

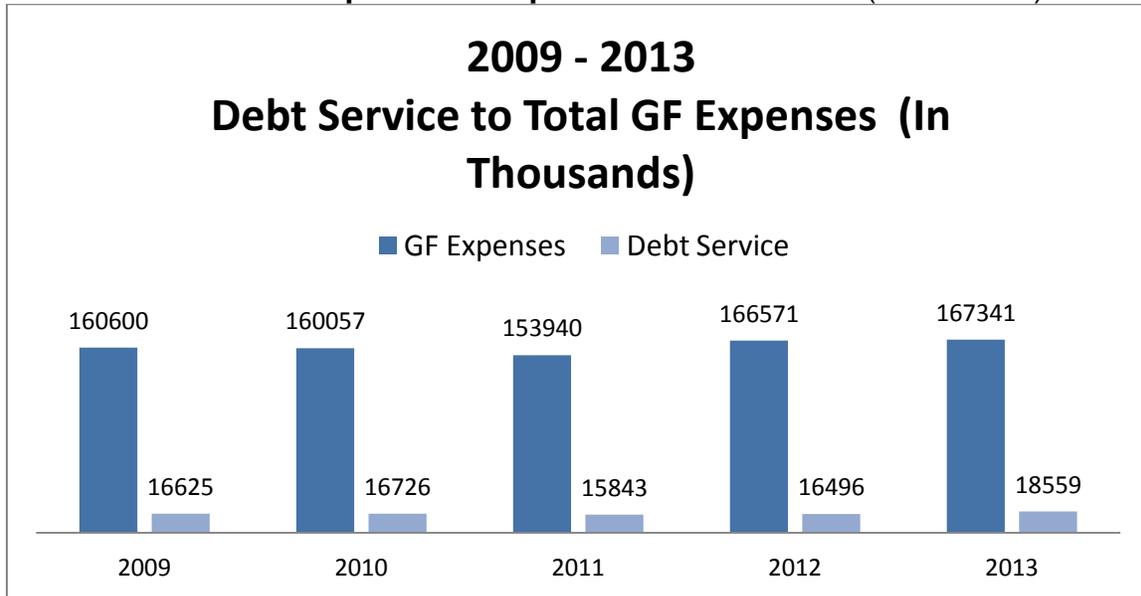
OFFICE OF THE ALBANY CITY TREASURER

DATE: MARCH 10, 2014
TO: HON. FRANK COMMISSO
MEMBERS OF THE COMMON COUNCIL
FROM: HON. DARIUS SHAHINFAR
RE: 2014 DEBT REPORT

The following provides information on the City’s debt service and current outstanding debt. The 2013 information will not be audited until September of 2014.

This report is made up of four sections. The first compares total General Fund expenses to debt service expenses from 2009 to 2013 and the second shows debt issued and retired from 2009 to 2013. The third part provides a listing of outstanding debt by year and is divided into non-landfill general obligation bonds, landfill general obligation bonds, capital leases and annual debt service from 2014 to 2025. The last part provides information on the City’s bond and note ratings from S&P and Fitch.

Total General Fund Expenses compared to Debt Service (Thousands)



