

HURON CITY SCHOOLS

Huron City Schools Case Study

\$2,596,116 School Improvement, Equipment Acquisition and Refinancing Lease, Series 2006

In September, 2001, Huron Schools entered into a lease agreement to fund the construction of 10 additional classrooms at its elementary school. By late 2005 it was obvious that interest rates had dropped to the point where significant savings could be had by refinancing the original lease. At the same time, the District had new money needs for stadium improvements, computers and phone system equipment. It was determined that the entire financing could be accomplished through a single, new lease structure.

The decision was made to privately place the lease due the relatively small par amount, coupled with the complexity of the component purposes.

Sudsina & Associates assisted the District with the selection of All Points Capital Corporation as leasing agent.

Each of the four purposes of the financing had different maturities and interest rates.

\$1,125,000 School Improvement, Equipment Acquisition and New Money Lease, Series 2007

After the completion of the 2006 lease, the District was made aware that it would receive a 10 year, \$500,000 grant from a local manufacturer with the funds to be contributed to the construction of new science labs at the high school. At the same time, the high school was in need of roof repairs and additional computer needs had been identified.

Since the supporting legal documents had just been developed and executed for the 2006 transaction, it made sense to use the same lease documents for the 2007 transaction. As such, All Points Capital was again selected as leasing agent.

Again the individual components had different maturities – the computers 3 years, the roof 5 and the science labs 10 years.

\$3,379,996 Library Refunding Bonds, Series 2007

In May, 1999, voters approved a \$4,300,000 bond issue for improvements at the city library. The school district acts as fiscal agent for the library, as such, the District was responsible for issuing the library's debt.

Interest rates had dropped considerably by 2006 when the decision was made to initiate the process to refund the library bonds.

Again Sudsina & Associates was engaged to guide the process. This time Key Banc Capital Markets was selected as underwriter for the negotiated, public sale of the bonds. Bricker & Eckler served as bond counsel.

At this time, the District had just been released from fiscal emergency status by the State Auditor's office due to a few difficult years financially. The District had made a strong recovery, however, and decided to pursue a credit rating for the bonds. The original issue was sold with insurance only. Treasurer Mike Weis was accompanied by Sudsina & Associates staff to make a credit presentation to Standard & Poor's in Chicago. S&P assigned a very healthy A+ underlying rating to the District.

The refunding resulted in more than \$300,000 savings over the remaining life of the bond, with more than \$250,000, or 7.23% on a present value basis.