EVERETT PUBLIC SCHOOLS

News release

May 23, 2019

District refinanced bonds, saving taxpayers $7.4 million in 10 years

High credit ratings and lower interest rates benefit taxpayers over long-term

On May 22, 2019, Everett Public Schools sold a total of $62,935,000 of tax-exempt bonds, which will provide $49.7 million of funds to finance a portion of the bond projects approved by voters in February 2018. It will also refinance $18,465,000 of its 2009B unlimited tax general obligation Build America Bonds to take advantage of lower market interest rates. The refinancing will save the district's taxpayers more than $694,000 over the next 4 years. These savings flow directly to taxpayers through reduced tax levies and are not available for district expenses.

The refunding portion of the 2019 bond issue is the fifth such refunding the district has completed since 2007. The combined gross savings to taxpayers from these refunding bond issues exceeds $7.4 million.

D.A. Davidson and Co. in Seattle is the senior managing bond underwriter for the transaction. Northwest Municipal Advisors is serving as the district's Pricing Advisor. The district has been monitoring bond market conditions over the past six months, and recent low interest rates allowed the district to exceed their savings target. Interest rates averaged 1.69 percent on the new bonds compared to 4.97 percent on the old debt.

Jeffrey Moore, Executive Director of Finance and Business Services for the district, said, "We are pleased to lock in low market interest rates for the bond projects and to deliver savings to our taxpayers with the refunding. Our goal is to be good stewards of the district's facilities while maintaining a level, stable local tax rate."

Moody's Investors Service (Moody's) assigned its 'Aa1' credit rating to the bonds, the second-highest rating possible. Standard and Poor's Global Ratings (S&P) assigned its 'AA' credit rating to the bonds. The rating agencies cited such factors as strong budgetary performance, strong and proactive management team, a large tax base, growing enrollment and good management policies and practices as positive credit factors supporting the ratings.

The bonds also carried enhanced ratings of "AA+" from S&P and "Aa1" from Moody's because the bonds were sold using the State School District Credit Enhancement Program. The very high enhanced and underlying bond ratings on the district's bonds can be credited with attracting investor interest in purchasing the bonds. An upgrade in the district's Moody's rating in late 2016 from Aa2 to Aa1 also contributed to the debt service savings to taxpayers.

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For more information:

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