



South San Francisco Unified School District

2025 General Obligation Bond Refunding Opportunity

by

Isom Advisors,
a Division of Urban Futures, Inc.

November 14, 2024



1470 Maria Lane, Ste. 315 | Walnut Creek, CA 94596



History of Bond Authorizations

District voters have approved three bond measures

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Election Date	Authorized Amount	% Support	Final Repayment
June 1997	\$40,000,000	74.6% (66.7% required)	2023
November 2010	\$162,000,000	77.5% (55.0% Required*)	2041
November 2022	\$436,000,000	63.6% (55.0% Required)	2056 (projected)

Source: Ed-Data

- * Unified school districts must be able to project that tax rates under **each** Proposition 39 bond authorization will be at or below \$60 per \$100,000 in assessed value.
- * The bond program tax rates associated with the 2022 Measure T authorization have been lower than the \$60 per \$100,000 in assessed value projection provided to voters at the time of approval.
- * There is \$286 million in authorized but unissued bonds remaining under the 2022 Measure T authorization.



Outstanding Bonds

Approximately \$287.8 million in outstanding bonds

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- The District currently has approximately \$287.8 million in general obligation bonds outstanding.

Dated Date	Series	Call Date	Original Par Amount	Outstanding (November 2024)
6/24/2015	2016 General Obligation Bonds (Measure J), Series B	N/A	\$26,000,000	\$570,766
6/21/2016	2016 General Obligation Bonds (Measure J), Series C	9/1/2025	\$128,999,061	\$123,500,741
1/26/2022	2022 General Obligation Refunding Bonds	9/1/2032	\$26,425,000	\$25,715,000
4/26/2023	General Obligation Bonds, Election of 2022, Series 2023	9/1/2031	\$150,000,000	\$138,000,000

*The District also issued seven series of bond anticipation notes (BANs) under the guidance of the prior financial advisor. The 2011 BANs, Series A and Series B were repaid from the proceeds of the 2012 General Obligation Bonds (Measure J), Series A and the 2012 BANs, Series C were repaid from the proceeds of the 2015 General Obligation Bonds (Measure J), Series B. The remaining four BANs were repaid from the proceeds of the 2016 General Obligation Bonds (Measure J), Series C.

Refunding Opportunity



Generating taxpayer savings

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- ▶ In the current interest rate environment, there is an opportunity to refund the District's 2016 Series C bonds for taxpayer savings.

- The District can refund the 2016 Series C bonds on a **tax-exempt** basis within 90-days of the call date of September 1, 2025.
- A forward delivery would allow the District to lock in interest rates and taxpayer savings earlier.
- Based on the current market environment, we estimate that a forward refunding of **a portion** the 2016 Series C Bonds would generate taxpayer savings of approximately \$3.68 million over time, or 4.3% on a PV basis.

Dated Date	June 2025
Par Amount of Refunding Bonds	\$56,860,000
Call Date of Prior Bonds	September 1, 2025
Gross Savings	\$3,678,050
Present Value (PV) Savings	\$2,710,550
PV Savings as % of Refunded Par	4.32%

*Based on market interest rates as of October 31, 2024.

- The refunding is an opportunity for the District to shift principal up to repay outstanding bonds faster and generate greater gross savings for taxpayers. Shifting principal up could also help the District manage tax rates over the next year or two.

Legal Documents (1)



Bond resolutions authorizing the issuance of bonds

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- ▶ **Resolution Authorizing the Sale of Refunding Bonds** – Board authorizes the issuance of Refunding bonds and sets a number of parameters:
 - Not to Exceed Par Amount: \$70 million*
 - Maximum term: Final maturity of the prior bonds
 - Not to Exceed Underwriter's Discount: \$4.00 per bond
- ▶ If the market environment changes, there is no obligation for the refunding to move forward. All financing costs associated with the refunding (with the possible exception of the rating fee) are on a contingent basis.

Legal Documents (2)



Bond resolutions will have a number of attachments

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- ▶ **Attachments** – The resolution has a number of attachments that will be approved in form. In the bond resolution, the board delegates the responsibility to execute these documents to the Superintendent & Assistant Superintendent of Business Services.
 - **Preliminary Official Statement (“POS”)** – Offering document which prospective purchasers of the bonds use to learn about the District and the bonds.
 - **Continuing Disclosure Certificate** – District covenants to file annual reports and material events notices to keep investor community up-to-date regarding District finances and tax base.
 - **Bond Purchase Agreement** – Agreement that gets executed at pricing between the District and underwriters establishing the terms of the bond sale.
 - **Escrow Agent Agreement** – A escrow agent holds and invests the refunding bond proceeds until the call date for the refunded bonds. This agreement provides US Bank with instructions during the escrow period.

Good Faith Estimates



Key Bond Financing Metrics

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- ▶ Good faith estimates of some key bond metrics are:

Metric	Levels
Principal Amount	\$56,860,000
True Interest Cost	3.28%
Cost of Issuance	\$452,440
Proceeds (for Escrow)	\$63,998,900
Total Payments	\$81,954,250

Financing Timeline



Pricing in January to Lock In Savings

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- Our current schedule assumes pricing in January.

