

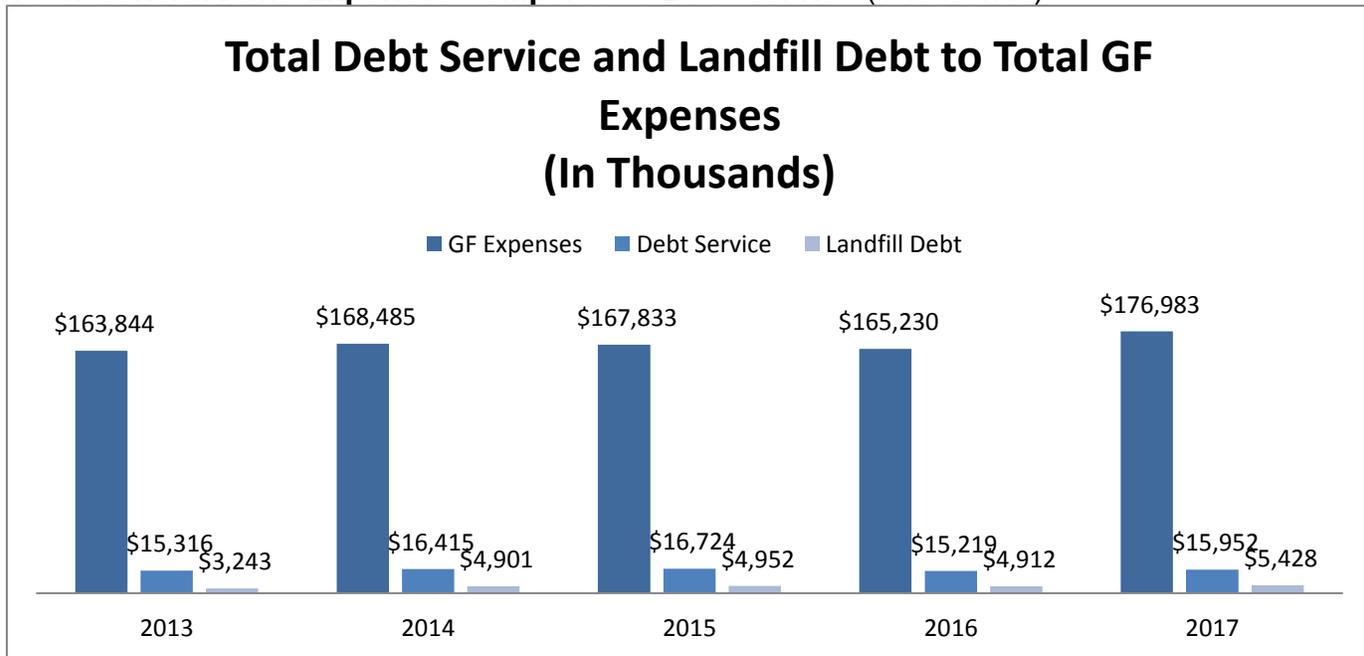
**OFFICE OF THE ALBANY CITY TREASURER**

**DATE:** FEBRUARY 28, 2017  
**TO:** MEMBERS OF THE COMMON COUNCIL  
**FROM:** HON. DARIUS SHAHINFAR  
**RE:** 2017 DEBT REPORT

The following provides information on the City’s debt service and current outstanding debt. The 2017 information was provided from the 2017 budget and the 2016 information is unaudited. The City audit will not be complete until September of 2017.

This report is made up of five sections. The first compares total General Fund expenses to total debt service expenses and landfill debt from 2013 to 2017 and the second shows debt issued and retired from 2013 to 2017. The third part provides a listing of outstanding debt by year and is divided into non-landfill general obligation bonds, landfill general obligation bonds and annual debt service from 2017 to 2025. The next section provides information on the estimated overlapping indebtedness. The last part provides information on the City’s credit rating from S&P.

**Total General Fund Expenses compared to Debt Service (Thousands)**



The chart above compares the actual General Fund expenses to actual Debt Service expenses (including paydown on the BANs and the portion of landfill

debt) by year from 2013 to 2017.\* \*2016 the total General Fund expenses were not finalized as of the date of this report. For 2017 this report includes the total budgeted General Fund expenses.

