



Napa Valley Unified School District Business Services

January 16, 2020

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Purpose of the Presentation

1. Provide a report on the successful competitive sale of the 2019 General Obligation Bonds
2. Review the District's bond program
3. Review District's assessed values and future bonding capacity
4. Review District's current and projected tax rates
5. Need for future tax revenue anticipation note
6. Review the impact of capital application bonds on the District's overall bond program
7. Review District's current credit ratings

Summary of 2019 General Obligation Bond Sale



- District voters approved Measure H in June 2016, for a total authorization amount of \$269 million.
- Third and final series of Measure H sold on October 22, 2019 as a competitive sale.

Measure H (Election of 2016, Series 2019C)	
Par Amount	\$119 million
Closing Date	11/13/2019
All-In-TIC	3.30%¹
Repayment Term	25 years
Type of Bonds	Current Interest Bonds

NEW ISSUE—FULL BOOK-ENTRY

INSURED RATINGS: Moody's: "A2"; S&P: "AA"
UNDERLYING RATINGS: Moody's: "A1"; S&P: "A+"
 (See "MISCELLANEOUS – Ratings" herein)

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax. See "TAX MATTERS" with respect to tax consequences relating to the Bonds.

\$119,000,000

NAPA VALLEY UNIFIED SCHOOL DISTRICT
 (Napa County, California)

Election of 2016 General Obligation Bonds, Series 2019C

Dated: Date of Delivery

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. Capitalized terms used on this cover page but not otherwise defined will have the meanings assigned thereto as provided in the Official Statement.

Due: August 1, as shown on the inside cover

The Napa Valley Unified School District (Napa County, California) Election of 2016 General Obligation Bonds, Series 2019C (the "Bonds") were authorized at an election of the registered voters of the Napa Valley Unified School District (the "District") held on June 7, 2016, at which the requisite fifty-five percent of the persons voting on the proposition voted to authorize the issuance and sale of \$269,000,000 aggregate principal amount of general obligation bonds of the District. The Bonds are being issued to (i) finance the repair, upgrading, acquisition, construction and equipping of District sites and facilities and (ii) pay the costs of issuing the Bonds.

The Bonds are general obligations of the District payable solely from the proceeds of *ad valorem* property taxes. The Board of Supervisors of Napa County is empowered and obligated to levy such *ad valorem* taxes, without limitation as to rate or amount, upon all property within the District subject to taxation thereby (except certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Bonds when due.

The Bonds will be issued in book-entry form only, initially registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (collectively referred to herein as "DTC"). Purchasers of the Bonds (the "Beneficial Owners") will not receive physical certificates representing their interest in the Bonds.

The Bonds will be dated as of their date of initial delivery and will be issued as current interest bonds, such that interest thereon will accrue from such date and be payable semiannually on February 1 and August 1 of each year, commencing February 1, 2020. The Bonds are issuable as fully registered bonds in denominations of \$5,000 principal amount or any integral multiple thereof.

Payments of principal of and interest on the Bonds will be made by U.S. Bank National Association, as the designated Paying Agent, to DTC for subsequent disbursement to DTC Participants who will remit such payments to the Beneficial Owners of the Bond.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by ASSURED GUARANTY MUNICIPAL CORP.



The Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as further described herein.

Maturity Schedule
 (see inside front cover)

