

News

Mt. Diablo Unified School District Completes Bond Refinancing, Saving Taxpayers \$49 Million

Posted 4/11/22



Mt. Diablo Unified School District is pleased to announce that it recently completed the refinancing of \$198 million in general obligation bonds begun last year, increasing savings to taxpayers from an estimated \$48.7 million to nearly \$49 million, which will save District property owners an additional \$300,000 in taxes over the next 16 years above original expectations.

The District took advantage of interest rates that were near all-time lows due to the COVID pandemic and economic uncertainty to refinance bonds originally sold in 2011 and 2012 when interest rates were higher.

The District Board of Trustees unanimously approved the refinancing of the bonds on August 25, 2021. Last October, the District paid off nearly \$30.3 million of the total. It expects to close on refinancing the remaining \$167.98 million next month.

District voters approved the prior bonds in 2002 and 2010. The funds from those bonds were used to build new school facilities and provide for renovations, upgrades, and other classroom improvements to existing schools. Interest rates on the old bonds ranged from 3.5% to 5.5%, while the borrowing cost for the new bonds ranges from 0.08% to 1.79%. This difference in rates will save property owners \$48,998,846.

"Our community has always trusted us by supporting our bond measures," said Superintendent Dr. Adam Clark. "And as stewards of taxpayer dollars, we felt this refinancing was the right thing to do."

Homeowners in the District will see their property taxes reduced by an average of \$5.25 per \$100,000 in assessed valuation starting this year. This means District homeowners who previously paid \$90.90 per \$100,000 in assessed value will see their property taxes drop to \$85.65 per \$100,000 in 2022-23. On a home valued at \$600,000, this would amount to a drop from \$545.40 to \$513.90 a year for an annual savings of \$31.50. Over 16 years, the savings in this scenario would total approximately \$473, depending on assessed value growth.

Chief Business Officer Dr. Lisa Gonzales said she keeps an eye on the District's debt obligations and looks for opportunities to "save money for the District and our homeowners. We were happy with the opportunity to do so with this refinancing."