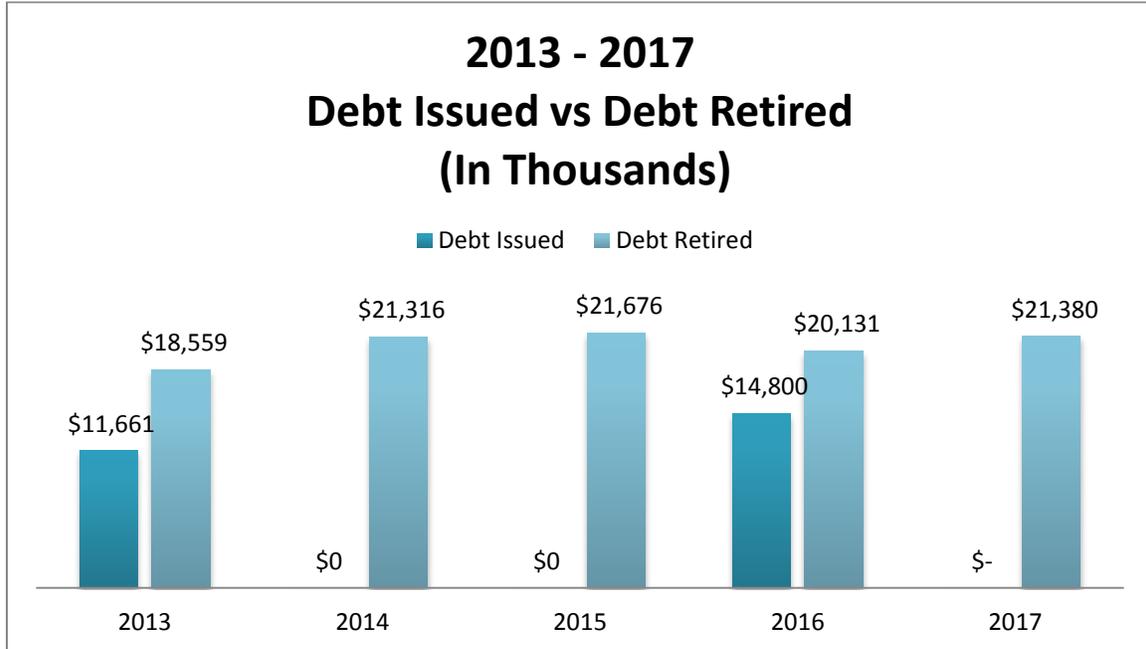
In 2012 the City issued \$34,037,827 in General Obligation Serial Bonds separated into a series A bond for \$24,027,579 for all landfill related projects and equipment and a series B bond for \$10,010,247 for all equipment and projects not landfill related. The series A bonds have a maturity of 8 years 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 and the first maturity began in 2014.

In 2016 the City issued \$13,474,579 in General Obligation Serial Bonds for projects authorized in 2011-2013, including \$2,264,400 for all landfill related projects and equipment, with a maturity of 7 years. The City also refunded (refinanced) existing bond debt of \$10,834,579 for equipment and projects not landfill related with a maturity of 9 years, saving \$400k in interest costs over the life of the bonds.

During 2016 the City also issued \$38,846,812 in Bond Anticipation Notes at an interest rate of 2.00% and a yield of 0.95%. The BANs include 2014 – 2016 capital projects. The BANs are considered a short-term liability since they mature in 1 year from the date of issue. The BANs require a paydown of \$3.3 million and interest expense of \$776,937 when they mature in June 2017.

