



Mt. Diablo Unified School District

Series 2006 GO Bond Refunding Analysis

by

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2002 G.O. Bond Program Summary

Executive summary

Mt. Diablo Unified School District

- Voters in the District approved a \$250,000,000 bond authorization at an election in March 2002 by 65.4%.
- All of the bonds from the 2002 election have been issued based on the following issuance schedule:
 - *\$69.4 million in bonds in 2002, \$121.0 million in 2004, and the final \$59.6 million in 2006*
- In Fiscal Year 2010-11, District refunded its 2002 bonds to save taxpayers \$4.7 million
- In Fiscal Year 2011-12, District also refunded its 2004 bonds to save taxpayers an additional \$8.8 million
- Based on a continuing rally in the municipal bond market, historic low rates, and an early call provision on the 2006 bonds, District should consider refunding its 2006 bonds; **total taxpayer savings based on current interest rates is estimated to be \$7.2 million**
- The refunding of the 2006 bonds and the corresponding lowering of the tax rate will also further improve the District's ability to issue the 2015 new money bond within the projected tax rates

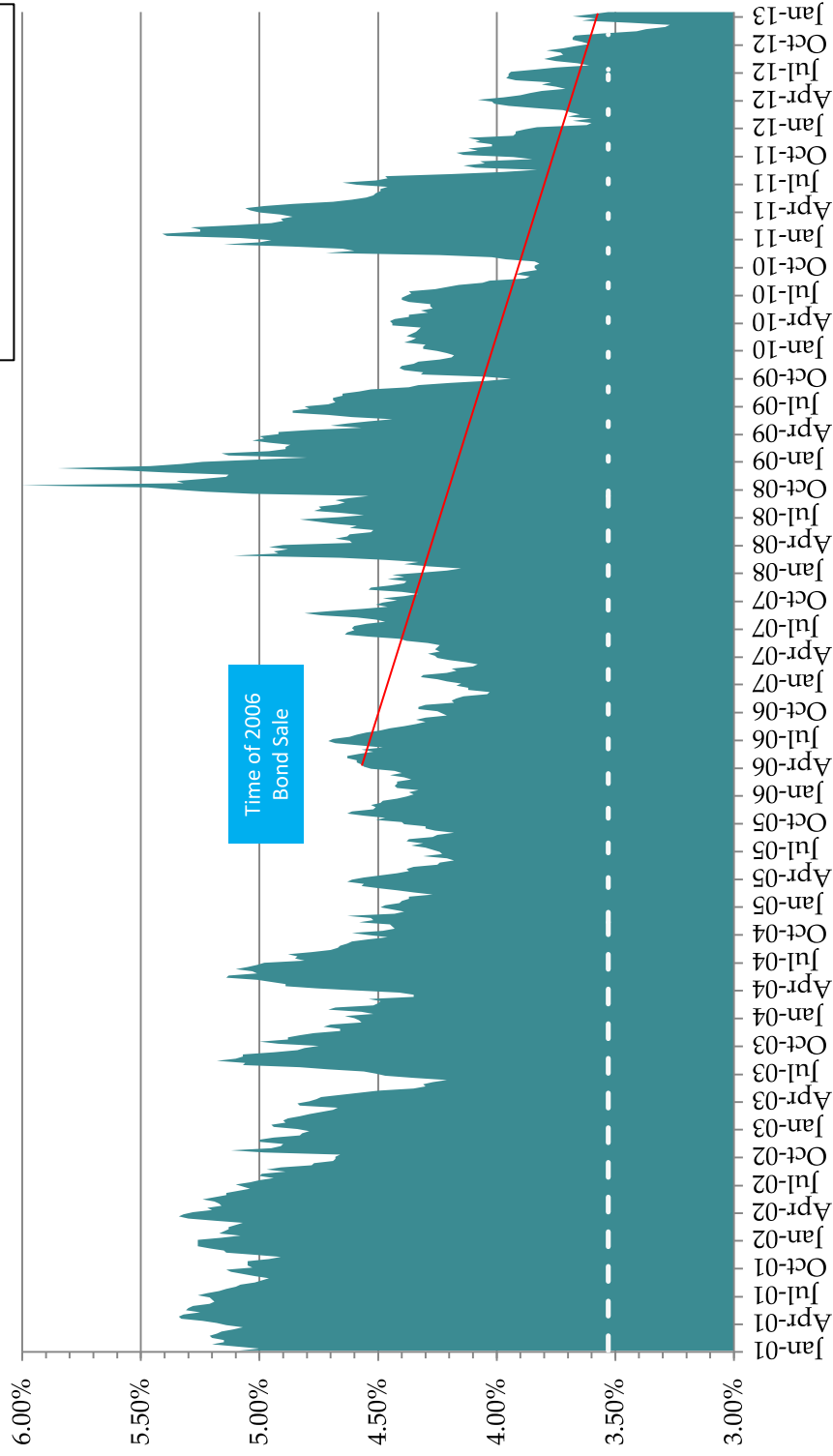
2013 Interest Rate Environment

Historically low interest rates

