NOVATO UNIFIED SCHOOL DISTRICT

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Novato Unified School District Receives High Rating on its Upcoming Refunding Bonds

Novato, CA - The Novato Unified School District (NUSD) is pleased to announce that the district has achieved high quality investment grade rating of AA from Standard & Poor's Ratings Service (S&P) on the upcoming issuance of general obligation refunding bonds.

The purpose of the general obligation refunding bonds is to reduce the debt service costs being paid by District taxpayers. The credit ratings are integral to the amount of savings that can be achieved, as higher credit ratings translate into lower interest costs on the refinanced bonds.

In addition to achieving the S&P rating on the new refunding bonds, the District's AA+ from Fitch Ratings (Fitch) was affirmed as part of Fitch's earlier biannual surveillance of the District with respect to its ratings on prior bond issuances.

Only about 15% of California's school districts have ratings equivalent to higher than the District's credit rating.

The Board of Trustees authorized the issuance and sale of its Refunding Bonds-Series 2005 and Series 2006 at its August 12, 2014, meeting. It is anticipated that the net savings to the taxpayers of the Novato Unified School District will be approximately 12% of the net present value which equates to approximately $9.2 million. The actual savings will be determined when the bonds are sold which will occur on or about September 8, and the savings will begin in the 2015-16 tax year. On an annual basis, the estimated average savings are about $506,000 through 2029. The estimated present value savings as a percentage of refunded bonds is about 12%, which exceeds the 5% minimum present value savings requirement set forth in the Resolution for the 2014 General Obligation Refunding Bonds.

The district issued three series of General Obligation bonds totaling $ 107,000,000 as approved by the voters in the 2001 election. Bond Series 2005 had an original principal of $30,000,000 and $27,560,000 remains outstanding, and Bond Series 2006 had an original principal of $40,200,000 and $35,745,000 remains outstanding. Due to interest rates being at historical lows, the district determined it was prudent to refinance the Series 2005 and 2006 bonds in an aggregate principal amount not to exceed $64 million. The term of the new issued Bonds will not exceed the term of the Series 2005 and 2006 bonds. Bond Series 2002 had an original principal of $36,800,000 and with the 2011 General Obligation Refunding Bonds refinancing, the Series 2002 bonds achieved $5.4 million of debt service savings for taxpayers from 2012 through 2026. A total of $21.6 million of 2011 General Obligation Refunding Bonds remain outstanding.

The Bank of New York Mellon Trust Company, N.A. will act as the Paying Agent with respect to the Refunding Bonds and as Escrow Agent with respect to the Prior Bonds. Stifel Nicolaus & Company will be the Underwriter and Tamalpais Advisors is the financial advisor.

The Proceeds from the sale from the Refunding Bonds will pay the principal of the prior bonds upon redemption thereof and pay all closing costs associated with the refunding and issuance of the Bonds. The closing costs will be approximately $420,000.