

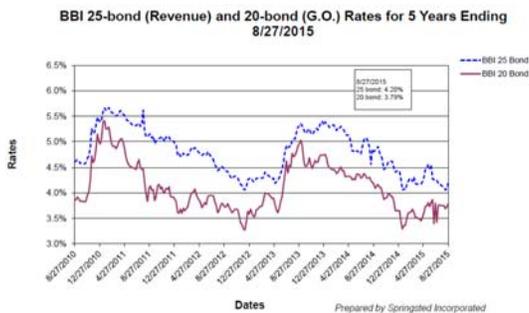
## Interest Rate for East Troy Schools' Referendum Saves Monies for Taxpayers

The East Troy Community School District recently locked 20 million of its upcoming referendum debt for a better than expected 3.53% interest rate. The general obligation refunding bonds, which are dated and settled as of September 2, 2015 were bid and locked in mid-August. When the referendum costs were estimated last winter, a rate of 4.25% was anticipated. This savings of .72% in the interest rate is expected to save approximately \$400,000 to taxpayers in interest costs and \$1.6 million less in premium applied to interest over the life of the 20 year borrowing.

As the district was working on the referendum process, much discussion centered around the tax rate. From surveys, the district knew the voters would most likely only support a referendum with no tax impact. Thanks to the upcoming expiration of previous debt in 2017, and reducing debt at a faster rate in recent years, layering in a new debt via referendum with voter approval was possible at a \$0 tax impact. But, the amount that could be financed was short of district goals. And one goal in particular loomed – returning Prairie View to grades 3-5 and including grade 2 in the new building proposed for 4K – 1. Therefore, the school board agreed to ask a first question which would have no tax impact, and a second referendum question, which would have a projected tax impact of \$0.16 per \$1,000 of home value. Both questions passed in April 2015.

That \$16 for a \$100,000 home was based on conservative estimates computed at the time by Robert W. Baird, the district's counsel for bond issuance. With the interest rate now lower, the tax impact is down to \$0.05 per \$1,000 of home value, or \$5 for a \$100,000 home, \$10 for a \$200,000 home, \$15 for a \$300,000 home, etc. Meaning, if you have a home value of \$200,000 the new tax impact of the referendum would be less than \$1 per month.

When seeking a referendum in January 2015, passing it in April 2015, and proceeding with bond issuance in August



2015, Baird has to try to project what the interest rate could be 9 months later. Kathy Zwirgzdas, the District's business manager, states "Baird always uses a conservative approach. And that is why we appreciate the work they do with us. Bringing good news to the tax payer - \$5 in taxes per a \$100,000 home is certainly easier to celebrate than having to say it now costs \$30."

"The way I look at it," stated school board president Ted Zess, "is that the voters approved up to \$16 per \$100,000 home. We couldn't bring a higher cost to them now and thanks to the better than expected interest rate we don't have to."

The district is still going to lock the second phase of the financing, for \$4.7 million, in the new calendar year due to some advantages of breaking up the financing in two separate calendar years. However, they wanted to lock in more now when the rates are still favorable. In addition, the district was able to maintain its strong financial rating of Aa2 with Moody's – no small task now that Moody's has a new scorecard. Maintaining that rating also positively affected the final interest rates the District was able to receive.

Superintendent Dr. Christopher Hibner added, "It represents how we constantly talked about the right solution, right timing, and right message. Right timing of addressing needs throughout the district from a necessary learning and competitive standpoint, and from a financial standpoint. It not only represents controlling debt and spending, but I am proud to state a quality investment for the betterment of the future of the district and community." Hibner went on to add: "It is our goal to complete this referendum better than promised in all areas - the projects, the financing, and most importantly; the impact on our student learning environments."