Mt. Diablo Unified School District

High: 6.01% (10/16/08)
Low: 3.27% (12/6/12)
Average: 4.56%
Current: 3.53% (1/17/13)

Bond Buyer 20 Bond Index (January 1, 2001 to January 17, 2013)



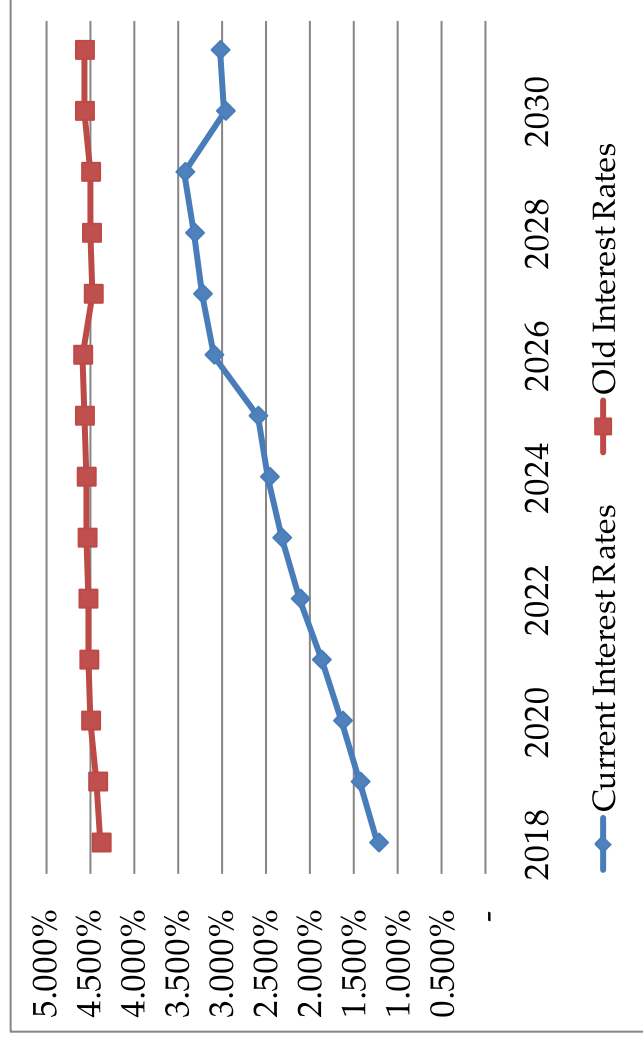
Comparing Interest Rates

Current rates are lower than 2006 bond rates

Mt. Diablo Unified School District

- Interest rates on the 2006 current interest bonds range from 4.380% to 4.570%
- Interest rates on the 2013 refunding bonds are estimated to be range from 1.230% to 3.430%
- This spread in interest rates is what generates the savings to the District
- True interest cost is projected to be 3.425%

Interest Rate Comparison



2013 Refunding Savings

Series 2006 G.O. Refunding Savings Analysis

Mt. Diablo Unified School District

- Based on current interest rates, District taxpayers would save approximately \$7,246,000 in total savings by refunding the Series 2006 Bonds
- The industry accepted threshold for present value savings is a minimum of 3.00%. Based on current interest rates, the refunding would generate present value savings over 10.606%
- A sensitivity analysis to evaluate refunding bonds now vs waiting until March 2014 (90 days prior to the 6/1/14 call date) shows that rates could increase by 0.35% from today to provide an equal amount of taxpayer savings

