

East Allen County Schools

Lease for Woodlan Improvements

Lease for Heritage Improvements

Potential Refinancing of 2003 Bonds

Introduction: August 7, 2012

Lease Hearings: September 4, 2012

Consider Refinancing Resolution: September 4, 2012

Woodlan Lease

Bond issue ~ \$10,800,000

Repaid over 20 years maximum

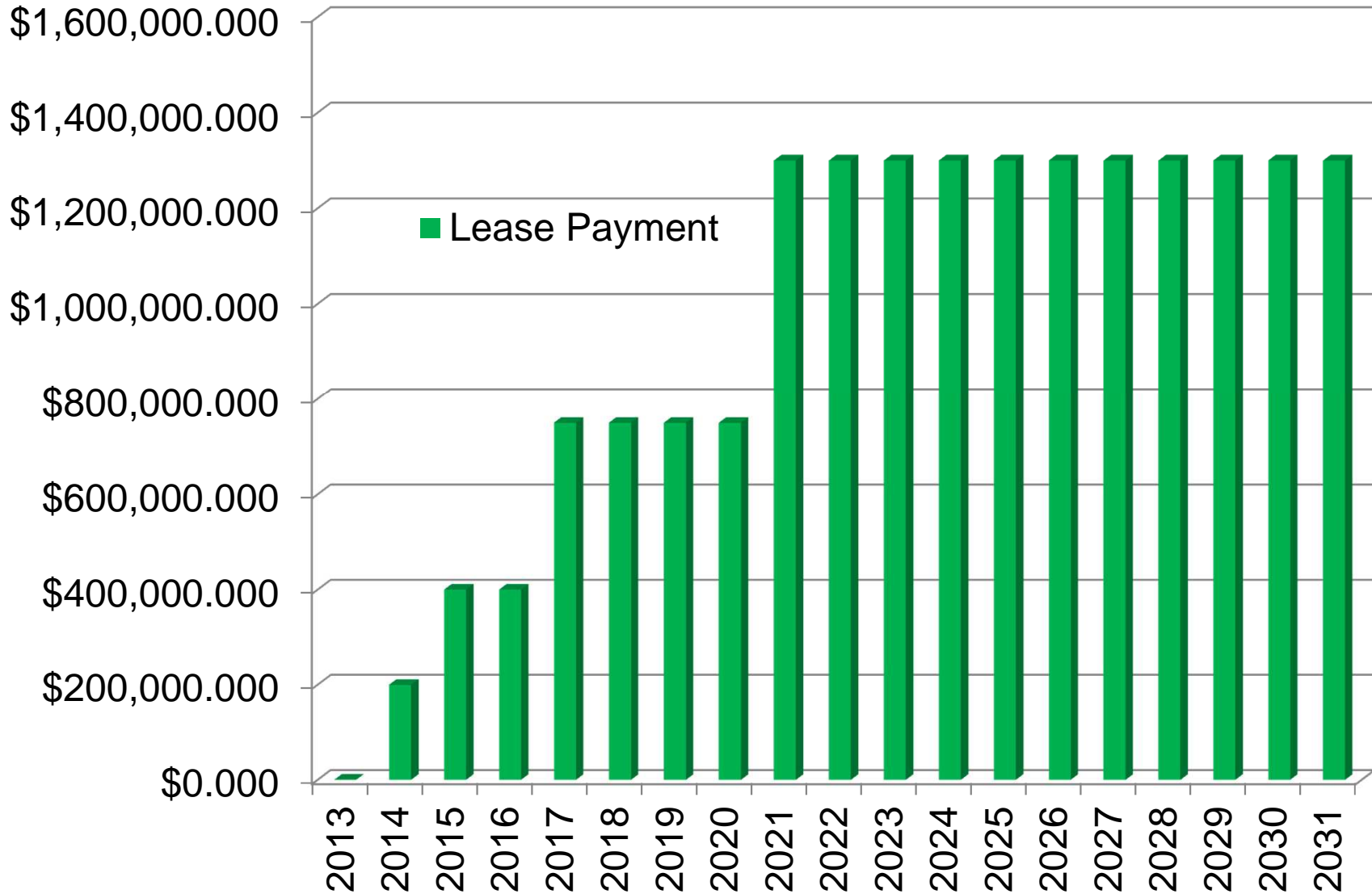
Payments from \$400,000 to \$1,300,000 / year

