



Raytown School District Approves General Obligation Bond Refunding Saving \$2,817,522

At a meeting of the Raytown C-2 School Board on Monday, November 13th a refunding resolution was approved by a unanimous vote of the School Board. The resolution was aimed at accomplishing three primary Board goals: (1) reducing the interest cost burden on District patrons by taking advantage of refinancing opportunities to lower interest rates on outstanding debt; (2) expanding the Board's constitutional capacity for issuing debt thus maximizing flexibility to address capital projects in future years; and (3) optimizing future cash flows to allow for flexibility and optionality in the strategic long range financing and facilities plan the Board will be updating and extending this year. The resolution's aim was accomplished by allowing for the refinancing of the District's Series 2014 bonds to occur if the refunding met certain savings parameters set by the Board.

Stifel, the underwriter for the issuance, marketed the refunding bonds the following morning, November 14th, and the refunding closed on Tuesday, December 5th. The refunding will save District taxpayers \$2,817,522 over the next 10 years. The proceeds from the refunding bonds will be used to prepay principal in the amount of \$19,390,000.00 of the Series 2014 Bonds. The refunding also expanded the District's state bonding limit by over \$1,000,000 through the use of premium coupon bonds. This expansion of capacity will provide for more projects to be completed during future capital improvements than previously possible. The refunding also shortened the average life of the Series 2014 bonds from 6.24 years to 4.83 years. This debt acceleration frees up additional future cash flows to increase the District's ability to address future capital needs without the need for tax rate increases.

The Series 2014 bonds had an average coupon rate of 5%. A refunding of these coupons led to a true interest cost of 3.496% on the 2023B refunding bonds, and present value savings of 8.129%.

The School District received an AA- underlying rating and the AA+ Missouri Direct Deposit Program rating from Standard & Poor's Corporation for the bonds. This strong investment grade rating on the bonds of AA-/AA+ aided the District in achieving low interest rates in today's market. In analyzing the District's AA-underlying rating, Standard & Poor's cited the District's good financial management, a strong financial position evidenced by strong reserves, and a stable economy within the District.

The refunded Series 2014 bonds were issued to fund various improvements to school facilities in the District.

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