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## Lafayette School District Returns Dollars to Taxpayers

By Jean Follmer

The Governing Board of the Lafayette Elementary School District took bold action on August 31, 2010, when it decided to refund approximately \$20 million of the District's outstanding municipal bonds.

Similar to refinancing a home to a lower interest rate mortgage, proceeds of new bonds are used to "pay-off" the older bonds and are sold at lower interest rates than the older bonds. Such action reduces both interest costs and debt service payments. The lower payments will result in savings to Lafayette taxpayers - about \$3.7 million (16.6% of the refunded bonds) - over the life of the debt.

"When we were alerted to the fact that interest rates were significantly lower, we began investigating the possibility of saving the taxpayers money. I'm just thrilled that we can do something concrete for our taxpayers to show that we are good stewards of their resources. The Lafayette community has a long history of supporting our schools and it's nice to be able to give something back, especially in these challenging economic times," said Dr. Fred Brill, Lafayette School District Superintendent.

With municipal bond rates at historic lows and a high credit rating of "AA" (nearly AAA) from Standard & Poor's Ratings Services, the District was able to refinance at an overall interest rate of 1.80%. The original bonds were issued in 2001, with interest rates that ranged from 4.10% to 5.00%. Brokered through KNN Public Finance, the new bonds were awarded to Stone & Youngberg LLC, the lowest bidder, through an electronic bidding process involving 10 competitors.

As a result of the refunding, the average taxpayer (based on an average assessed home value of \$626,762) will save approximately \$33 per year for the next 11 years, for a total of \$351. Although the refinancing will not impact the District's operating costs or help solve current budget issues, it does demonstrate the Lafayette School District's commitment to the Lafayette taxpayers who both approve and pay for school bonds. Other California school districts have recently come under fire for reallocating such bond refunds instead of returning the savings to taxpayers.

Reach the reporter at: [jean@lamorindaweekly.com](mailto:jean@lamorindaweekly.com)

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