

DAWSON COUNTY HIGH SCHOOL DISTRICT

\$8,000,000 Series 2024 Bond Issue Summary

On Monday, April 15, the Dawson County High School District Board of Trustees will adopt the final Bond Resolution for the issuance of **\$8,000,000 in General Obligation School Building Bonds** that the High School District voters approved last August.

THE PROJECT. The Bonds were issued to pay the costs of deferred maintenance and other improvements to Dawson County High School, to include replacing the HVAC system and upgrading portions of the electrical system in the high school building and auditorium; installing new auditorium seating; repairing or replacing portions of the roof; upgrading technology infrastructure, security, and fire alarm systems; and related building and site improvements.

BOND OFFERING. On April 11, the tax-free municipal Bonds were offered in \$5,000 increments and sold through D.A. Davidson to individual investors, banks, and other institutional investors locally and across Montana and the nation. **Yields to investors ranged from 3.07% in 2030 to 3.62% in the final maturity in 2039.**

LOWER TRUE INTEREST COST. High School District officials are pleased that the **true interest cost rate on the Bond issue is favorable at 3.79%**, which is lower than the 4.65% rate estimate with projections last fall when the Bonds first passed.

POSITIVE TAXPAYER IMPACT INFORMATION. The High School District's taxable value increased slightly in 2023/24 and together with positive final bond results dropped projected debt service mills on the Bonds from **34.26 mills with election communications to 33.36 mills, a 2.63% reduction.**

Tax impacts of the Bonds were projected during the election at \$46.25 per year per \$100,000 of residential property value and the updated figure based on final rates is now \$45.04.

Mill levies to pay debt service on the Bonds will commence in 2024/25 and conclude after the 15-year term in 2038/39. As the High School District experiences growth in its tax base from new construction and other additions, the annual mills levied to pay debt service on the Bonds could be lower throughout the 15-year term.

FAVORABLE S&P CREDIT RATING ON THE BONDS. As part of the financing process, the High School District received an **"A" underlying credit rating on the Bonds from S&P Global Ratings and a "AA" Build America Mutual Insured Rating.** The S&P rating report outlines in its bullet points that the rating is due to High School District's:

- concentrated local economy with the 10 largest taxpayers accounting for 47.3% of total taxable value and average income levels and extremely strong property wealth;
- Strong financial position in the High School District with positive operating results and maintenance of very strong available general fund reserves, supported by a stabilizing enrollment trend;
- Standard policies and practices under the S&P financial management assessment; and
- Low debt burden with no additional debt plans.

April 11, 2024