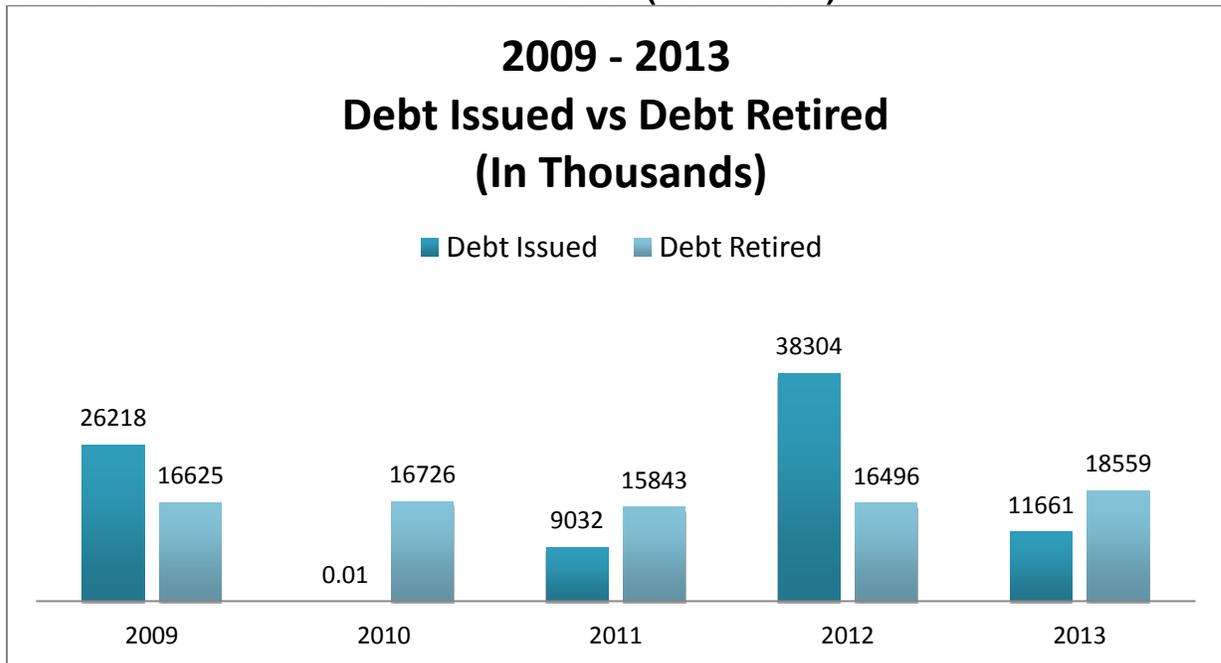
The chart above compares the actual General Fund expenses to actual Debt Service expenses by year from 2009 to 2013.*

*2013 total General Fund expenses were not finalized as of the date of this report.

The chart demonstrates while general fund expenses have fluctuated the debt service expenses have remained consistent with the exception of 2013. In 2012 the City issued \$34,037,827 in General Obligation Serial Bonds separated into a series A bond for \$24,027,579 for all landfill related projects and equipment and a series B bond for \$10,010,247 for all equipment and projects not landfill related. The series A bonds have a maturity of 8 years and the series B bonds have a maturity of 9 years. The aggressive pay down of these bonds especially the landfill related debt was a deliberate decision to match the closing of the landfill and the loss of that revenue. The City began paying on these bonds in 2013 which has resulted in the increase in annual debt service.

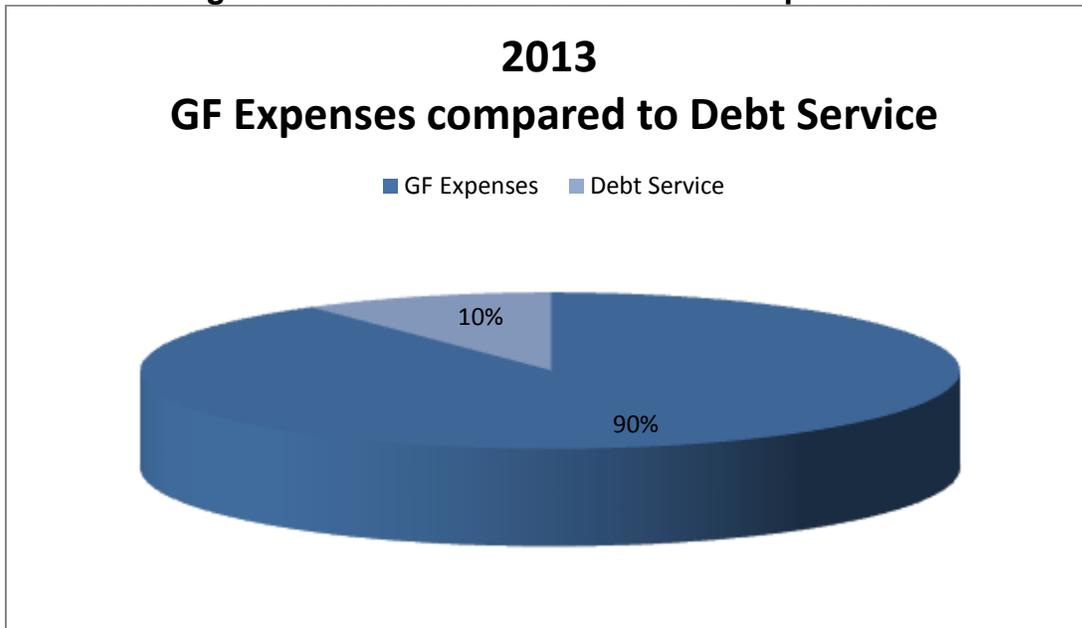
In 2013 the City issued \$9,890,000 in General Obligation Serial Bonds with a 7 year maturity. This debt was all related to the landfill with the first maturity beginning in 2014.

