News release

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District saves $3.2 million for taxpayers

***Taxpayers save** because the district refinanced bonds March 27*
*Refinance actions over that last 14 years have **saved almost $28 million***

Much like homeowners watch for lower interest mortgage rates to save money by refinancing their homes, the district watches for opportunities to refinance bonds and save money for taxpayers.

The superintendent did just that on March 27 by refinancing a portion of 2006 and 2007 voter-approved bonds to take advantage of lower market interest rates. The board-authorized action means the savings of $3.2 million flows directly to taxpayers in the form of reduced tax rates.

"This refinancing brings the total savings from bond refinancing and accessing federal bond programs over the past 14 years to $27.4 million," noted Superintendent Gary Cohn. "That's a remarkably excellent track record of fiscal stewardship by the Everett school board and staff."

***$ 7.0 million** in refinance savings between 2000 and 2008*
***$ .5 million** in refinance savings in 2008*
***$15.0 million** in refinance and Federal bond program savings in 2009*
***$ 1.7 million** in refinance savings, Oct. 15, 2013*
***$ 3.2 million** in refinance savings, March 27, 2014*

$27.4 million saved

District's credit rating remains among state's highest

When school districts refinance bonds, their bond ratings are also evaluated and adjusted. Everett Public Schools' high bond ratings are exceeded by only one district in the state, and were again affirmed as high and strong.

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"Our underlying credit ratings are "AA" from Standard and Poor's (*S&P*) and *Aa2* from Moody's Investors Service (*Moody's*)," notes Executive Director of Finance and Business Services Jeff Moore. "The ratings essentially give investors confidence about the District's overall creditworthiness and its capacity and willingness to meet its financial commitments. These high credit ratings also mean the district is eligible for lower interest rates and savings for taxpayers."

The district chose to enter the bond market now to save taxpayers money while interest rates are still near generational lows. We know our residents are concerned about the economy, and every cost reduction is important.

Our goal is to prudently manage the resources entrusted to us by the community. Refinancing at lower interest rates helps achieve that goal.

What do the bond ratings mean?

S&P's AA credit rating means it believes the district has a very strong capacity to meet its financial commitments. S&P cited some of the district's strengths:

- *The sharp 10 percent increase in 2014 assessed value in the district;*
- *Strong community support, as displayed by the February 2014 voter-approved renewal of a four-year maintenance & operations levy and the 2010 existing capital levy for technology, approved through 2016; and*
- *Good financial management practices, with the board's policy of maintaining a five percent total general fund balance – a financial practice and credit strength that is uncommon among school districts in the state.*

Moody's Aa2 rating means it believes the district's debt has high credit quality and very low credit risk. Moody's rationale for assigning the Aa2 rating includes its opinion of the district's:

- *Relatively stable financial position, with improvement in reserves expected beginning in 2015 as a result of the Washington Supreme Court McCleary decision, requiring full funding of education;*
- *Greatly improved unemployment figures as of December 2013 compared with recent years;*
- *Significant and consistent local funding of education by the district's voters;*
- *Robust local economy featuring large employers such as the Boeing Company, Naval Station Everett, and the state of Washington and smaller businesses in the aerospace industry;*
- *Conservative financial management, with a minimum board reserve policy of maintaining five percent of annual expenditures; and*
- *A strong management team that has demonstrated its ability to operate within a narrow band of fluctuation in fund balance and stay above the five percent policy minimum.*

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In the refinancing process, D.A. Davidson & Co. of Seattle acted as bond underwriter and Martin Nelson and Company, also of Seattle, acted as financial advisor for refinancing $69,645,000 in bonds.

The district continuously monitors bond market conditions on behalf of taxpayers. The recent low interest rates made it possible save even more than was the district goal. The new rates averaged 2.07 percent on the new bonds, compared to 5.11 percent on the old bonds.

Superintendent Gary Cohn said, “The district chose to enter the bond market now to save taxpayers money while interest rates are still near generational lows. We know our residents are concerned about the economy, and every cost reduction is important.”

Jeff Moore, Executive Director of Finance and Business Services, said, “Our goal is to prudently manage the resources entrusted to us by the community. Refinancing at lower interest rates helps achieve that goal.”

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