Even though they were presented at \$531K to \$1,415K/ yr

Increase in payments will not occur until after most presently existing bonds retired

Tax Impact is the Value of the \$400,000, not \$500 - \$531,000

Annual Repayment Schedule



Impact of \$400,000

- **\$400,000 = \$0.0182 per \$100 Assessed**
- **For Homeowners**
 - \$100,000 Home - increase \$6.50 / year
 - \$150,000 Home - increase \$12.50 / year
 - \$200,000 Home – increase \$18.50 / year
- **For Farms (assuming \$1,620 acre AV)**
 - 80 acre = \$ 130,000 AV ... increase of \$23.75 / yr
 - 800 acre= \$1,296,000 AV.. Increase of \$237 / yr
- **Business has Same Calculation as Ag**
 - Every \$100,000 of A V = about \$18.25 / year

Heritage Lease

Bond issue ~ \$11,925,000

Repaid over 20 years maximum

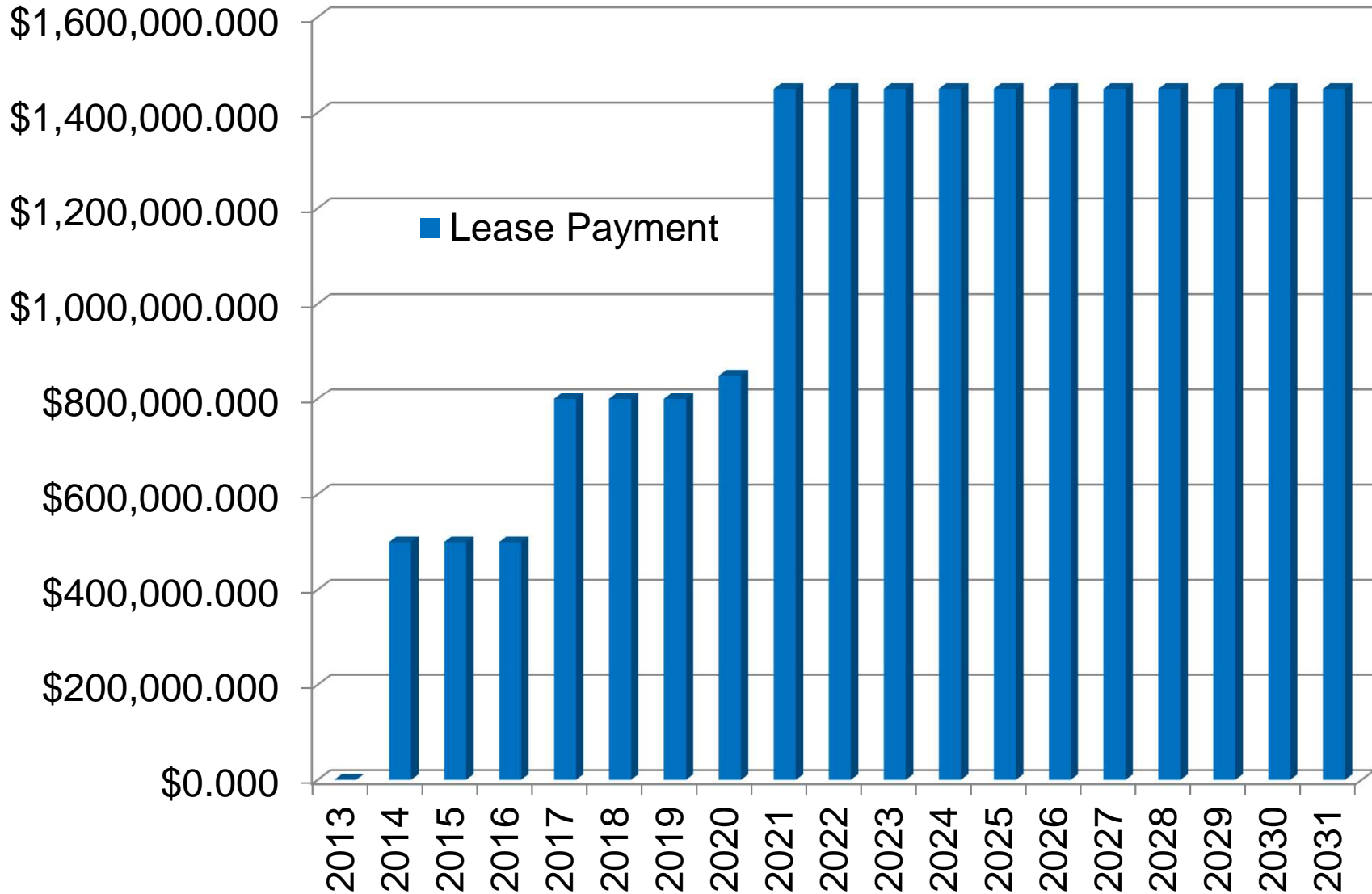
Payments from \$500,000 to \$1,450,000 / year

