San Leandro Unified School District

Board of Education

Vince J. Rosato
President

Lance James
Vice President

Leo Sheridan
Clerk

Evelyn González
Member

Diana J. Prola
Member

Monique M. Tate
Member

Ashley Vo
Member

Michael McLaughlin, Ed.D.
Superintendent

Rosanna Mucetti, Ed.D.
Deputy Superintendent
Educational Services

John Thompson, Ed.D.
Assistant Superintendent
Human Resources

Kevin Collins, Ed.D.
Assistant Superintendent
Business Services

To: Mike McLaughlin, Ed.D.
From: Kevin Collins, Ed.D.
Date: September 13, 2016
Re: Bond Refunding

Staff Recommendation: Authorize district staff to proceed with preparation of bond refunding resolution and documentation which would be presented to the Board of Education at the October 11, 2016 meeting for final consideration.

Our Financial Advisor, California Financial Services (CFS), has identified a bond refunding opportunity for the district that would save district tax payers approximately two million dollars. If the Board of Education chooses to proceed with a refunding, we would bring forward a resolution at the next meeting to authorize the transaction.

This refunding consists of about $19.3 Million in outstanding Current Interest Bonds (CIBs) that were originally sold in 2007. These bonds currently carry an average interest rate of 4.17%, and would be refunded with an anticipated average true interest rate of 2.29%.

These bonds have a call date of August 2017, so the proceeds of a sale would be held in an escrow account until next spring when the actual redemption transaction would occur. The rationale for this type of transaction, known as a pre-refunding, is that it would allow us to take advantage of current historically low interest rates.

There are several costs associated with a bond refunding. The attached table shows an estimated cost of just under $350,000, which equals just under 2% of the total amount being refunded. All transaction costs would be paid by proceeds from the refunding. This refunding would have no impact (positive or negative) on the district's finances.

This refunding would save the average homeowner in the district approximately $61, and would demonstrate the district's ongoing commitment to minimizing the total cost of our bond programs for taxpayers.

CFS has provided additional analysis of the refunding which in the form of an attached presentation.

San Leandro Unified School District
Comparison of Refunding Statistics
Public Offering (Current Rates)

	2007 New Money
Old/Refunded Bonds	
Principal	$19,310,000
Average Interest Rate	4.17%
New/Refunding Bonds	
Principal and Premium	$20,386,354
Average Interest Rate	2.29%
Estimated Transaction Costs***	$349,392
Savings	
Debt Service Savings	$2,312,519
Present Value Debt Service Savings	$1,999,577
Present Value Savings Percentage	10.56%
Median Homeowner Savings - Annual	$4.08
Median Homeowner Savings - Total	$61.21
Estimated Transacton Costs	
Costs of Issuance	
Bond Counsel	$47,000
Disclosure Counsel	$20,000
Financial Advisor	$75,000
Standard & Poor's	$18,000
Moody's Investors Service	$18,000
Paying/Escrow/Fiscal Agent	$2,500
Verification Agent	$3,000
Printer	$3,000
CalMuni	$1,500
DataQuick	$300
Contingency	$3,000
	$191,300
Underwriting Fee (0.50% of Par Amount)	$88,000
Bond Insurance (0.30% of Total Debt Service)	$70,092
Estimated Total Transaction Costs	$349,392
Total Transaction Cost as a % of Par	1.71%