



# Albany Unified School District

Refunding Opportunity

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Presented by

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A Division of Zions First National Bank

# Refund versus Refinance

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- Refunding a bond is the same concept as refinancing a mortgage or loan.
- Lower interest rates result in lower payments.
- The difference between current payments and new payments, net of all issuance costs, is net savings to taxpayers.
- Albany USD has refunded three times in the past 11 years:

Refunding Series	Par Amount	Series Refunded	Savings (Total \$)	Savings (PV \$)
2001	\$11,390,000	Election of 1993, Series A, B, C	\$778,622	\$547,357
2004	4,300,000	Election of 1993, Series D	310,200	220,000
2009	7,290,000	Election of 1993, Series E & F	<u>656,673</u>	<u>252,123</u>
			\$1,745,495	\$1,019,480



# Existing Bonds

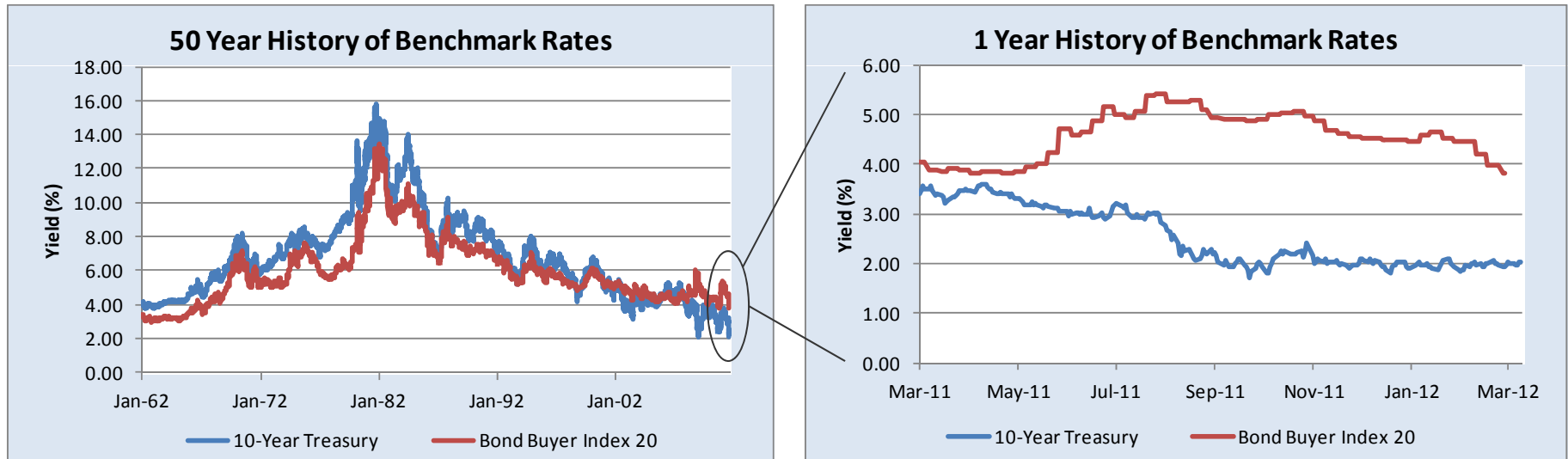
- The District currently has the following bonds outstanding:

Election	Series	Date Issued	Final Maturity	Original Issue	Amount Outstanding	Original Interest Rates	Call Date
1993/94	2001 Refunding	10/18/2001	8/1/2019	11,390,000	\$5,565,000	3.95%-4.80%	Currently Callable
1993/94	Series G	2/1/2004	8/1/2028	4,600,000	3,785,000	3.00%-4.50%	8/1/2012
1993/94	2004 Refunding	7/1/2004	8/1/2021	4,300,000	2,905,000	4.00%-5.00%	8/1/2013
2004	Series A	8/17/2005	8/1/2030	7,500,000	7,045,000	3.75%-4.50%	8/1/2013
2004	Series B	8/8/2006	8/1/2031	5,500,000	5,015,000	4.20%-5.50%	8/1/2016
2008	Series A	7/10/2009	8/1/2027	10,000,000	10,000,000	5.00%-6.50%	8/1/2019
1993/94	2009 Refunding	7/10/2009	8/1/2020	7,290,000	6,725,000	3.50%-4.50%	8/1/2019
TOTAL					\$41,040,000		



