Champion Local School District Case Study

$5,000,000 Bond Anticipation Notes, Series 2015

$9,190,000 Classroom Facilities and School Improvement Bonds, Series 2016-1

$5,000,000 Classroom Facilities and School Improvement Bonds, Series 2016-2

On November 3, 2015 the proposal for a bond issuance in the aggregate principal amount of $14,191,422 was approved. The levy was for an additional 0.5-mill property tax outside the ten-mill limitation passed by a 57% affirmative vote. Sudsina & Associates was brought on to assist the school district in the issuance process.

In order to provide funds for preliminary expenses while the bond issue was being prepared, Sudsina & Associates worked with Bond Counsel, Squire Patton Boggs, to assess the feasibility to issue short-term bond anticipation notes once the election results were certified. It was agreed that notes would be advisable so Sudsina & Associates prepared a $5,000,000 five month note issue. The December 17, 2015 sale resulted in a very attractive interest rate for prevailing market conditions.

As time moved closer to the May 2016 maturity of the notes, Sudsina & Associates, LLC assisted the District in preparing and distributing a Request for Proposal for investment banking firms to serve as underwriter of the District's bonds. At the end of the process Stifel, Nicolaus & Company prevailed and was selected as sole managing underwriter for the bond issue.

During March 2016 a credit rating review was performed and presented to Moody's Investors Services. The result was an A1 underlying with a Aa2 enhanced rating. The enhancement was due to the Districts participation in the Ohio School District Credit Enhancement Program. The Aa2 enhanced rating is one notch below the State of Ohio's Aa1 GO rating and is also assigned a stable outlook. The Credit Enhancement Program requires the district to pledge its School Foundation payments against the payment of debt charges in the event the district is unable to make such payments. Participation in the Credit Enhancement program increases the credit rating, which enhances the marketability of the bonds, resulting in a savings for the school district. This higher rating would not be attainable without the purchase of bond insurance which comes with a higher cost to the school district.

By the end of March 2016, the District was ready to market the bonds. After reviewing market conditions, the financing team decided to price the bonds on two separate dates. On March 22, 2016 the Series 2016-1 bond with a par amount of $9,190,000 resulting in a Total Interest Cost of 3.56%. Just over two weeks later, on April 7, 2016, the District came back to market with the Series 2016-2 bonds. The $5,000,000 par value of the Series 2016-2 bonds was used to retire the December 17, 2015 bond anticipation notes. The Total Interest Cost on the Series 2016-2 bonds was 3.37%.

Sudsina & Associates served as financial advisor. Stifel, Nicolaus & Company, Inc acted as sole managing underwriter. Squire Patton Boggs served as Bond Counsel.

Sudsina
& Associates, LLC
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Advisors