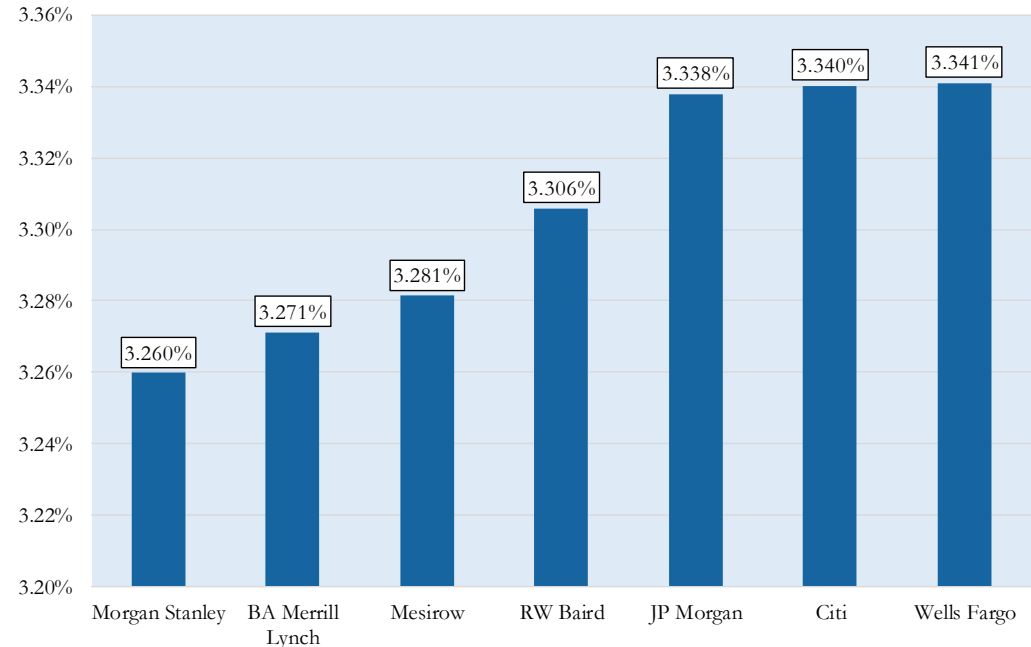
Pursuant to the terms of a public sale on October 22, 2019, the Bonds were awarded to the Underwriter at a True-Interest Cost of 3.281%. The Bonds are being offered when, as and if issued and received by the Underwriter, subject to the approval of legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel. Certain matters will be passed on for the District by Stradling Yocca Carlson & Rauth, a Professional Corporation, as Disclosure Counsel. The Bonds, in book-entry form, will be available for delivery through The Depository Trust Company in New York, New York on or about November 13, 2019.

Dated: October 22, 2019

¹All-In-TIC includes all fees and costs necessary to issue the Bonds, including Underwriter's Discount and Cost of Issuance.

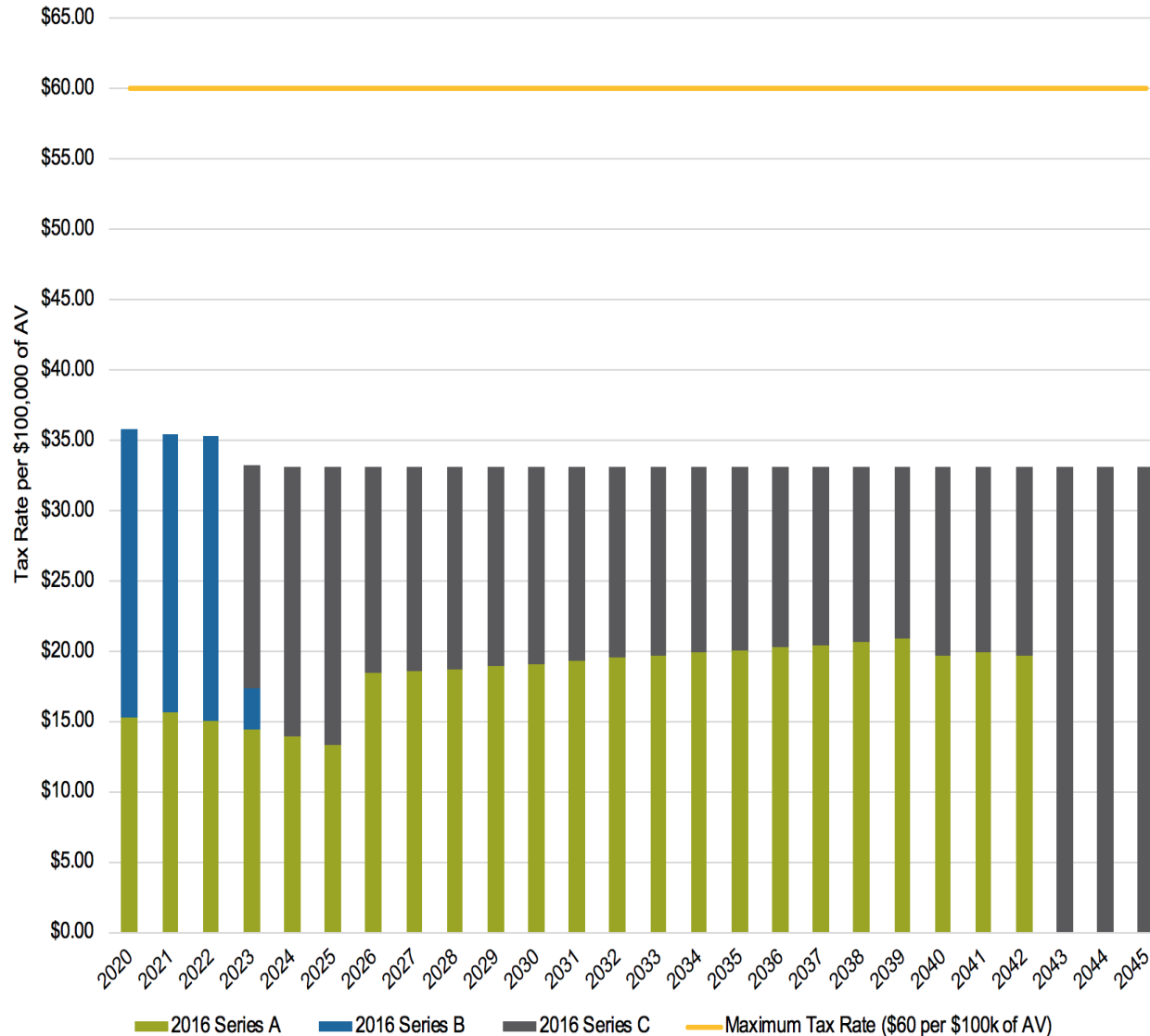
2019 General Obligation Bond Sale Results

