



Isom Advisors A Division of
URBAN FUTURES | Incorporated

Financing Wrap-up: 2021 General Obligation Refunding Bonds

by
Isom Advisors,
a Division of Urban Futures, Inc.



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2021 Refunding Overview



Executive Summary of Current Refunding

Mt. Diablo Unified School District

- ❖ In 2011 and 2012, Mt. Diablo USD issued several series of general obligations bonds to fund District projects. The bonds were originally approved by voters in 2002 and 2010.
 - In 2011, MDUSD issued two series of general obligation refunding bonds with an aggregate amount of approximately \$81.5 million; \$39.6 million remains outstanding.
 - In 2011, the District also issued general obligation bonds with a par amount of \$7.1 million; \$5.7 million remains outstanding.
 - In 2012, the District sold general obligation bonds for approximately \$150 million and general obligation refunding bonds for \$40.5 million; \$174.2 million in aggregate remains outstanding.

- ❖ Due to near all-time low interest rates, the District had the opportunity to refinance these bonds for interest cost savings. All savings will go back to the taxpayers.
 - Since 2001, rates have been lower than today only 2% of the time.

- ❖ **Aggregate savings, net of all professional fees, total \$48,698,777.**

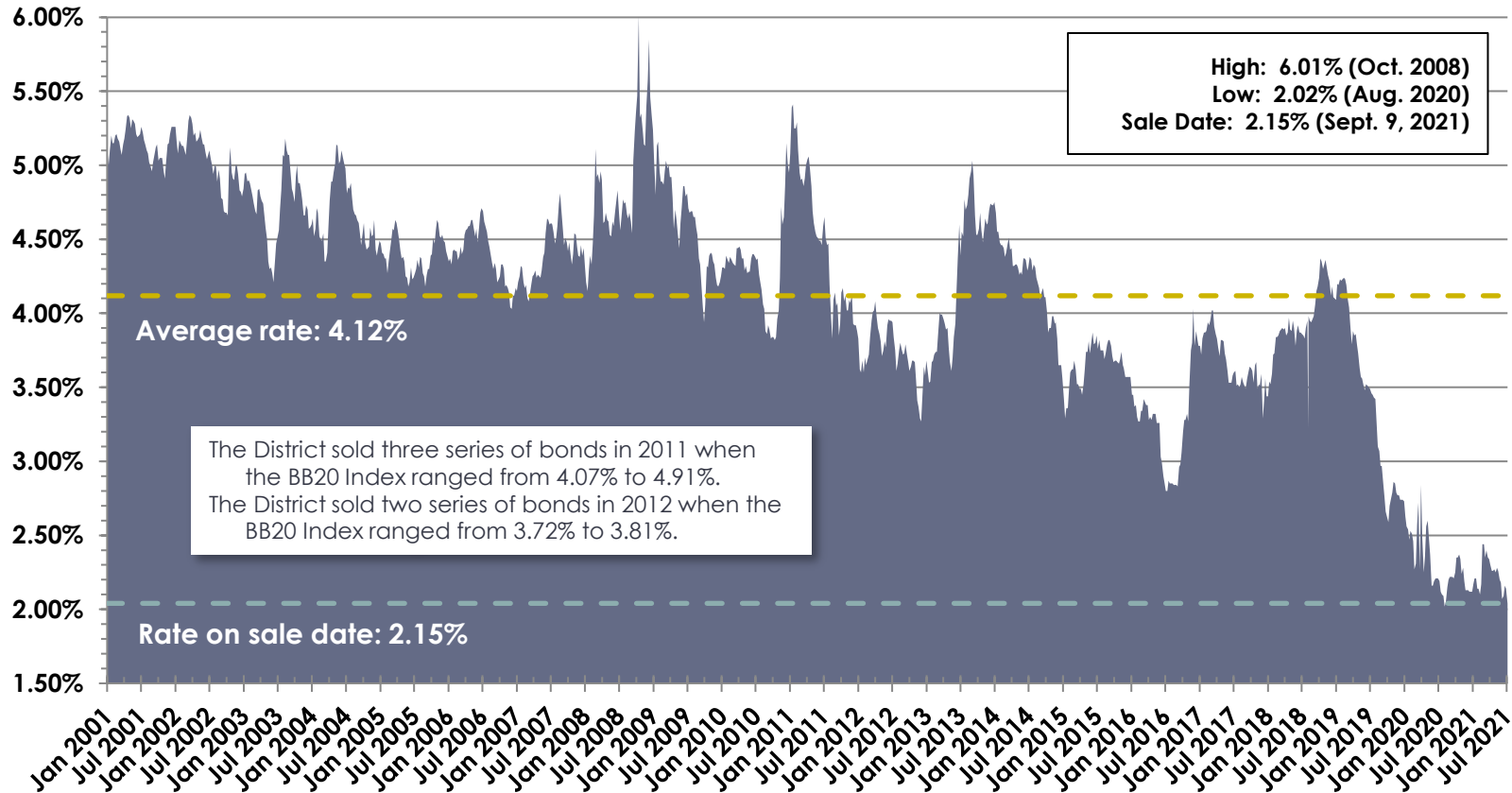


Interest Rate Environment

Interest rates are near all-time lows

Mt. Diablo Unified School District

Bond Buyer 20 GO Bond Index (January 2001 to present)



1. The Bond Buyer 20 is an index of 20 high-grade municipal bonds that serves as barometer for municipal interest rates.

Source: The Bond Buyer.



Refunding of Prior Bonds

Refunding Candidates

Mt. Diablo Unified School District

- ❖ The table below summarizes the bonds that can be refunded in 2021 and 2022 and were the refunding candidates.

Current Refunding Candidates

| Series | Originally Sold | Original Par | Outstanding Par | Par Refunded | Call Date |
|---------------------------|-----------------|--------------|-----------------|---------------------|-----------|
| 2010 Elec, Ser D | 2011 | \$7,133,582 | \$5,665,000 | \$4,440,000 | Oct. 2021 |
| 2002 Elec, 2011 GO Ref. A | 2011 | \$37,790,000 | \$18,895,000 | \$15,035,000 | Oct. 2021 |
| 2002 Elec, 2011 GO Ref. B | 2011 | \$43,700,000 | \$20,695,000 | \$10,815,000 | Oct. 2021 |