Debt Issued and Retired from 2009 – 2013 (Thousands)



The chart above shows the amount of debt issued on the left side bar and debt retired on the right side bar by year from 2009 – 2013.

The Percentage of Debt Service to General Fund Expenses



The chart above demonstrates the percentage of Debt Service expense to total General Fund expenses for 2013.*

*2013 total General Fund expenses were not finalized as of the date of this report.

While general fund expenses have decreased and increased from 2009 to 2013 the percentage of debt service has remained consistent at between 9% to 10% of total general fund expenses.

OUTSTANDING DEBT SCHEDULE

| Schedule of Principal and Interest Payments of | | | | | | | | | | |
|------------------------------------------------------------|------------------|--------------|--------------|-------------|----------------|----------|---------------|--------------|----------------|---------|
| Serial Bond Indebtedness as of January 2014 | | | | | | | | | | |
| (Including Capital Lease Debt and Bond Anticipation Notes) | | | | | | | | | | |
| | Debt less | | | | | | | | Total | % of |
| | LF & Cap. Leases | | Landfill | | Capital Leases | | Total | | Annual Debt | Total |
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | Paydown & Int. | Debt |
| 2014 | 10,955,000 | 2,782,408 | 4,070,000 | 831,200 | 491,175 | 25,983 | 15,516,175 | 3,639,591 | 19,155,766 | 16.07% |
| 2015 | 10,925,000 | 2,379,581 | 4,215,000 | 737,200 | 368,008 | 8,423 | 15,508,008 | 3,125,205 | 18,633,212 | 15.63% |
| 2016 | 9,215,000 | 1,966,613 | 4,285,000 | 627,000 | | | 13,500,000 | 2,593,613 | 16,093,613 | 13.50% |
| 2017 | 9,125,000 | 1,619,212 | 4,505,000 | 514,300 | | | 13,630,000 | 2,133,512 | 15,763,512 | 13.23% |
| 2018 | 9,220,000 | 1,238,489 | 4,580,000 | 396,100 | | | 13,800,000 | 1,634,589 | 15,434,589 | 12.95% |
| 2019 | 6,070,000 | 884,030 | 4,675,000 | 268,000 | | | 10,745,000 | 1,152,030 | 11,897,030 | 9.98% |
| 2020 | 6,295,000 | 634,405 | 4,825,000 | 136,375 | | | 11,120,000 | 770,780 | 11,890,780 | 9.98% |
| 2021 | 4,870,000 | 350,762 | | 49,600 | | | 4,870,000 | 400,362 | 5,270,362 | 4.42% |
| 2022 | 2,235,000 | 204,012 | | | | | 2,235,000 | 204,012 | 2,439,012 | 2.05% |
| 2023 | 2,025,000 | 109,563 | | | | | 2,025,000 | 109,563 | 2,134,563 | 1.79% |
| 2024 | 215,000 | 22,000 | | | | | 215,000 | 22,000 | 237,000 | 0.20% |
| 2025 | 225,000 | 11,250 | | | | | 225,000 | 11,250 | 236,250 | 0.20% |
| Bonds/Leases | \$71,375,000 | \$12,202,324 | \$31,155,000 | \$3,559,775 | \$859,183 | \$34,406 | \$103,389,183 | \$15,796,506 | \$119,185,688 | 100.00% |
| BAN Paydown | \$1,625,000 | \$224,361 | | | | BAN | \$20,686,085 | \$224,361 | 20,910,446 | |
| | | | | | | | Total Debt | | \$140,096,134 | |

The total outstanding debt including Bond Anticipation Notes as of January 2014 totals \$140,096,134. The General Obligation Bonds and Capital Leases total \$119,185,688 with the last maturity in the year 2025 if no additional debt is added to this total.

The second to last column shows the current annual debt by year not including a paydown and interest due from the current bond anticipation notes. The annual debt service has increased in 2014 and 2015 as a result of the aggressive paydown from the most recent bond issues.

CITY BOND RATINGS

Standard and Poor's latest rating for the bonds is AA- (with a stable outlook) while the bond anticipation notes are SP-1+. These are two of the higher ratings provided by Standard and Poor's.

Fitch's latest rating AA- is also one of their higher ratings for the City's bonds.

The attached documents from Standard & Poor's and Fitch describe the rationale for their respective ratings.