- The District received a total of 7 bids.
- The Bonds were awarded to the bidder that submitted the lowest true interest cost (TIC).
- Morgan Stanley LLC submitted the winning bid with a TIC at 3.2598%.
- KNN estimates that Morgan Stanley bid saved \$1.8 million in interest cost savings as compared to the highest bid (provided by Wells Fargo).



Bidder	T.I.C.	Difference in TIC Compared to Winner	Interest Cost Savings ¹
Morgan Stanley & Co, LLC	3.2598%	-	\$1,845,170
Bank of America Merrill Lynch	3.2711%	0.011%	\$1,588,661
Mesirow Financial, Inc.	3.2815%	0.022%	\$1,353,249
Robert W. Baird & Co., Inc.	3.3058%	0.046%	\$799,241
J.P. Morgan Securities LLC	3.3380%	0.078%	\$69,271
Citigroup Global Markets Inc.	3.3402%	0.080%	\$19,051
Wells Fargo Bank, National Association	3.3410%	0.081%	\$0

Election of 2016 Measure H Tax Rates

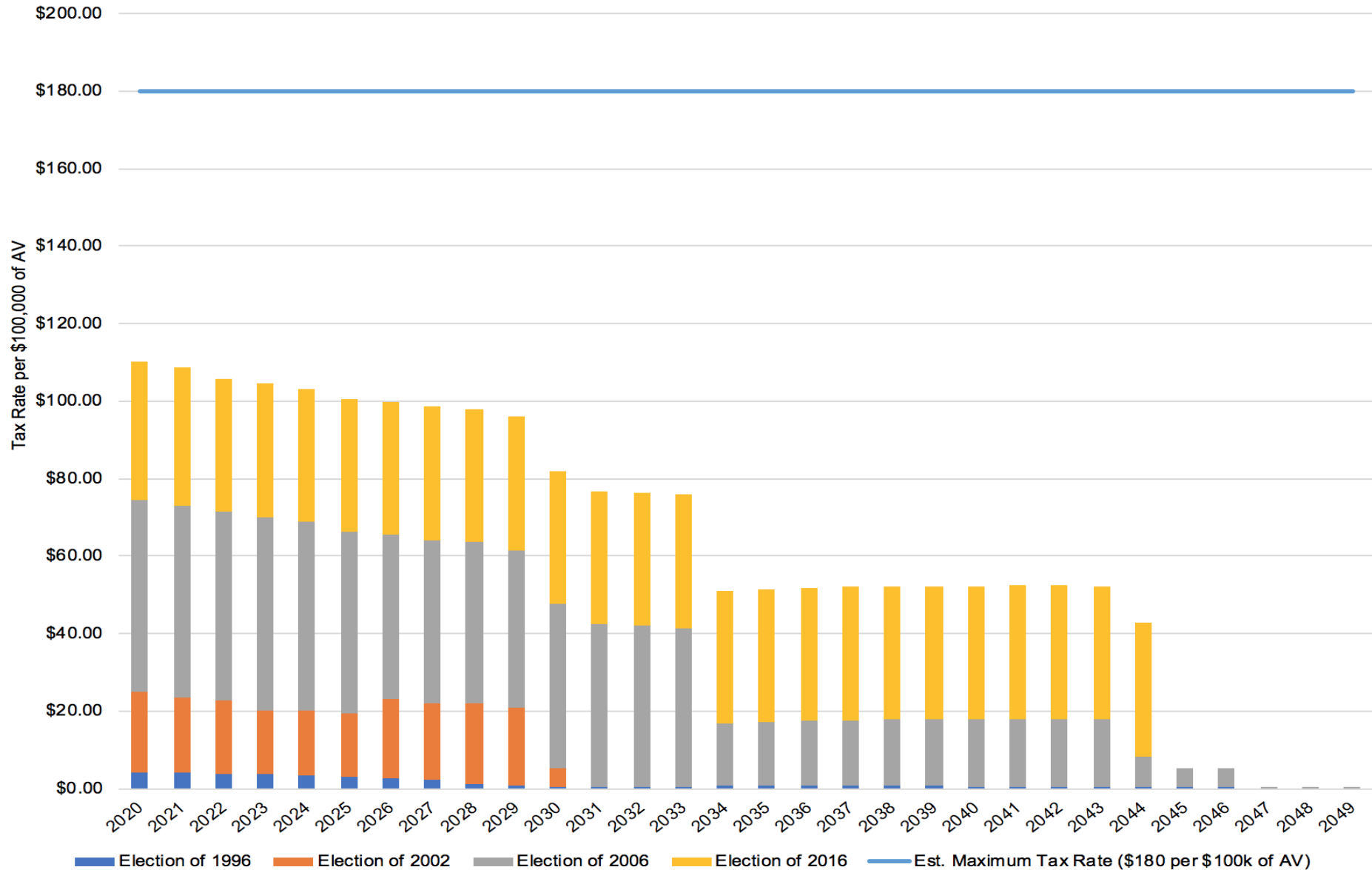


