Barberton City Schools Case Study

$22,879,990.40 School Improvement Refunding Bonds, Series 2005	$34,249,992.95 School Improvement Bonds, Series 2008

By early 2005 interest rates had again dropped considerably to the point that the District's 1998 $32,000,000 bond issue provided savings levels that made it attractive to refund.

The 1998 original bond issue was quite unique among Ohio school bond issues in that the City of Barberton had the good fortune of selling the city hospital to a private concern in 1997. With the proceeds of the sale, the City created the Barberton Community Foundation whose mission it is to fund philanthropic projects throughout the community, including school-based initiatives. The first project funded by the foundation was the new high school that the original bond issue funded. The Foundation agreed to pay the debt service on the bond, even though voters still needed to approve the issuance of the debt. As a result, the benefit of debt service savings from the refunding primarily benefited the Foundation.

The refinancing resulted in debt service savings to taxpayers of approximately $600,000 over the remaining life of the bonds. The portion of the 2005 bond issue subject to the refinancing had maturities from 2005 through 2022. The District took advantage of the historically low interest rates with the new bonds having an interest rate 4.25%, whereas the original bonds carried an interest rate of 5.16%.

During the preparation process for the bond sale, the District's credit rating was affirmed at the level of "A" by Standard & Poor's Investors Service. In its report, S&P said "The stable (rating) outlook reflects the district's passage of an emergency operating levy in February 2005, which provides a necessary influx of cash to meet its immediate needs, and the expectation that the district will effectively manage the cyclical nature of Ohio school district operations. The outlook also reflects the anticipation that foundation contributions will continue to meet debt service obligations on the series 1998 and 2005 bonds."

Sudsina & Associates, LLC served as Financial Advisor and the bonds were sold by AG Edwards & Sons, Inc. Squires Sanders & Dempsey was bond counsel.

In March, 2008 Barberton voters approved a $34,250,000 bond issue for various capital improvements throughout the District. In advance of that election, Sudsina & Associates was engaged to assist with the underwriter selection, to guide the rating process and to oversee the ultimate pricing of the bonds.

Under the master facilities plan developed in conjunction with the Ohio School Facilities Commission's CFAP program the project included the following:

- New PK-4 elementary school
- Renovations/additions to Johnson Elementary School to house PK-4
- Renovations to Woodford Elementary School to house PK-4
- Renovations to Light Middle School to house PK-4
- New 5-8 middle school
- Renovations to Barberton High School to house 9-12 and career tech students
- Abatement/demolition of Memorial Elementary School, Portage Elementary School, Santrock Elementary School, and Highland Middle School

The District is also currently pursuing the following LFIs, to be financed with a portion ($3,700,000) of the Outstanding Notes and a portion (approximately $3,083,875) of the Bonds:

- Improvements to Sharkey Stadium
- Additional square footage at the new middle school
- Acquisition of land for the new 5-8 middle school, currently being pursued

The District began the issuance process with an "A" rating by Standard & Poor's, which had last been confirmed with the 2005 refunding issue. Since then, the District's finances and local economy strengthened considerably. The rating process resulted in the District gaining a rating upgrade to "A+."

The bonds were ultimately underwritten by Robert W. Baird & Co. Inc., without bond insurance. Squire Sanders again served as bond counsel. Sudsina & Associates, LLC assisted in all aspects of the transaction including the post-sale accounting for record keeping purposes.

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