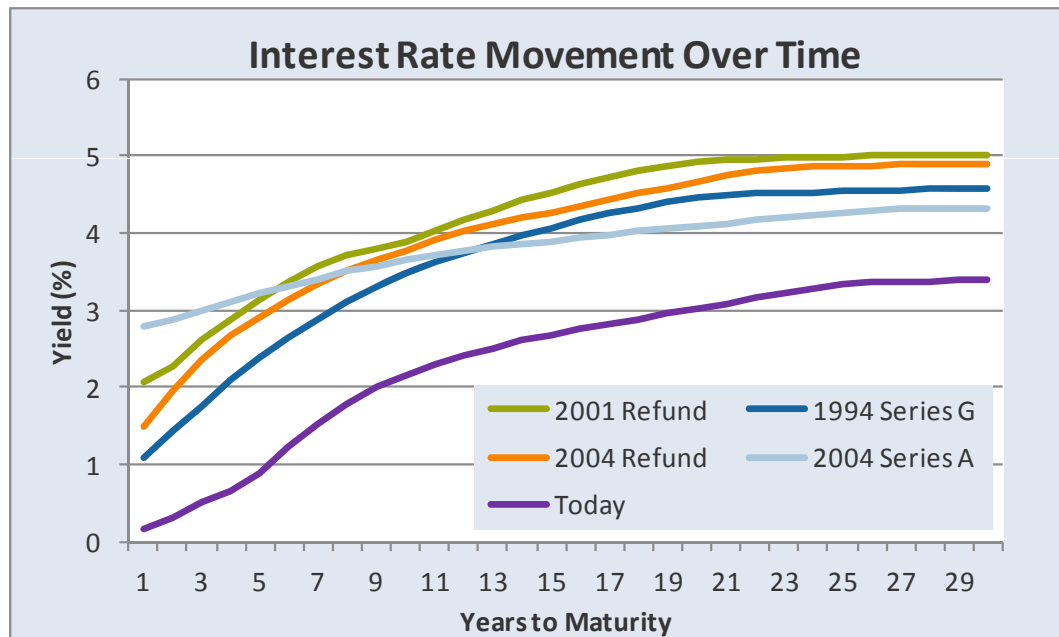
# Current Interest Rates

- Two indices used to track municipal bond rates are the 10-Year U.S. Treasury and the Bond Buyer 20 Index. Both indices are near all-time lows.



# Interest Rates – Now vs. Then

- Interest rates are significantly lower now than when bonds were issued.



# Potential Savings

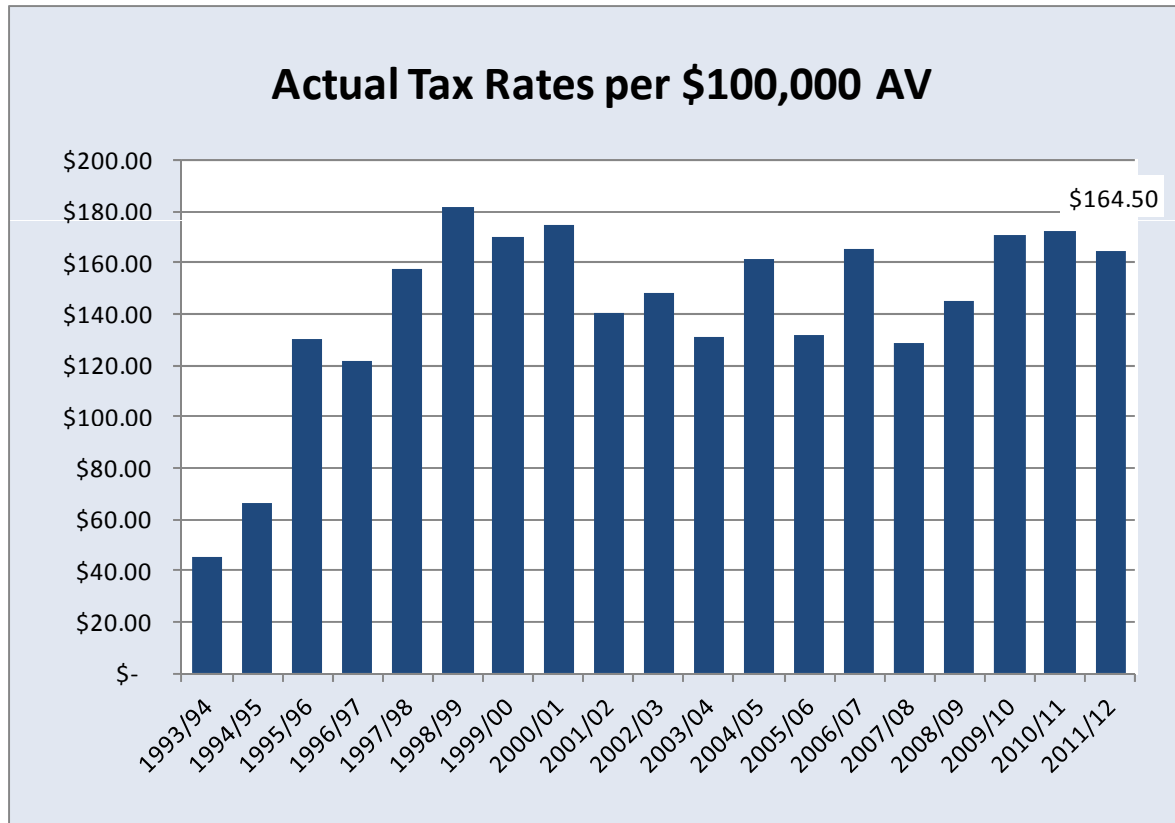
- Based on current interest rates, the District could expect \$1,605,727 in debt service savings over the repayment term, or \$1,371,726 in net present value.
- Annual savings for the taxpayer ranges from \$1.78 to \$7.49 per \$100,000 A.V.
- For the average home owner, this translates to about \$20 per year for the first five years when debt service payments are higher.
- Savings shown are NET of the cost of doing the refunding.