- Measure H was a Prop 39 election that successfully passed in 2016.
- Total authorization: \$269 MM
- Estimated tax rate: \$39
- Actual tax rate is below \$39
- Maximum tax rate: \$60



NAPA VALLEY
UNIFIED SCHOOL DISTRICT

Projected Tax Rates – All Outstanding Bond Issues Combined



Tax Rate by Measure

- District has successfully passed four authorizations since 1996.
- The 1996 authorization was a Proposition 46 election and the most recent three authorizations were Proposition 39 elections

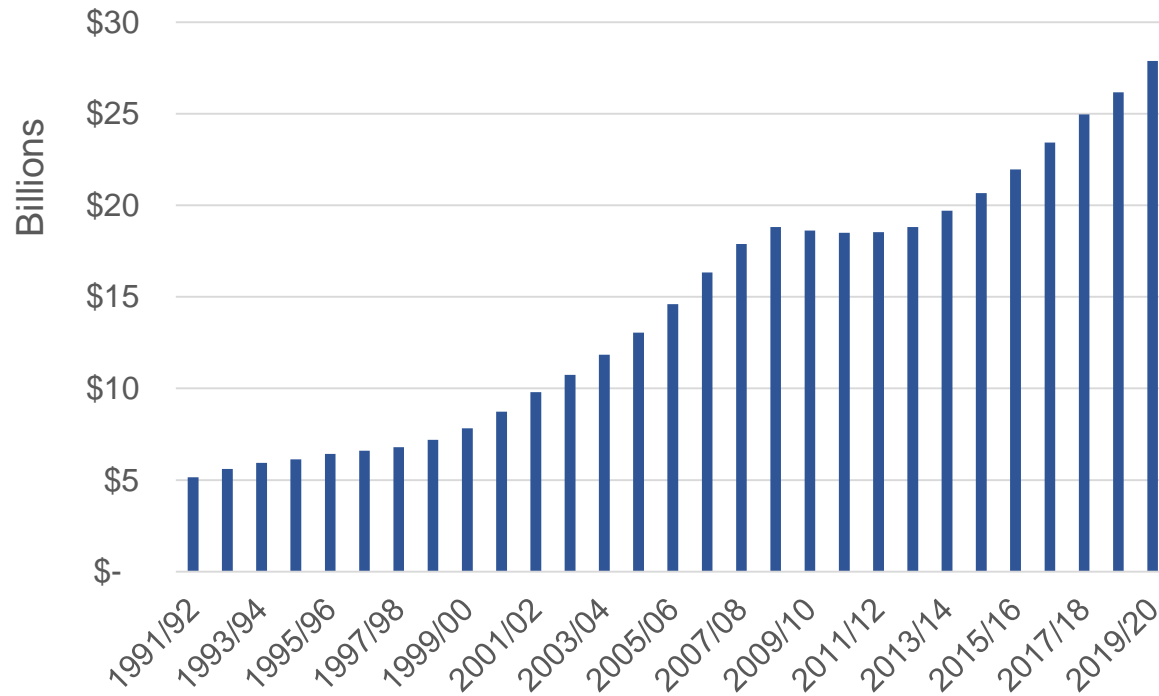
Election Date	Measure	Amount Authorized	Maximum Tax Rate	Estimated Tax Rate¹	Current Tax Rate²
June 04, 1996	Measure Y	\$ 23,100,000	N/A	N/A	\$4
November 05, 2002	Measure M	\$ 95,000,000	\$60	\$45	\$20
November 07, 2006	Measure G	\$ 183,000,000	\$60	\$39	\$49
July 07, 2016	Measure H	\$ 269,000,000	\$60	\$39	\$36

