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For more information:

Bethany Meisinger-Reiff
Public Relations Coordinator

Phone: (937) 415-6414

Email: Bethany.reiff@vandalia-butler.k12.oh.us

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Vandalia-Butler City Schools reaffirms excellent rating while realizing savings on its bond issue

Vandalia, Ohio (February 24, 2010)—Following voter approval of a visionary plan to replace, renovate and update its buildings without an increase in taxes, Vandalia-Butler City Schools has continued its exploration of ways to further save taxpayer dollars on the project.

Most notably, the district recently saved \$1,679,843 in direct taxes over 28 years by rating, structuring and staggering the \$49.95 million bond issue that will finance the project.

The district's strong financial standing also contributed to the savings. In February, national ratings agencies Moody's Investors Service and Standard and Poor's reaffirmed the district's exceptional rating on its bond issue. Moody's reassigned an Aa3 rating and Standard and Poor's maintained its AA rating. The ratings reflect the agencies' continued confidence in the district's financial and operational management.

Structured bond release designed to save taxpayers money

Rather than issue the bond in one lump sum, the district released the bond as separate issues of roughly \$25 million in February 2009 and February 2010. This allowed the district to take advantage of lower interest rates, which translates into the savings of \$1.6 million on the amount that taxpayers will pay over the 28-year life of the bond. The second issue, released in February 2010, sold in two hours at a remarkable interest rate of 4.46 percent.

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Exceptional ratings reflect confidence in district's financial standing

The reaffirmation of ratings by Moody's and Standard & Poor's is an outstanding achievement given the relative decline of the state's economy.

In its written assessment, Moody's noted that its rating was based on the district's sound financial position supported by healthy operating reserves and the 67 percent voter approval for the November 2008 bond issue; the moderately sized tax base located near Dayton; and manageable debt profile, despite moderate exposure to market access risk.

"Moody's expects the district to maintain a sound financial position given recent voter support for operating levies and management's adoption of a conservative target to guide the district's approach to maintaining healthy operating reserves. Conservative budgeting, coupled with strategic planning for operating needs, has enabled the district to maintain substantial reserve levels," the assessment stated.

Building project will prepare Vandalia-Butler schools for 21st century

In November 2008, Vandalia-Butler voters approved a bond issue to replace Morton Middle School, significantly renovate Butler High School, and make critical upgrades to the district's four other buildings. Preliminary construction has already begun on Butler High School, but the official groundbreaking will occur in April. The new Morton, which will be located in Stonequarry Crossings at the intersection of Stonequarry Road and Peter's Pike, could break ground in late spring or early summer.

More information about the projects can be found at www.vandaliabutlerbuildings.org.

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