Date	Prior Debt Service	Refunding Debt Service	Savings	Savings per \$100,000 AV	Present Value to 05/03/2012 @ 2.2516501%
8/1/2012	\$ 1,072,436	\$ 1,002,920	\$ 69,516	\$ 3.63	\$ 69,136
8/1/2013	1,622,814	1,515,800	107,014	5.58	104,385
8/1/2014	2,163,341	2,021,050	142,291	7.42	135,570
8/1/2015	2,165,429	2,021,850	143,579	7.49	133,746
8/1/2016	2,163,459	2,020,450	143,009	7.46	130,238
8/1/2017	2,166,919	2,026,850	140,069	7.30	124,700
8/1/2018	1,956,124	1,830,650	125,474	6.54	109,202
8/1/2019	1,575,824	1,474,850	100,974	5.27	85,907
8/1/2020	1,234,544	1,156,050	78,494	4.09	65,279
8/1/2021	1,235,125	1,153,250	81,875	4.27	66,552
8/1/2022	868,483	809,250	59,233	3.09	47,043
8/1/2023	868,120	812,250	55,870	2.91	43,395
8/1/2024	866,216	808,750	57,466	3.00	43,654
8/1/2025	868,050	809,000	59,050	3.08	43,871
8/1/2026	868,050	812,750	55,300	2.88	40,179
8/1/2027	871,090	814,750	56,340	2.94	40,033
8/1/2028	872,575	815,000	57,575	3.00	40,010
8/1/2029	557,025	518,500	38,525	2.01	26,180
8/1/2030	559,075	525,000	34,075	1.78	22,644
<b>TOTAL</b>	<b>\$24,554,697</b>	<b>\$22,948,970</b>	<b>\$1,605,727</b>	<b>\$ 83.73</b>	<b>\$ 1,371,726</b>



# History of Tax Rates

- Tax rates have stayed near \$160 per \$100,000 A.V. (by design).



# Interest Rate Sensitivities

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- Interest rate movements of 10 basis points (0.10%) will effect savings by approximately \$125,000, while movements of 25 basis points will effect savings by approximately \$315,000.

Interest Rate Change	Total Present Value Savings	PV Savings as % of Refunded Bonds
-0.50%	\$2,049,758.66	11.29%
-0.25%	\$1,697,231.38	9.35%
-0.10%	\$1,499,738.73	8.26%
0.00%	\$1,371,726.25	7.57%
0.10%	\$1,251,425.49	6.89%
0.25%	\$1,070,661.76	5.90%
0.50%	\$774,014.76	4.26%





# Refunding Process and Schedule

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- Issuing refunding bonds is just like issuing regular G.O. bonds.

Action/ Item	Date / Timeframe	Responsible Party
Resolution and Preliminary Official Statement (POS) prepared for review	Early March	Bond Counsel, Financial Advisor, District
Board Action	March 20	District Board
Credit Review (Rating Agency Meeting)	Week of March 19	Financial Advisor & District
POS is posted for investors & underwriters	April 2	Bond Counsel finalizes document; District signs off; Financial Advisor posts.
Competitive Sale	April 17	Financial Advisor administers; Bond Counsel & District approve results.
Review and sign final documents	May 2	Bond counsel prepares documents; Financial Advisor reviews; District signs.
Close	May 3	Winning underwriter wires funds to Escrow Bank.
Old bonds are paid off	30 days after close	Escrow Bank