¹Estimated tax rate per each bond measure's respective ballot language.

²Tax rate based on FY 2019-20 assessed value of \$27.9 billion.



Assessed Value



Compound Annual Growth Rate (CAGR)	
Since 1991/92	6.22%
10 year	4.13%
5 year	6.18%
3 year	5.98%

Fiscal Year	Total Assessed Valuation	Percent Change
1991/92	\$ 5,150,312,463	-
1992/93	5,603,245,536	8.79%
1993/94	5,945,310,914	6.10%
1994/95	6,134,600,077	3.18%
1995/96	6,421,707,757	4.68%
1996/97	6,597,188,329	2.73%
1997/98	6,796,197,458	3.02%
1998/99	7,198,310,351	5.92%
1999/00	7,830,526,424	8.78%
2000/01	8,728,410,836	11.47%
2001/02	9,791,046,931	12.17%
2002/03	10,735,464,694	9.65%
2003/04	11,850,681,589	10.39%
2004/05	13,051,245,213	10.13%
2005/06	14,609,797,830	11.94%
2006/07	16,338,748,431	11.83%
2007/08	17,895,588,522	9.53%
2008/09	18,820,601,595	5.17%
2009/10	18,616,059,953	-1.09%
2010/11	18,503,939,494	-0.60%
2011/12	18,540,001,384	0.19%
2012/13	18,809,791,895	1.46%
2013/14	19,709,283,915	4.78%
2014/15	20,662,686,240	4.84%
2015/16	21,966,583,255	6.31%
2016/17	23,430,031,518	6.66%
2017/18	24,955,921,782	6.51%
2018/19	26,165,725,836	4.85%
2019/20	27,890,615,931	6.59%

Assessed Value By City

Area	Total Assessed Value	% of Total Assessed Value	Number of Parcels
City of Napa	\$ 13,301,265,029	47.7%	28,122
Unincorporated	\$ 10,227,857,917	36.7%	11,295
City of American Canyon	\$ 3,323,463,102	11.9%	6,071
Town of Yountville	\$ 1,038,029,883	3.7%	1,207
Total	\$ 27,890,615,931	100.0%	46,695

- \$27.8 Billion Dollars in Assessed Value

Assessed Values & Bonding Capacity: A Moving Target for Illustrative Purposes

- The District's 2019/20 assessed value (AV) totals \$27.9 billion representing 6.59% annual growth over the prior year and five year average of 6.18%
- California Education Code provides that a unified school district cannot issue bonds if doing so causes the overall amount of bonds outstanding to exceed 2.5% of its current assessed value.
- The District's remaining bonding capacity for fiscal year 2019-20 is approximately \$193.7 million.
- This is the amount we could issue today. However, the overall bonding capacity increases as assessed values increase and debt goes down.

Current	FY 2019-20
Total Assessed Value	\$27,890,615,931
Bonding Capacity % (Ed. Code 15334.5)	2.5%
Total Statutory Bonding Capacity	697,265,398
Less: Bonds Outstanding	503,574,855
Total	\$193,690,543

Bond Capacity Scenario

- Assuming that the District's assessed values continue to grow at a rate of at least 6.30%, in FY 2021-22 the District's bonding capacity increases to just over \$300 million.

