

ANCHORAGE SCHOOL DISTRICT
ANCHORAGE, ALASKA

ASD MEMORANDUM #365 (2000-2001)

June 25, 2001

TO: SCHOOL BOARD

FROM: OFFICE OF THE SUPERINTENDENT

SUBJECT: SALE OF GENERAL OBLIGATION SCHOOL BONDS - \$65,000,000
SALE OF SCHOOL REFUNDING BONDS - \$51,805,000

PERTINENT FACTS:

On May 4, 2001, the Administration notified the School Board that the District was requesting the Municipality of Anchorage to sell \$65 million of general obligation school bonds based on cash flow projections provided by the Facilities Department. This would be the second sale related to the \$173.15 million of bonds approved by voters on Proposition 11 in April 1999. The Municipality, on behalf of the District, had previously sold \$35 million of bonds related to this voter-authorization. The Administration also informed the School Board that due to interest rates and the bond market, we had been notified by the Municipality's financial advisor that due to market rates and trends, it was beneficial to advance refund some of the District's outstanding bonds. Depending upon the bond market on the day of closing, the exact amount of bonds to be refunded was not known at that time.

On May 22, 2001, the Anchorage Assembly approved Ordinance No. A0 2001-95 which authorized the issuance and sale of not to exceed \$65 million of General Obligation School Bonds and Ordinance No. AO 2001-96 which authorized the issuance and sale of not to exceed \$72 million of General Obligation School Refunding Bonds. The bond ordinances set forth details of the bonds and authorized the Chief Fiscal Officer of the Municipality to negotiate and execute a contract for the purchase and sale of said bonds.

The \$65 million of 2001 General Obligation School Bonds - Series A will partially fund the \$173.15 million of educational capital improvement projects authorized by the voters in April 1999. Based on market conditions, \$51.805 million of General Obligation School Refunding Bonds was sold to advance refund \$51.515 million of bonds for savings of \$2,293,265. The District has coordinated the bond

refunding with the Department of Education and Early Development and has received their approval. The local taxpayers and the State of Alaska will share the savings. The refunding issue refunded \$11.03 million of the 1993 General Obligation School Bonds - Series A, \$11.67 million of the 1994 General Obligation School Bonds - Series A, \$12.325 million of the 1995 General Obligation School Bonds - Series A, and \$16.49 million of the 1996 General Obligation School Bonds - Series A.

The pricing of the bond sale occurred on June 5, 2001 and the bond sale is scheduled to close on June 21, 2001. The net interest cost for the 2001 General Obligation School Bonds - Series A is 5.07 percent, and the net interest cost for the 2001 General Obligation Refunding Bonds is 4.79 percent. The net interest rates that were negotiated for both bond issues compared favorably to the then current Bond Buyer's General Obligation Bond Index of 5.24 percent and 4.90 percent, respectively.

CC/JS

Prepared and approved by: Janet Stokesbary, Chief Financial Officer