,715,000.00	5.000	2.920	3.455	1,854,850.00	-	6,569,850.00
9/1/2040	5,210,000.00	5.000	3.010	3.585	1,619,100.00	-	6,829,100.00
9/1/2041	5,740,000.00	4.000	3.580	3.719	1,358,600.00	-	7,098,600.00
9/1/2042	6,240,000.00	4.000	3.650	3.775	1,129,000.00	-	7,369,000.00
9/1/2043	6,775,000.00	4.000	3.730	3.833	879,400.00	-	7,654,400.00
9/1/2044	7,330,000.00	4.000	3.780	3.868	608,400.00	-	7,938,400.00
9/1/2045	7,880,000.00	4.000	3.840	3.907	315,200.00	-	8,195,200.00
Total	\$ 74,000,000.00				\$ 47,340,973.33	\$ (6,843,824.75)	\$ 114,497,148.58

Repayment Ratio:	1.55 to 1
True Interest Cost:	3.57%
All-Inclusive True Interest Cost:	3.60%