

# Willows Unified School District

2026 GO Bond Refunding of  
2016 Election, 2017 Series A

April 2, 2026



**EASTSHORE CONSULTING**

FINANCIAL ADVISORY & FACILITIES PLANNING • FISCAL CONSULTING • ELECTION STRATEGIES & PUBLIC RELATIONS

## OUTSTANDING GENERAL OBLIGATION BOND DEBT SERVICE

Aug. 1,	2016 Election, 2017 Series A GO Bonds				
	Principal	Coupon	Interest	Cap. Interest	Debt Service
2017	\$ -		\$ 87,847.22	\$ (87,847.22)	\$ -
2018	215,000.00	2.000%	287,500.00	(87,541.24)	414,958.76
2019	160,000.00	3.000%	283,200.00	-	443,200.00
2020	170,000.00	3.000%	278,400.00	-	448,400.00
2021	185,000.00	3.000%	273,300.00	-	458,300.00
2022	200,000.00	3.000%	267,750.00	-	467,750.00
2023	215,000.00	3.000%	261,750.00	-	476,750.00
2024	230,000.00	3.000%	255,300.00	-	485,300.00
2025	250,000.00	3.000%	248,400.00	-	498,400.00
2026	265,000.00	3.000%	240,900.00	-	505,900.00
2027	<b>285,000.00</b>	3.000%	232,950.00	-	517,950.00
2028	<b>305,000.00</b>	2.750%	224,400.00	-	529,400.00
2029	<b>320,000.00</b>	3.000%	216,012.50	-	536,012.50
2030	<b>345,000.00</b>	3.125%	206,412.50	-	551,412.50
2031	<b>365,000.00</b>	3.125%	195,631.25	-	560,631.25
2032	<b>385,000.00</b>	3.250%	184,225.00	-	569,225.00
2033	<b>410,000.00</b>	3.500%	171,712.50	-	581,712.50
2034	<b>435,000.00</b>	3.500%	157,362.50	-	592,362.50
2035	<b>465,000.00</b>	3.500%	142,137.50	-	607,137.50
2036	<b>490,000.00</b>	3.625%	125,862.50	-	615,862.50
2037	<b>520,000.00</b>	3.625%	108,100.00	-	628,100.00
2038	<b>555,000.00</b>	5.000%	89,250.00	-	644,250.00
2039	<b>595,000.00</b>	5.000%	61,500.00	-	656,500.00
2040	<b>635,000.00</b>	5.000%	31,750.00	-	666,750.00
<b>TOTAL</b>	<b><u>\$ 8,000,000.00</u></b>		<b><u>\$ 4,631,653.47</u></b>	<b><u>\$ (175,388.46)</u></b>	<b><u>\$ 12,456,265.01</u></b>
	<b>Remaining Principal Outstanding</b>				<b>\$ 6,375,000.00</b>

# Background

- In early 2017, the District issued its first and only GO Bond series, the 2016 Election, 2017 Series A (Series A) GO Bonds, authorized when voters approved Measure “B”
- As is common for such GO Bonds, Series A allows for redemption – or early repayment – 8 to 10 years after original issuance
- Specific to Series A, redemption can occur on or after August 1, 2026
- Under Federal rules, refunding bonds can be issued using tax-exempt interest rates by conducting a “current” refunding of prior bonds up to 90 days prior to a redemption date
- Under State law, any refunding of prior GO Bonds must result in a lower overall total cost, and must have a final maturity no longer than the refunded bonds
- Eastshore has recommended proceeding with the refunding if savings in excess of \$300,000 can be achieved
- While interest rate markets commenced 2026 with improvements, the onset of hostilities in the Middle East has reversed that trend and resulted in a rapid spike in interest rates
- While target savings are not viable under current market conditions, should market conditions improve, such savings may be attainable in the not-so-distant future (and would have been exceeded, based upon market conditions in February)
- The District can authorize the 2026 GO Refunding Bonds via resolution, which will allow the finance team to be prepared to act if and when markets improve

5, 10 & 20 Year Maturity - "AAA" MMD Rate History  
January 1, 2023 through March 25, 2026



# Market Overview

- Recent market interest rate movements have largely been in response to inflation concerns and their impact on potential Federal Reserve Board actions
- With current hostilities driving energy prices higher, it has put inflation concerns in the front of investors' minds and resulted in a spike in interest rates over the past month
- In that month, the 10-year tax-exempt MMD index rate has risen by 0.63% (as of March 25, 2026)
- While this somewhat rapid rise in rates is driven by “headlines”, it is viable that a reversal in this trend could occur should the underlying cause be resolved
- In such an environment, Eastshore recommends that clients authorize the refinancing of prior bonds coming due for redemption, clearing the way to act if/when markets improve
- Traditionally, a Board authorization to refinance bonds will remain active for up to one year

