Wooster City Schools Case Study

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

In February, 1992, Wooster Schools issued approximately $28,000,000 of bonds to construct a new high school and make various improvements to other district facilities. Then, in November 1997 the District issued nearly $25,000,000 in advance refunding bonds to take advantage of lower interest rates on the remaining outstanding balance of the original bond issue. Those bonds were sold with a call date of December 1, 2007.

During the summer of 2007, Sudsina & Associates, LLC determined that the 1997 bonds could be currently called as soon as September 2007 and interest rates at the time indicated that a current refunding of the callable bonds would be beneficial. The District engaged Sudsina to help structure the transaction and select an investment banking firm to market the bonds.

District officials worked with Sudsina's advisors to review the qualifications of a number of investment banking firms and ultimately selected Seasongood & Mayer as the sole managing underwriter.

During the preparation process for the bond sale, the District's credit rating was affirmed at the level of "A1" by Moody's Investors Service. In its report, Moody's said it "believes the District's financial position should remain sound over the near term, due to conservative financial management, a favorable voter levy record, and satisfactory reserve levels". The report went on to say that "Moody's believes that with the District's demonstrated record of making difficult budget decisions in the past and commitment to retain a higher cash position going forward, should yield performance consistent with its A1 rating".

The current refunding resulted in savings to taxpayers of approximately $835,000 over the remaining life of the bonds. The bonds had a final maturity of December 1, 2017. The District took advantage of historically low interest rates with the new bonds having an interest rate 3.81%, whereas the original, 1997 bonds carried an interest rate of approximately 5.25%.

By the time of the sale, RBC Capital Markets had completed its purchase of Seasongood & Mayer, therefore the underwriter of record was RBC Capital Markets. The Columbus office of Bricker & Eckler served as bond counsel.

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