NEWS RELEASE

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Orchard School District Refinances
Existing Bonds to Save Local Taxpayers Over $2.8 Million

4/27/2016 – San Jose, California – The Orchard Elementary School District successfully refinanced a portion of its outstanding general obligation bonds to generate approximately $2.85 million in total savings, announced Dr. Joel Ruiz Herrera, Superintendent.

Much like refinancing a home mortgage, school districts can revisit previously sold bonds in order to reduce interest rates and thereby reduce the amount of payments due. In this case, because district taxpayers contribute the bond debt payments, the savings are directly passed on to them in the form of reduced property tax bills over time. For the Orchard School District taxpayers, the refinancing means a reduction, or savings, of approximately 11 percent compared to prior debt payments.

The District sold the original bonds in 2009 as part of Measure “E,” the school improvement measure approved by over 70 percent of local voters in 2001. Since 2001, the District has sold bonds at a slow and prudent pace as needed to fund classroom, health and safety, and modernization projects at its school campus.

“Approximately $18.9 million of outstanding bonds were refinanced,” said Jenina Moreno, Orchard’s Chief Business Officer. “We carefully evaluated all bonds to ensure that refinancing was able to produce significant savings to local taxpayers,” said Moreno.

A strong demand for the District’s bonds was largely driven by the District’s strong credit rating. As part of the financing, District staff were able to successfully reinforce the District’s credit standing, garnering an above average rating of “Aa2” according to Moody’s, a bond rating agency. This puts the District in one of the higher tiers of rating levels, making investors aware of the strength of its creditworthiness.

“The Board of Trustees and District Staff greatly value the strong support we receive from our community and we are very pleased to complete this refinancing and secure a substantial amount of savings for our local taxpayers,” said Diana Nazari, President of the Board of Trustees.

For questions or comments regarding the bond refinancing, please call 408-944-0397.