MEMORANDUM

TO: Board of Directors, Massachusetts School Building Authority
FROM: James A. MacDonald, First Deputy Treasurer, Chief Executive Officer
Mary L. Pichetti, Executive Director, Deputy Chief Executive Officer
DATE: October 21, 2025
RE: 2025A New Money Bonds & 2025 B Current and Tender Refunding Bonds & Cash Defeasance – Final Results

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At the February 26, 2025 board meeting, the MSBA Board authorized issuance of up to $500 million in new money bonds (2025A) to fund grant payments to districts, up to $1.5 billion in current refunding bonds (2025B) and to make tender offers to current bond holders of selected outstanding bonds to effectuate a refunding. The 2025A&B bonds were self-designated as Social bonds and were issued on the Subordinate Lien. At the June 12, 2025 Board of Director's meeting, the Board provided an additional authorization to utilize up to $400 million in available funds to defease other select bonds.

The MSBA selected Bank of America, Merril Lynch to serve as underwriter and dealer manager on the issuance, Jefferies and Loop Capital as co-senior and Omnicap to serve as the MSBA's financial advisor through separate Requests For Information. The sale of the bonds closed on September 18, 2025.

The following summarizes the results of these financings:

New Money Bonds (2025A) – $500 million in principal was issued as new money bonds for the purpose of funding CORE program and supplemental grant payments. These funds were deposited to the Massachusetts Municipal Depository Trust (MMDT) in their cash portfolio. The 2025A series bonds have an average life of 23.9 years and a True Interest Cost (TIC) of 4.937% and have a final maturity of February 15, 2055.

Refunding Bonds (2025B) – The 2025B bonds were issued to current refund callable bonds, and to purchase tendered bonds. Approximately $1.495 billion in principal was issued along with various debt service fund and debt service reserve fund releases totaling approximately $152.0 million to refund or purchase approximately $1.848 billion in previously issued bonds from the following series:

2015B
2015C
2015D
2016A
2016B
2016C
2018A
2019B (Taxable)
2020B (Taxable)
2020C (Taxable)
2021A (Taxable)

This refunding resulted in budgetary savings of $217.7 million and a net present value savings of

approximately $168.6 million and a percentage savings of 9.1236%.

Cash Defeasance. In addition to the current refunding bonds and tender offer, the MSBA utilized approximately $397.4 million in available funds and $2.9 million of debt service fund releases to execute a cash defeasance of $505 million of outstanding bonds in Series 2019B (federally taxable), Series 2020C (federally taxable) and Series 2021A (federally taxable). The MSBA utilizes cash defeasance of outstanding bonds to their maturity dates to manage its aggregate debt service profile, improve coverage ratios, reduce debt service costs, and achieve net present value savings. The MSBA realized budgetary savings of $771.3 million (373.8 million net of the cash contribution to the defeasance escrow) and net present value savings of approximately $46.6 million and a net present value percentage savings of 9.218%.

As a result of the transaction, the MSBA achieved a 4.115% all-in True Interest Costs (TIC) and $200.1 million in present value savings across the current refunding, tender offer refunding, and cash defeasance, or 8.6% of prior par. The MSBA used the refunding savings to recast their debt service to create a level and declining profile and ultimately increase aggregate debt service coverage from 3.12x to 3.37x, despite the inclusion of $500 million of new money par.