## Debt Issued and Retired

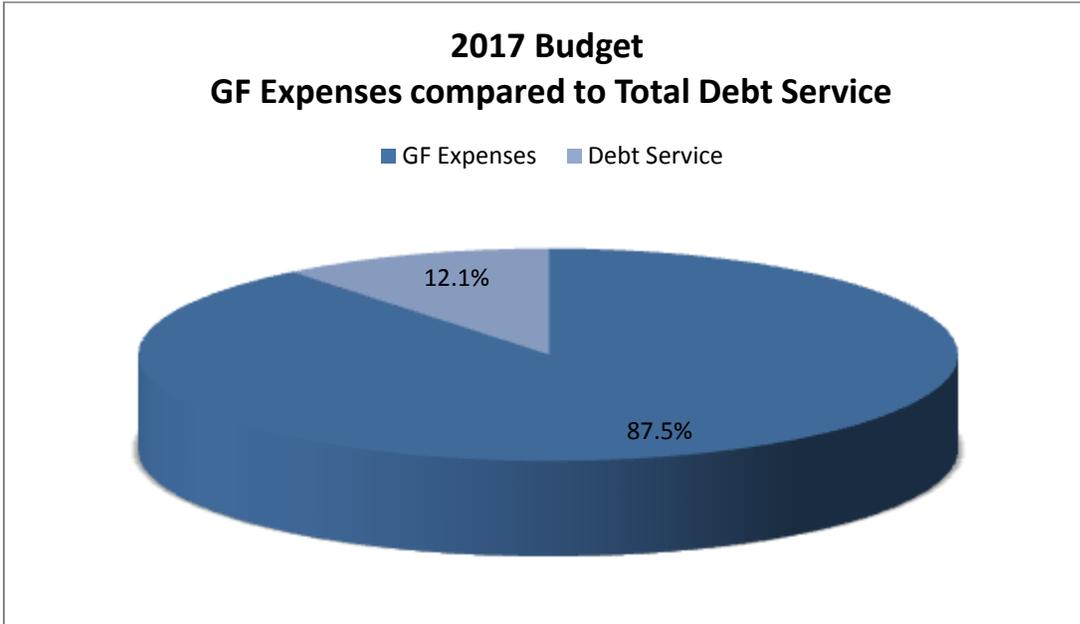


The chart above shows the amount of debt issued on the left side bar and debt retired on the right side bar by year from 2012 – 2016. This chart includes principal and interest expense (including the BANs paydown and interest). 2017 shows only the debt budgeted to be paid for the year. At this point, we expect to issue BANs in 2017, rather than bonds. However, market conditions will ultimately make the determination for us.

It is important to keep in mind that debt issued includes only bonds that have been issued, not BANs. In addition to the bonds issued above in the chart, the City also has \$39m in outstanding BANs, some of which will be paid off this year, and most of which will be rolled over in the expected 2017 BAN issuance.

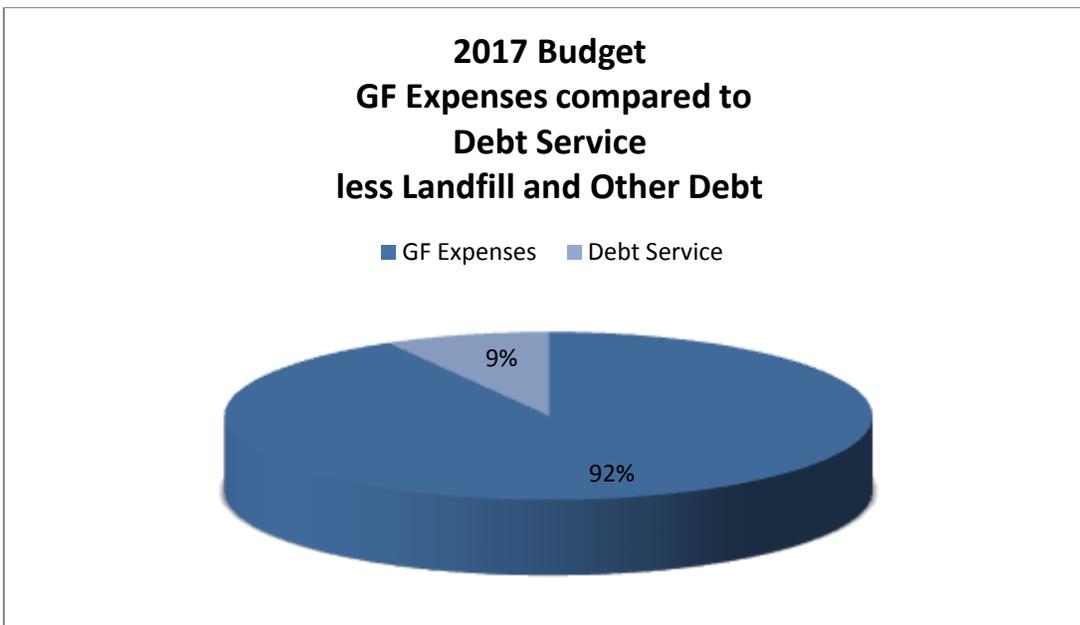
BANs may be reissued for a 5 year period, after which projects must be bonded or paid from operating expenses. The advantage of utilizing BANs rather than bonds is the extremely low applicable interest rates and the flexibility that can be provided for debt issuance. Given the aggressive paydown of bonded debt over this time period, it may be possible for the City to retire most of the BAN debt without the necessity of bonding it, even taking into account the 2016-19 Capital Plan. If the City is able to do this, it would be a potential savings of millions to City taxpayers.

## The Percentage of Debt Service to General Fund Expenses



The chart above demonstrates the percentage of Debt Service expense (\$21.4m including the BAN pay down and interest) to total budgeted General Fund expenses (\$176.9m) for 2017.

