

OYSTER BAY – EAST NORWICH CSD

PROPOSED BOND FINANCIAL IMPACT



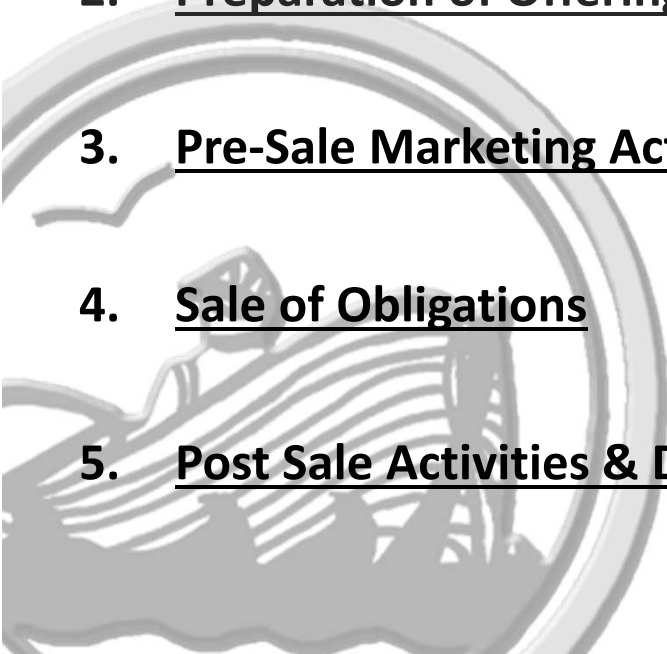
Board of Education Meeting:

OCTOBER 20, 2015

Presented by Stephen Valente

Financial Advisor – Capital Markets Advisors Role

5 KEY AREAS

1. Structure the Issue (Bond)
 2. Preparation of Offering Documents
 3. Pre-Sale Marketing Activities
 4. Sale of Obligations
 5. Post Sale Activities & Delivery Obligations
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Proposed Bond Breakdown

➤ Art/Music Expansion & HS PAC A/C \$6,990,791

➤ Security Enhancements \$ 826,000

➤ Total Proposed Cost \$7,816,791



Bond Scope of Work

OBEN High School

- Restore general instructional classroom space on the second floor
- Complete air conditioning installation in the auditorium
- Renovate digital art room
- Additional 3D art room
- Reconfigure/renovate existing choral and band space & add choral room
- Combine and enlarge band and art spaces including storage
- Increase small group instructional space
- Renovate three art rooms & relocate all art to one area of high school
- Aesthetically match the exterior of the building to match the traditional architecture
- Replace three sets of first floor corridor doors
- Additional/increase cabinet space and storage areas in music and art rooms
- Installation of state-of-the-art sound recording systems for music space

Security Districtwide

- Reconstruct enclosed main entrance vestibules
- Upgrade security card reader system for entry access
- Install visitor management system
- Install additional security cameras

Estimated Tax Impact of Bond

Proposed \$7,816,791 Bond

Residential Class 1 increase is approximately .18¢/day or \$5.42/month or \$65/yr based on 15/16 data

<u>2015/16 Rate</u>		<u>Base Rate*</u>		<u>Estimated Inc/year</u>		<u>Est. Tax Rate/\$1000 Assessed value 15/16</u>
Class 1	0.9008868	\$5,663.07	+	<u>\$65.00</u>	=	\$5,728.07
Class 2	0.0356713	\$2,362.21	+	<u>\$27.00</u>	=	\$2,389.21
Class 3	0.0121581	\$2,379.16	+	<u>\$27.00</u>	=	\$2,406.16
Class 4	0.0512838	\$1,610.20	+	<u>\$18.00</u>	=	\$1,628.20

