

Waterloo Local Schools Case Study



\$7,644,999.10 Classroom Facilities Improvement Refunding Bonds, Series 2006

On November 7, 2000, Waterloo Schools' voters approved a \$10,719,000 bond issue for improvements to buildings throughout the District, with 53.3% voting "yes". Proceeds from the resulting bond issue paid the local share of the classroom facilities improvement program sponsored by the State of Ohio. Those bonds were dated May 1, 2001.

Interest rates had dropped considerably by the third quarter of 2005 when Sudsina & Associates started to analyze the potential refunding of the original 2001 bonds. The District was contacted and the Administration agreed to pursue the refunding and the preparation work was begun. Sudsina & Associates was engaged to guide the process as financial advisor.

The original bonds were sold with FGIC bond insurance, with no underlying credit rating. The refunding bonds were insured by XL Capital Assurance with a premium bid of 14 basis points.

The refunding bonds were priced on February 15, 2006 and were dated March 1, 2008.

The refunding resulted in nearly \$510,000 savings during the remaining life of the bond, with more than \$366,000, or 4.79% on a present value basis. The true interest cost on the original bonds was in the range of 5.15%, while the refunding came in at approximately 3.997%.

AG Edwards & Sons, Inc. was selected as underwriter for the negotiated, public sale of the bonds. Squire, Sanders & Dempsey served as bond counsel.