Financing Step	Target Dates
Presentation to the Board and Bond Resolution Approval	November 14, 2024
Meeting with Rating Agencies	Week of December 13 th
Receive Ratings	December 20, 2024
Post Preliminary Official Statement	January 8, 2025
Pricing	January 15, 2025
Closing	June 3, 2025

Appendix

Regulatory Disclosure

Conflicts of Interest and Other Matters Requiring Disclosures

Pursuant to Municipal Securities Rulemaking Board ("MSRB") Rule G-42, on Duties of Non-Solicitor Municipal Advisors, Municipal Advisors are required to make certain written disclosures to clients which include, amongst other things, Conflicts of Interest and any Legal or Disciplinary events of Isom Advisors, a Division of Urban Futures, Inc. (Isom Advisors) and its associated persons.

The following are potential conflicts of interest to be considered.

- Isom Advisors represents that in connection with the issuance of municipal securities, Isom Advisors may receive compensation from an Issuer or Obligated Person for services rendered, which compensation is contingent upon the successful closing of a transaction and/or is based on the size of a transaction. Consistent with the requirements of MSRB Rule G-42, Isom Advisors hereby discloses, that such contingent and/or transactional compensation may present a potential conflict of interest regarding Isom Advisors' ability to provide unbiased advice to enter into such transaction. The contingent fee arrangement creates an incentive for Isom Advisors to recommend unnecessary financings or financings that are disadvantageous to the client, or to advise the client to increase the size of the issue. This potential conflict of interest will not impair Isom Advisors' ability to render unbiased and competent advice or to fulfill its fiduciary duty to the client.
- Isom Advisors fees under this potential agreement may be based on hourly fees of Isom Advisors' personnel, with the aggregate amount equaling the number of hours worked by such personnel times an agreed-upon hourly billing rate. This form of compensation presents a potential conflict of interest because it could create an incentive for Isom Advisors to recommend alternatives that would result in more hours worked. This conflict of interest will not impair Isom Advisors' ability to render unbiased and competent advice or to fulfill its fiduciary duty to its clients.
- Isom Advisors' fees under this potential agreement, may be a fixed amount established at the outset of the Agreement. The amount is usually based upon an analysis by the client and Isom Advisors of, among other things, the expected duration and complexity of the transaction and the Scope of Services to be performed by Isom Advisors. This form of compensation presents a potential conflict of interest because, if the transaction requires more work than originally contemplated, Isom Advisors may suffer a loss. Thus, Isom Advisors may recommend less time-consuming alternatives, or fail to do a thorough analysis of alternatives. This conflict of interest will not impair Isom Advisors' ability to render unbiased and competent advice or to fulfill its fiduciary duty to the client.
- The fee paid to Isom Advisors increases the cost of investment to client. The increased cost occurs from compensating Isom Advisors for municipal advisory services provided.
- Isom Advisors serves a wide variety of other clients that may from time to time have interests that could have a direct or indirect impact on the interests of another Isom Advisors client. For example, Isom Advisors serves as municipal advisor to other municipal advisory clients and, in such cases, owes a regulatory duty to such other clients. These other clients may, from time to time and depending on the specific circumstances, have competing interests. In acting in the interests of its various clients, Isom Advisors could potentially face a conflict of interest arising from these competing client interests. Isom Advisors fulfills its regulatory duty and mitigates such conflicts through dealing honestly and with the utmost good faith with its clients.
- Isom Advisors does not have any affiliate that provides any advice, service, or product to or on behalf of the client that is directly or indirectly related to the municipal advisory activities to be performed by Isom Advisors;
- Isom Advisors has not made any payments directly or indirectly to obtain or retain its clients municipal advisory business;
- Isom Advisors has not received any payments from third parties to enlist Isom Advisors' recommendation to its clients of its services, any municipal securities transaction or any municipal finance product;
- Isom Advisors has not engaged in any fee-splitting arrangements involving Isom Advisors and any provider of investments or services to its clients;
- Isom Advisors does not have any legal or disciplinary event that is material to its clients evaluation of the municipal advisory or the integrity of its management or advisory personnel.
- Isom Advisors does not act as principal in any of the transaction(s) related to this Agreement.
- Randall Merritt, a Managing Principal, previously worked at Raymond James & Associates, Inc. from December 2015 until December 2023. Urban's relationships with Raymond James and all other investment banks are conducted in an arm's length manner, and any recommendations are independent of any prior employment or other relationships.

Legal Events and Disciplinary History

Isom Advisors does not have any legal events and disciplinary history on its Form MA and Form MA-I, which includes information about any criminal actions, regulatory actions, investigations, terminations, judgments, liens, civil judicial actions, customer complaints, arbitrations and civil litigation. The District may electronically access Isom Advisors' the most recent Form MA and each most recent Form MA-I filed with the Commission at the following website: www.sec.gov/edgar/searchedgar/companysearch.html. There have been no material changes to a legal or disciplinary event disclosure on any Form MA or Form MA-I filed with the SEC.