Rittman Exempted Village Schools Case Study

Rittman Exempted Village Schools

$9,500,000 School Improvement Bonds, Series 2004

In November, 2003 Rittman voters approved a $9,500,000 bond issue for improvements to the District's elementary school. 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. Three investment banking firms proposed and were interviewed. Fifth Third Securities was ultimately selected to underwrite the bonds.

The District did not have an existing credit rating, so the decision was made to establish a rating with Standard & Poor's. After a lengthy conference call with the rating analyst and a few days of consideration, S&P assigned an "A" underlying rating for the District.

The bonds were priced in June, 2004, with an 8 year call feature. Bond insurance was provided by FSA while Squire, Sanders & Dempsey served as bond counsel.

$8,125,000 Refunding Bonds, Series 2007

By early 2007 interest rates had dropped significantly, and upon analysis by Sudsina & Associates, it appeared feasible to refund the 2004 bonds at sufficient savings to warrant the transaction. This was much to the credit of the 8 year call feature assigned to the original bonds.

During the preparation process for the bond sale, the District's credit rating was affirmed at "A" by Standard & Poor's Investors Service with a stable outlook. In its report, S&P said "The stable outlook reflects Standard & Poor's Ratings Services' expectation that the district will continue to receive voter support and in return be able to maintain its adequate financial position".

The refinancing resulted in savings to taxpayers of approximately $465,000 over the remaining life of the bonds with more than $300,000, or 3.72% on a present value basis. The true interest cost on the original bonds was in the range of 4.84%, while the refunding came in at approximately 4.20%. The portion the 2004 bond issue subject to the refinancing had maturities from 2012 through 2031.

Sudsina & Associates, LLC
Registered Municipal Advisors