Even though they were advertised at \$586K to \$1,491K/ yr

Increase in payments will not occur until
after most presently existing bonds retired

Tax Impact is the Value of the \$500,000, not \$586,000

Annual Repayment Schedule



Impact of \$500,000

- **\$500,000 = \$0.0247 per \$100 Assessed**
- **For Homeowners**
 - \$100,000 Home - increase \$8.85 / year
 - \$150,000 Home - increase \$17 / year
 - \$200,000 Home – increase \$25 / year
- **For Farms (assuming \$1,620 acre AV)**
 - 80 acre = \$ 130,000 AV ... increase of \$32/ yr
 - 800 acre= \$1,296,000 AV.. Increase of \$321/ yr
- **Business has Same Calculation as Ag**
 - Every \$100,000 of A V = about \$24.75/ year

Lease Terms

20 Year Terms from Completion

Capital Leases: East Allen Maintains Control
Operations, Insurance, Repairs

Property Deeded back after Debt is Retired

Bonds may be Refinanced

Leases may be Renewed, Extended or Retired
Early – Payments Reduced After Bonds Sales

Tonight's Action

Approves Form of each Lease as the basis of Lease Hearings to determine the reasonableness of the terms of the Leases

Authorizes Public Hearings September 4

Approvals tonight necessary to proceed but do not authorize financing... Action on September 4 prerequisite to financing.