## GO Refunding Analysis - Interest Rates as of March 18, 2026

Year	Interest Rate Assumption		Refunding of 2016 Election, 2017 Series A	
			Gross Savings	NPV %
2026	+0.00%	Tax Exempt	\$ 181,116	2.27%
(May)	-0.10%	Tax Exempt	\$ 233,534	2.96%
	-0.25%	Tax Exempt	\$ 309,191	3.99%
	-0.50%	Tax Exempt	\$ 439,576	5.74%
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2026	+0.00%	Tax Exempt	\$ 224,556	2.84%
(Aug.)	-0.10%	Tax Exempt	\$ 274,306	3.50%
	-0.25%	Tax Exempt	\$ 353,056	4.51%
	-0.50%	Tax Exempt	\$ 480,556	6.22%

- Does not meet minimum NPV savings guidance

# Refunding Options

- Currently, we are approximately 0.28% higher than interest rates were on March 18<sup>th</sup> and roughly 0.50% away from meeting the recommended savings levels of \$300,000 or more
- While it is not certain that we will return to lower interest rate levels, market conditions were sufficient to meet the recommended savings target as recently as one month ago
- At the \$300,000 target savings level, the typical single-family homeowner would realize savings totaling approximately \$34.40 over time
- Given market volatility, Eastshore recommends approval of the resolution authorizing the 2026 GO Refunding at this time
- The District's finance team would then monitor markets and, when it appears that interest rates are trending in a more favorable direction and target savings again become viable, complete the issuance process
- Under this approach, certain activities, such as obtaining a rating, would be delayed until such time as the refunding appears to be financially viable
- With the exception of the rating-related fees, all other issuance costs are contingent upon completion of the refunding, limiting the District's risk

# Documentation

- District Resolution authorizing issuance of the refunding bonds – a resolution spelling out the terms for and limitations on the issuance of debt, approving as to form agreements required for such issuances, and authorizing staff to complete the process of issuance and complete the as to form documentation once rates are known
- Bond Purchase Agreement – approved as to form through the resolution, this agreement between the District and the Underwriter will memorialize the interest rates and terms of the refunding bonds
- Preliminary Official Statement (POS) – approved as to form through the resolution, this document is the offering document investors will be provided when considering the purchase of District debt and is subject to provisions of SEC Rule 15c2-12 to ensure accuracy without misleading statements
- Continuing Disclosure Certificate – approved as to form through the resolution, this document is an agreement by the District to provide bond owners with periodic information updates (a requirement already in place for other debt of the District)
- Escrow Agreement – approved as to form through the resolution, this agreement between the District and the escrow bank (BNY Mellon Corporate Trust Services, which is the paying agent for the refunding and refunded bonds) specifies how the refunding proceeds will be applied to the retirement of prior debt

# Issuance Process & Next Steps

- Fundamental steps for a bond issuance include:
  - Obtaining legal authorization through Board action
  - Completing the credit review process
  - Preparation of legal documentation
  - Setting interest rates through negotiations
  - Completion of legal documents, and receipt and transfer of proceeds required to redeem prior bonds
- Again, Eastshore would recommend approval at this time, with direction to not proceed unless savings are in excess of \$300,000
- Eastshore will prepare materials to complete the credit review process and obtain a rating, but not commence such process until some market stability and improvements are evident
- Typically, the credit review process, once initiated, can be completed within three (3) weeks
- Once credit review is complete, the finalization of the offering document (POS) can occur, and a firm date to seek bids from potential investors can be set, usually within 2-3 weeks of obtaining a rating

# Summary & Next Steps

- The District's 2016 Election, 2017 Series A GO Bonds are eligible for redemption commencing August 1, 2026, allowing for refinancing with tax-exempt bonds as soon as May
- Current geopolitical circumstances have caused a spike in interest rates, which will require some modest market improvements before execution of the refunding can occur
- While not viable today, the target savings level was recently attainable and would appear to be attainable again in the not-so-distant future, IF circumstances driving the current spike mitigate
- Eastshore recommends that the District approve the proposed 2026 GO Refunding, *with* a minimum savings threshold of \$300,000
- Thereafter, the finance team will coordinate with District staff to move the process to completion when conditions are right to do so
- Questions?