Current	FY 2019-20
Total Assessed Value	\$27,890,615,931
Bonding Capacity % (Ed. Code 15334.5)	2.5%
Total Statutory Bonding Capacity	697,265,398
Less: Bonds Outstanding	503,574,855
Total	\$193,690,543

	FY 2020-21
Total Assessed Value	\$29,647,724,735
Bonding Capacity % (Ed. Code 15334.5)	2.5%
Total Statutory Bonding Capacity	741,193,118
Less: Bonds Outstanding	489,359,855
Total	\$251,833,263

	FY 2021-22
Total Assessed Value	\$31,515,531,393
Bonding Capacity % (Ed. Code 15334.5)	2.5%
Total Statutory Bonding Capacity	787,888,285
Less: Bonds Outstanding	487,789,855
Total	\$300,098,430

Tax and Revenue Anticipation Notes (TRANs)

- The District issues TRANs on an annual basis for cashflow purposes
 - The District's major source of revenue is local property tax, which is received in December and April
 - The District's major expenditures are employee salaries and benefits, which are paid evenly throughout the year
 - The difference in timing creates a temporary cashflow shortfall, generally prior to the December property tax receipts
- Money-market funds are the typical buyers of California school district TRANs and can only purchase TRANs with the highest short-term rating
- In May 2019, the District for the first time did not receive the highest short-term rating on its TRANs, receiving an SP-2 rating from S&P
- The TRANs were sold to JPMorgan Chase Bank via a direct purchase (private placement)
- The District anticipates issuing a TRAN for FY 2020-21

Tax and Revenue Anticipation Note Timeline

Event	Estimated Timing
District seeks Board of Education's approval to issue the TRAN	Thursday, March 26
District's rating meeting with S&P	Mid-May
District electronically posts preliminary official statement	Early June
District sells TRAN	Mid-June
TRAN closing and proceeds wired to the District	1 st week of July

2019 Certificates of Participation

- On June 27, 2019 the District closed a private placement COP financing worth \$2.71 million in principal to finance the acquisition of vehicles and other equipment

Payment Date	Principal	Interest	Total Debt Service	Annual Debt Service
1/1/2020		34,212	34,212	
7/1/2020	240,000	33,469	273,469	273,469
1/1/2021		30,505	30,505	
7/1/2021	250,000	30,505	280,505	280,505
1/1/2022		27,417	27,417	
7/1/2022	255,000	27,417	282,417	282,417
1/1/2023		24,268	24,268	
7/1/2023	260,000	24,268	284,268	284,268
1/1/2024		21,057	21,057	
7/1/2024	265,000	21,057	286,057	286,057
1/1/2025		17,784	17,784	
7/1/2025	275,000	17,784	292,784	292,784
1/1/2026		14,388	14,388	
7/1/2026	280,000	14,388	294,388	294,388
1/1/2027		10,930	10,930	
7/1/2027	290,000	10,930	300,930	300,930
1/1/2028		7,348	7,348	
7/1/2028	295,000	7,348	302,348	302,348
1/1/2029		3,705	3,705	
7/1/2029	300,000	3,705	303,705	303,705
	2,710,000	382,482	3,092,482	2,900,869



The District's COPs are callable on or after July 1, 2022.

Capital Appreciation Bonds (CABs)

- Capital Appreciate Bonds are bonds that have a zero interest rate
- The District issued \$22 million in CABs in 2009 and 2010 for tax rate limitations
- CABs were non-callable bonds that matured between 2025 and 2049
- In 2015, the District converted one maturity of outstanding CABs in current interest bonds
- The purchase of the bonds from investors was financed through the issuance of refunding bonds
- The broker-dealers purchased CABs with the original issue amount of \$14.2 million
- The refunding bond increased the Measure H rate through 2033
- Tax rates were projected to increase by \$12.96 per \$100,000 of AV from 2017 to 2033
- Tax rates were projected to decrease by \$12.30 per \$100,000 of AV from 2034 to 2049

Credit Rating



MOODY'S

Moody's has confirmed
NVUSD rating at A1 with a
"stable" outlook



S&P Global
Ratings

S&P has confirmed NVUSD
rating at A+ with a revised
outlook of "stable"



Fitch
Ratings

Fitch Ratings has affirmed
NVUSD rating at AAA (special
revenue pledge) and A+
(issuer default rating)

Rating Rationale:

- Large, diverse, and growing local tax base, supported by strong to very strong income indicators. Market Value per capita is extremely strong at roughly \$228,000 as of FY 2019-20.
- Robust AV growth in the last several years. The wine industry, which anchors the economy, drives the very high value of agricultural land.
- Low to moderate debt burden.
- Tax rates are low and are unlikely to climb to a level that would pressure the rating even under relatively severe stress scenarios.
- Adequate financial management policies in some but not in all key areas. Reserve levels must be maintained at or above adequate levels in the near term.
- District officials have made substantial expense reductions following multiple years of structural imbalances as a result of modestly declining enrollment.