***Base Rate is tax rate used for 2015/16 for each class**

Class rates set by Nassau County each year, as are assessed values

Current vs. Future Debt Comparison

ESTIMATED BOND ANALYSIS - TAXPAYER IMPACT AS OF 10-20-15			
BOND ISSUE AMOUNT		\$7,816,791	
OYSTER BAY- EAST NORWICH EXISTING DEBT	CURRENT INTEREST RATE	EXPIRING DEBT PRINCIPAL & INTEREST	ESTIMATED DEBT SERVICE PRINCIPAL & INTEREST
SCHOOL YEAR 15/16	4.75%	745,706	
SCHOOL YEAR 16/17	4.75%	737,100	
NEW BOND SCHOOL YEAR 17/18	ESTIMATED @ 4.00%		
YEAR 1	4.00%		575,173
YEAR 2	4.00%		575,173
YEAR 3	4.00%		575,173
YEAR 4	4.00%		575,173
YEAR 5	4.00%		575,173
YEAR 6	4.00%		575,173
YEAR 7	4.00%		575,173
YEAR 8	4.00%		575,173
YEAR 9	4.00%		575,173
YEAR 10	4.00%		575,173
YEAR 11-20	4.00%		5,751,730
TOTAL		1,482,806	11,503,460

* District debt payment decreases by \$161,927 in the 2017-18 school year

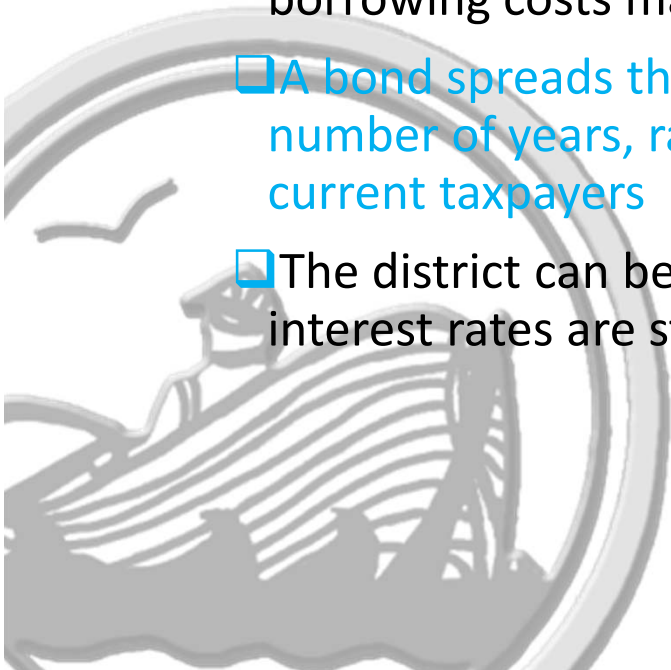
Estimated \$65 per year increase or \$5.42/month, using 2015/16 adjusted base proportions per Nassau County assessment rolls for Class 1 property (90.09% of total assessed value in OBEN)

Bond Financial Facts

- ❑ District will receive 10% NYS Aid, REDUCING cost to taxpayers – approximately \$781,679 or \$39,084/year
- ❑ Aid to District actually is Revenue and REDUCES the increase per year to approximately \$58.00 or \$4.84/month and .16¢/day
- ❑ Current debt service of \$737,100 is retired
- ❑ Total New Debt Service on average per year of \$575,173
- ❑ No additional debt in the first year of borrowing (17/18)
- ❑ District can choose debt service option to DEFER repayment such as Interest only the first year of payback (2017/18)
- ❑ The debt payments are lower than the current debt payments by approximately \$161,927 per year
- ❑ Financial Advisers Capital Markets will help structure most advantageous and least impactful repayment schedule for District

Bond Financial Facts (cont.)

- ❑ The District's bond rating is excellent: AA1
- ❑ At its peak, the School Investment Bond will cost approximately 18¢/day or an additional \$65.00/year in taxes for the average homeowner
- ❑ The interest rate is conservatively estimated at 4.0%; actual borrowing costs may be less
- ❑ A bond spreads the cost of long-lasting capital improvements over a number of years, rather than placing the funding burden solely on current taxpayers
- ❑ The district can benefit from the current economic climate because interest rates are still low



Questions??