Potential Refinancing of the 2003 Bonds

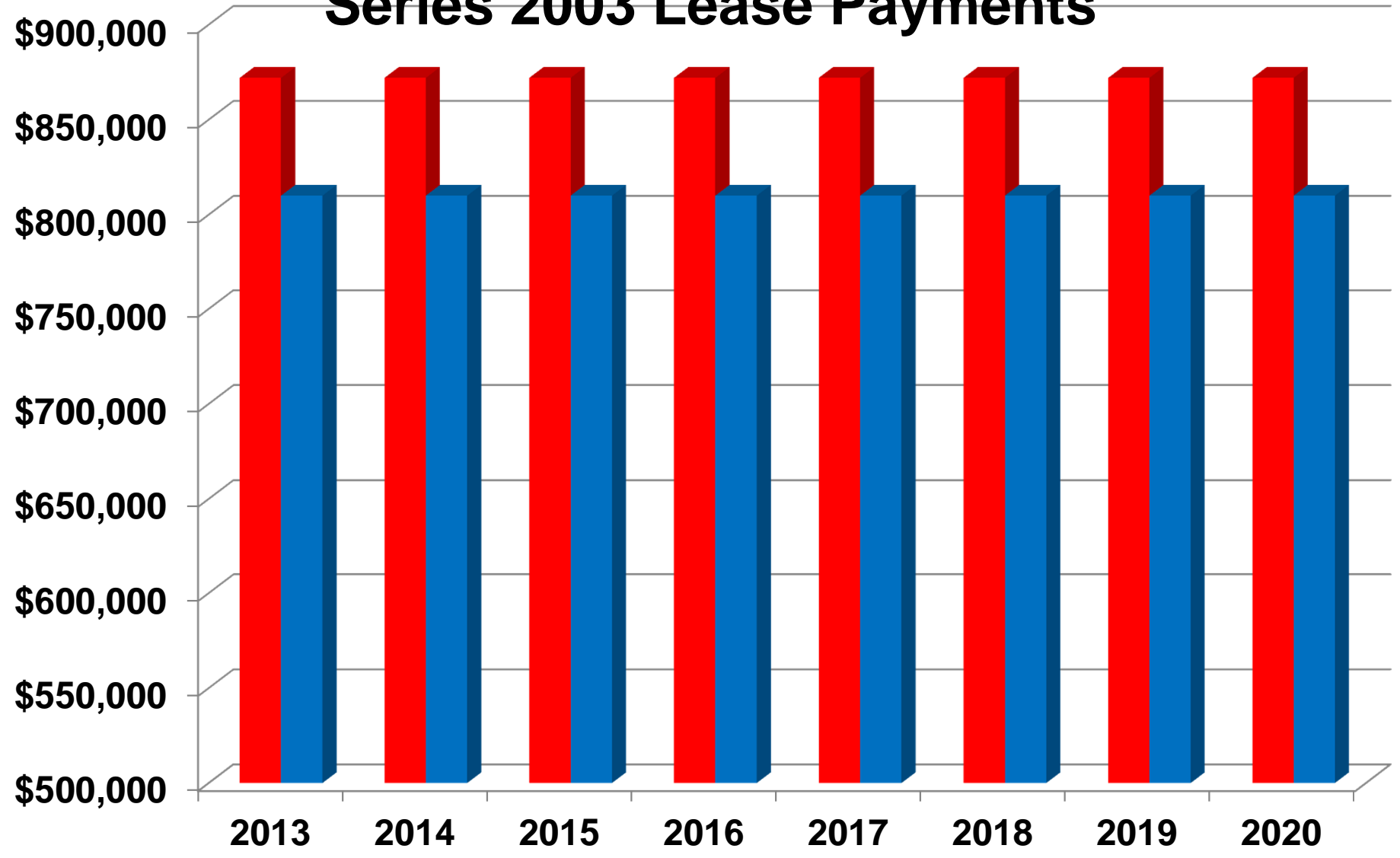
Series 2003 requires payments of about
\$870,000 per year through 2020
\$5,990,000 Principal Outstanding at 4¼% - 5.0%

Issue \$6.3 million at 2.3% for the same term

Savings at Current Rates of \$62,000/ year for
7½ years, or \$472,000

Results in Present Value Savings of \$430,000
Payments Would be reduced to about \$807,000

Series 2003 Lease Payments



■ Existing

■ Possible

Potential Refinancing of the 2003 Bonds

Consider Resolution in September to Proceed

Some Savings in Issuance Costs by Marketing
New Money Issues at the same time as
Refinancing – no Expense to EACS if no Issue
(Rating, Legal, Trustee, Marketing Expenses)

Resolution Authorizes Issuance of Refunding
Bonds, Retains City Securities to Market the bonds
and Engages Ice Miller to Issue Legal Opinion