| | | | | \$30,290,000 | |

Forward Refunding Candidates

| Series | Originally Sold | Original Par | Outstanding Par | Par Refunded | Call Date |
|----------------------------|-----------------|---------------|-----------------|----------------------|-----------|
| 2010 Elec, Ser E | 2012 | \$149,995,000 | \$134,250,000 | \$128,025,000 | Aug. 2022 |
| 2002 Elec, 2012 GO Ref. B2 | 2012 | \$40,540,000 | \$39,955,000 | \$39,955,000 | Jul. 2022 |
| | | | | \$167,980,000 | |

- ❖ Due to changes in the tax law, bonds with future call dates can only be refunded on a taxable basis or as a forward refunding.
 - A forward refunding is where the interest rates are set today, but the financing doesn't close until the future call date. A forward is sold at tax-exempt rates.
 - Due to rate dynamics at the time, the forward delivery option generated more savings for the District than the taxable option at the time of the sale.



Refunding of Prior Bonds

Significant Taxpayer Savings from Refinancing Bonds

Mt. Diablo Unified School District

- ❖ On September 16, 2021, the refunding bonds were sold and rates were set. The table below summarizes the results of refunding the prior bonds, with comparisons to prior estimates.

| | 2021 Refunding Bonds | | |
|-------------------------------------|----------------------|---------------|---------------|
| | July 20 | August 18 | September 16 |
| Par Refunded | \$30,290,000 | \$198,270,000 | \$198,270,000 |
| Call Date | 2021 | 2021/22 | 2021/22 |
| 2021 Bonds Par | \$28,170,000 | \$205,345,000 | \$175,415,000 |
| Avg Rate of Prior Bonds | 5.11% | 4.82% | 4.54% |
| Avg Rate of 2021 Bonds | 0.77% | 2.12% | 1.74% |
| Total Savings | \$3,804,010 | \$40,907,612 | \$48,698,777 |
| Net Present Value Savings \$ | \$3,730,669 | \$35,352,278 | \$43,682,059 |
| Net Present Value Savings % | 12.31% | 22.33% | 22.03% |
| Escrow Negative Arbitrage | \$0 | \$2,458,597 | \$497,654 |

Notes:

- July estimates provided by a 3rd party and only contemplated refunding the bonds sold in 2011
- August and September results provided by Isom Advisors and include certain bonds sold in 2012
- August results contemplate a tax-exempt and taxable refunding, while the September final results are a combination of a tax-exempt current and tax-exempt forward refundings.

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