## The Percentage of Debt Service less Landfill Debt to General Fund Expenses



The chart above demonstrates the percentage of Debt Service less landfill debt (\$15.9m) to total budgeted General Fund expenses (\$176.9m) for 2017. From 2012 to 2016 the percentage of debt service has remained consistent at between 10% to 12.5% of total general fund expenses. When landfill debt is deducted the percentage is closer to 7% to 9%.

## OUTSTANDING DEBT SCHEDULE

Schedule of Principal and Interest Payments of Serial Bond Indebtedness as of 2017 (Including Bond Anticipation Notes)								
	Debt Less Landfill		Landfill		Total		Total Annual Debt Less BAN Paydown & Int.	% of Total Debt
	Principal	Interest	Principal	Interest	Principal	Interest		
2017	10,254,579	1,662,041	4,840,000	587,950	15,094,579	2,249,991	17,344,570	21.80%
2018	10,415,000	1,207,740	4,945,000	438,550	15,360,000	1,646,290	17,006,290	21.38%
2019	7,320,000	866,782	5,050,000	303,050	12,370,000	1,169,832	13,539,832	17.02%
2020	7,510,000	651,426	5,205,000	163,875	12,715,000	815,301	13,530,301	17.01%
2021	6,155,000	435,369	390,000	19,800	6,545,000	455,169	7,000,169	8.80%
2022	3,510,000	243,218	395,000	11,950	3,905,000	255,168	4,160,168	5.23%
2023	3,300,000	151,250	400,000	4,000	3,700,000	155,250	3,855,250	4.85%
2024	1,500,000	61,050			1,500,000	61,050	1,561,050	1.96%
2025	1,535,000	24,350			1,535,000	24,350	1,559,350	1.96%
Bonds/Leases	\$51,499,579	\$5,303,225	\$21,225,000	\$1,529,175	\$72,724,579	\$6,832,400	\$79,556,979	100.00%
BAN Paydown	\$3,258,700	\$776,937		BAN	\$38,846,812	\$776,937	39,623,749	
					Total Debt		\$119,180,728	

The total outstanding debt including Bond Anticipation Notes for 2017 totals \$119,180,728. The General Obligation Bonds including Landfill total \$79,556,979 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.

**Estimated Overlapping Indebtedness\***

In addition to the City, the following political subdivisions have the power to issue bonds and to levy taxes or cause taxes to be levied on taxable real property in the City. Bonded indebtedness, including bond anticipation notes, is estimated of the respective municipalities and is not adjusted to include subsequent bond issues, if any.

<u>Municipality</u>	<u>Status of Debt as of</u>	<u>Gross Indebtedness</u> <sup>(1)</sup>	<u>Estimated Exclusions</u>	<u>Net Indebtedness</u>	<u>City Share</u>	<u>Applicable Indebtedness</u>
County of:						
Albany	5/6/2016	\$ 256,581,835	\$ 23,652,194 <sup>(2)</sup>	\$ 232,929,641	18.85%	\$ 43,906,861
School District:						
Albany	1/11/2017	125,837,244	104,130,667 <sup>(3)</sup>	21,706,577	100.00%	<u>21,706,577</u>
Total:						<u>\$ 65,613,438</u>

(1) Pursuant to applicable constitutional and statutory provisions, this indebtedness is deductible from gross indebtedness for debt limit purposes.

(2) Sewer and water exclusions and budgeted appropriations.

(3) Estimated State Building aid.

Source: County Continuing Disclosure Statement dated June 14, 2016. School District Official Statement dated January 19, 2017.

**Debt Ratios**

The following table sets forth certain ratios relating to the City's indebtedness.

**Debt Ratios  
As of February 27, 2017**

	<u>Amount Indebtedness</u>	<u>Per Capita</u> <sup>(a)</sup>	<u>Percentage of Full Valuation</u> <sup>(b)</sup>
Net Indebtedness .....	\$ 96,476,812	\$ 979.77	2.16%
Net Indebtedness Plus Net Overlapping Indebtedness <sup>(c)</sup> .....	162,090,250	1,646.10	3.62%

(a) The 2015 Census population of the City is 98,469.

(b) The City's five-year average full value of taxable real estate is \$4,475,479,812.

(c) Estimated net overlapping indebtedness is \$65,613,438.

\*Fiscal Advisors & Marketing Inc.

**CITY BOND RATINGS**

Standard and Poor's latest rating for the bonds is A-plus (with a negative outlook).