

BIG WALNUT LOCAL SCHOOL DISTRICT

BOARD OF EDUCATION
DEBT REFUNDING DISCUSSION
FEBRUARY 13, 2012

BIG WALNUT LOCAL SCHOOL DISTRICT

DEBT REFUNDING DISCUSSION

Refunding Bonds

- Similar to home mortgage refinancing
- Replacing old debt with new lower interest rate debt
- “Call” provisions and bond market conditions are primary factors in determining timing of school district refunding
- Schools can only refund debt one time in advance of the bond call date, otherwise, schools can refund any number of times after the call date
- Debt payment savings benefits the Bond Retirement Fund NOT the General Fund

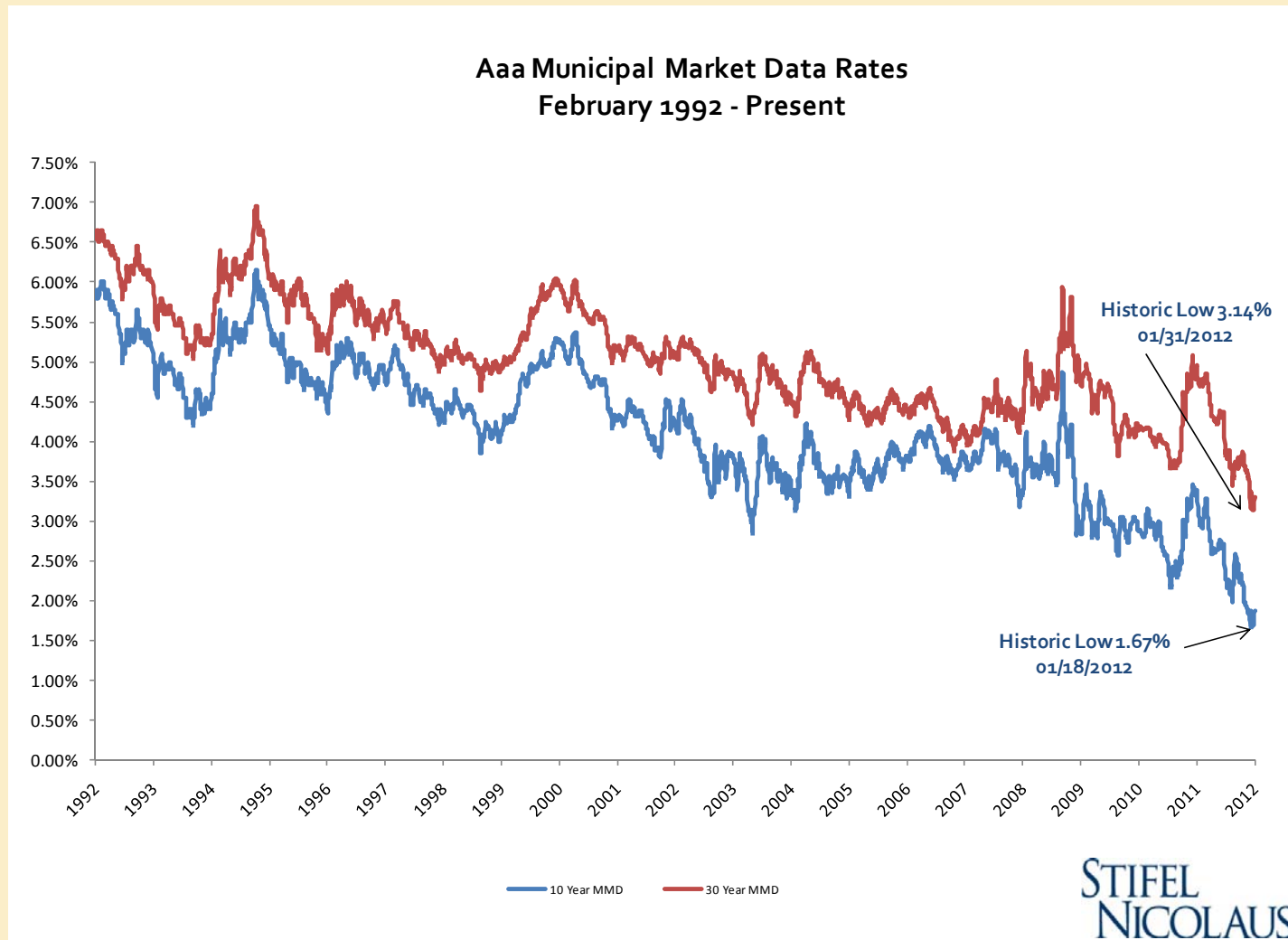
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Previous Bond Refunding

- Completed in 2009
- Amount of bonds refunded \$1,055,000
- Total savings \$101,754
- Average annual savings to debt service \$18,850

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Summary of Estimated Savings Refunding Series 2012	
Series 2004 Original Par Amount	\$ 12,999,993
Less:	
Principal Payments	\$ 1,984,993
Non-Callable Maturities (2012 & 2013)	\$ 595,000
Remaining Amount Eligible to be Refunded	\$ 10,420,000
Refunding Bonds 2012	\$ 8,715,000
2004 Bond Average Coupon	4.68%
2012 Bond Average Coupon	2.93%
Total Savings	\$ 475,988
Estimated Annual Savings	\$ 24,215

Notes: All savings calculations are net of estimated expenses

Net present value savings on refunded bonds is \$377,405, or 4.33%

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Next Steps

- Board adoption of Bond Resolution
- Continue to monitor bond market
- Complete offering document (Official Statement)
- Obtain credit rating
- Proceed to sell new bonds as sufficient savings can be achieved