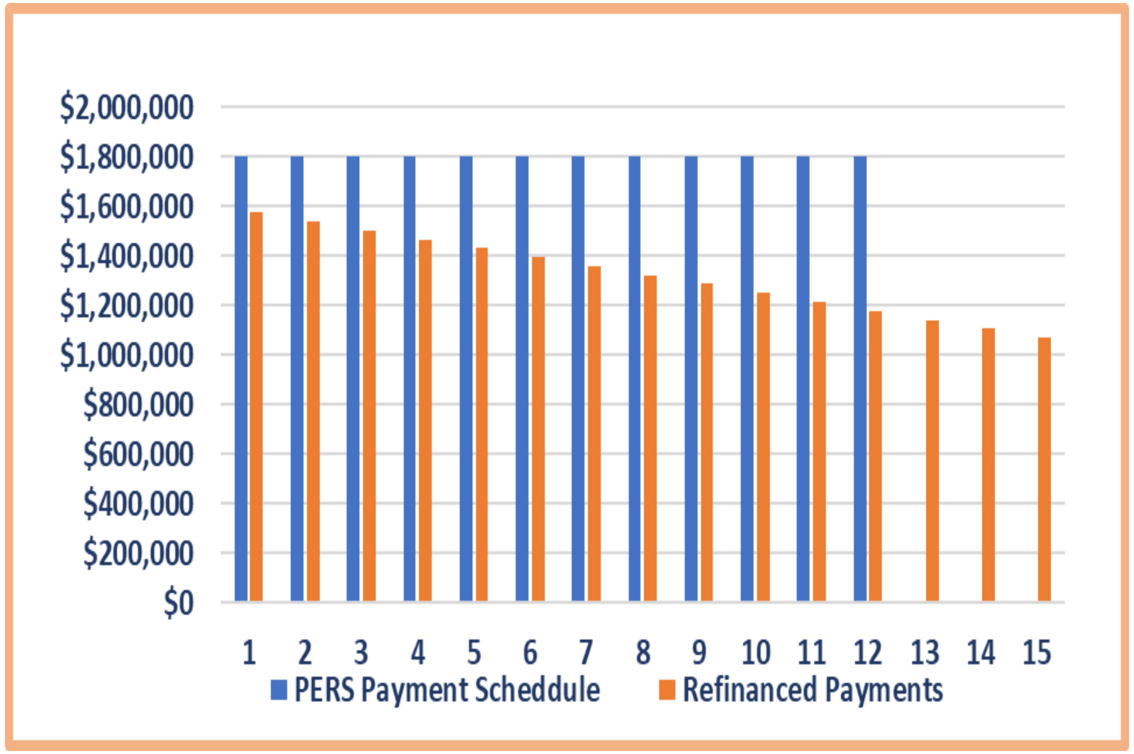
PERS Refinancing

- **The market is offering an opportunity to refinance and retire the current $15 million PERS pension obligation**
- **Current rates will generate annual savings**
- **Risks and mitigation**
- **Professional team**

Current Market Rates Are Approximately Half the PERS Rate

	PERS Payments	Refinanced Payments
Liability	$17 million	$ 17 million
Payments	$21.6 million	$ 20 million
Rate	7.0% - 6,5%	3.50%

- **Extending the payment schedule helps lower annual cashflow needs**
- **Level principal payments lower future annual payments**
- **Savings can be set aside to cushion future PERS rate changes**



Risks & Mitigations

Risk

- Obligation is not retired
- “Bullet maturity” all $15 million principal due at maturity
- No “prepayment” option
- PERS can change actuarial assumptions
- Perception … using credit card to pay the mortgage

Mitigation

- ABAG is in runout, no additional staff will add to liability
- Plan is for equal principal payments over term
- Bonds can be structured to be prepaid at any time
- Savings can be reserved as a cushion

Professional Team

- There are several professional firms required develop the refinancing
  - Bond Counsel: NixonPeabody

    Prepares the documentation for issuance and sale of the bonds
  - Financial Advisor: Public Financial Management (PFM)

    Helps with documentation and evaluates fairness of fees and interest rates
  - Underwriter:

    helps prepare issue for purchase and resale to investors

- Professional services are generally paid out of the proceeds from the issuance