Date	New Debt Service	Existing Debt Service	Savings
2013	2,777,346	2,813,590	36,244
2014	3,841,541	4,155,680	314,139
2015	3,293,541	3,607,680	314,139
2016	3,286,679	3,600,818	314,139
2017	3,338,329	3,652,468	314,139
2018	3,236,499	3,660,638	424,139
2019	3,233,499	3,655,913	422,414
2020	3,207,999	3,634,275	426,276
2021	3,165,999	3,593,250	427,251
2022	3,103,249	3,526,550	423,301
2023	3,015,749	3,440,300	424,551
2024	2,914,749	3,340,400	425,651
2025	2,785,999	3,212,525	426,526
2026	2,630,999	3,058,025	427,026
2027	6,264,149	6,688,250	424,101
2028	6,042,944	6,469,750	426,806
2029	5,809,744	6,235,500	425,756
2030	13,886,750	14,311,250	424,500
2031	13,571,250	13,996,500	425,250
Total	\$89,407,011	\$96,653,360	\$7,246,349
PV Savings		\$5,230,000	
PV Savings as %		10.606%	

2013 Refunding

Refunding structuring options

The options below illustrate the three most common refunding structures:

1

Level Savings

Debt service savings are approximately level in each year. Most common refunding structure.

2

Deferred Savings

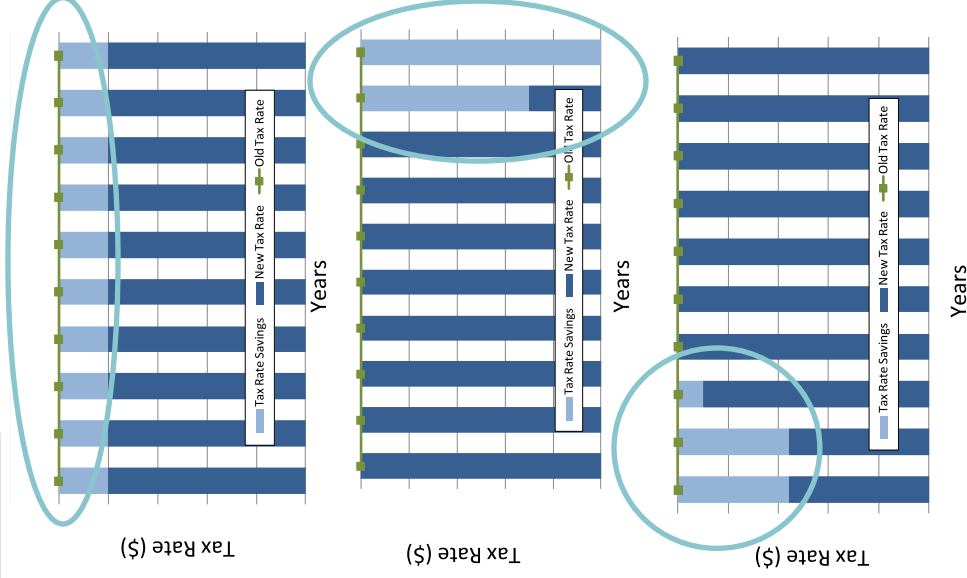
Deferred savings shortens the maturity of the bonds so that debt service savings are realized in the final years. Interest cost is the lowest of the three options, but the savings are not realized until later years.

3

Upfront Savings

Upfront savings provides near term debt service savings by deferring principal amortization. Interest cost is the highest of the three options, but the savings are immediate.

Mt. Diablo Unified School District



Timeline – 2013 Refunding

Refunding Schedule

Mt. Diablo Unified School District

Task	Responsible Party	Date
Legal Documents and Preliminary Official Statement are prepared and sent to District for Board Agenda	Bond Counsel	January 24
Board of Trustees approves resolution authorizing refunding and supporting legal documents for Series 2006 GO Refunding Bonds	District	January 28
Conference Call with Rating Agency to secure credit score	District/ Finance Team	February 4
Receive Series 2006 GO Refunding Bonds ratings from rating agency	Finance Team	February 12
Post Preliminary Official Statement	District/ Finance Team	February 15
Price Series 2006 GO Refunding Bonds	District/ Finance Team	February 20
Closing of Series 2006 GO Refunding Bonds	District/ Finance Team	March 6
Board Meeting to Discuss Refunding Results	District/ Financial Advisor	March 11