

ATTACHMENT NO. IX-B

ATTACHMENT NO. IX-B: Tax Abatement Options

Suggested Motion: None

Recommended Action: Recommend an Option for future Tax Abatement

The Board directed the administration to provide options on paying off current debt from the revenue from the Capital Development Board in the amount of \$12,492,473.69 received in September 2014. The Business Services Committee met on November 13, 2014. At this meeting PMA Financial and Baird Public Finance provided four options on how to pay down the current debt.

The Committee agreed upon alternative options based upon Options 1 & 2 to be brought to the Board of Education at the regular meeting on November 24, 2014.

Abatement Option I

Tax Levy Year	Existing Bond & Interest Tax Levies	Example Abatement Amounts	Example New Levies After Abatements
2014	\$ 2,550,000	\$ 350,000	\$ 2,200,000
2015	2,870,000	670,000	2,200,000
2016	3,230,000	1,030,000	2,200,000
2017	3,460,000	1,260,000	2,200,000
2018	3,715,000	1,515,000	2,200,000
2019	3,985,000	1,785,000	2,200,000
2020	4,270,000	2,070,000	2,200,000
2021	5,640,000	3,812,473	1,827,527
2022	6,050,000	-0-	6,050,000
2023	6,610,000	-0-	6,610,000
2024	455,000	-0-	455,000
2025	-0-	-0-	-0-
2026	-0-	-0-	-0-
2027	-0-	-0-	-0-
2028	-0-	-0-	-0-
2029	-0-	-0-	-0-
2030	-0-	-0-	-0-
2031	-0-	-0-	-0-
2032	-0-	-0-	-0-
2033	-0-	-0-	-0-
Total	\$42,835,000	\$12,492,473	\$30,342,527

NOTES AND ASSUMPTIONS

- The option above illustrates an example of how the \$12MM from the State could be used to offset Bond & Interest Levies annually. This option assumes a targeted annual levy of \$2.2MM, and shows approximately how far the \$12MM would go if used only to abate levies.
- This option leaves the Debt Service Extension Base (“DSEB”) fully available for future use if any needs to borrow for Capital Projects or Life Safety should arise.
- If this option is chosen, there may be a desire to restructure the much larger levies in 2022 and 2023 (Levy Years). There is no guarantee that the availability to restructure will exist in the future as it does today, as State and Federal regulations can change.
- Based upon projections from PMA, the District could earn approximately \$1,450,000 of interest earnings from investing these proceeds ahead of the proposed abatement structure. These interest earnings would be available to be used by the District in any way the District sees fit.

Abatement Option II

Tax Levy Year	Existing Bond & Interest Tax Levies	Example Abatement Amounts	Example New Levies After Abatements
2014	\$ 2,550,000	\$ 750,000	\$1,800,000
2015	2,870,000	845,000	2,025,000
2016	3,230,000	950,000	2,280,000
2017	3,460,000	1,020,000	2,440,000
2018	3,715,000	1,090,000	2,625,000
2019	3,985,000	1,175,000	2,810,000
2020	4,270,000	1,255,000	3,015,000
2021	5,640,000	1,660,000	3,980,000
2022	6,050,000	1,780,000	4,270,000
2023	6,610,000	1,967,473	4,642,527
2024	455,000	-0-	455,000
2025	-0-	-0-	-0-
2026	-0-	-0-	-0-
2027	-0-	-0-	-0-
2028	-0-	-0-	-0-
2029	-0-	-0-	-0-
2030	-0-	-0-	-0-
2031	-0-	-0-	-0-
2032	-0-	-0-	-0-
2033	-0-	-0-	-0-
Total	\$42,835,000	\$12,492,473	\$30,342,527

NOTES AND ASSUMPTIONS

- The option above illustrates an example of how the \$12MM from the State could be used to offset Bond & Interest Levies annually. This option assumes that the abatement amount would grow each year at the same rate as the Bond and Interest Levy.
- This option leaves the Debt Service Extension Base (“DSEB”) fully available for future use if any needs to borrow for Capital Projects or Life Safety should arise.
- Based upon projections from PMA, the District could earn approximately \$1,805,000 of interest earnings from investing these proceeds ahead of the proposed abatement structure. These interest earnings would be available to be used by the District in any way the District sees fit.

Abatement Option III

Tax Levy Year	Existing Bond & Interest Tax Levies	Example Abatement Amounts	Example New Levies After Abatements
2014	\$ 2,550,000	\$ 350,000	\$ 2,200,000
2015	2,870,000	500,000	2,370,000
2016	3,230,000	600,000	2,630,000
2017	3,460,000	700,000	2,760,000
2018	3,715,000	900,000	2,815,000
2019	3,985,000	1,000,000	2,885,000
2020	4,270,000	1,200,000	3,070,000
2021	5,640,000	2,200,000	3,440,000
2022	6,050,000	2,250,000	3,800,000
2023	6,610,000	2,692,473	3,917,527
2024	455,000	-0-	455,000
2025	-0-	-0-	-0-
2026	-0-	-0-	-0-
2027	-0-	-0-	-0-
2028	-0-	-0-	-0-
2029	-0-	-0-	-0-
2030	-0-	-0-	-0-
2031	-0-	-0-	-0-
2032	-0-	-0-	-0-
2033	-0-	-0-	-0-
Total	\$42,835,000	\$12,492,473	\$30,342,527

NOTES AND ASSUMPTIONS

- The option above illustrates an example of how the \$12MM from the State could be used to offset Bond & Interest Levies annually. This option assumes that the abatement amount would grow each year at the same rate as the Bond and Interest Levy.
- This option leaves the Debt Service Extension Base (“DSEB”) fully available for future use if any needs to borrow for Capital Projects or Life Safety should arise.
- Interest earnings that accrue prior to the payment dates would be available to be used by the District in the future.



North Boone CUSD #200

Abatement Option #1

Indicative Rates as of 11/17/15

Assumed Settlement date of 12/1/15

Levy Year	Amount	Settle	Maturity	Days	Years	Gov't Agency	Treasury	Municipal	CD	Estimated Interest
2014	\$ 350,000.00	12/01/14	12/31/15	395	1	0.12%	0.05%	-	0.25%	\$ 946.92
2015	\$ 670,000.00	12/01/14	12/30/16	760	2	0.45%	0.43%	-	0.50%	\$ 6,975.34
2016	\$ 1,030,000.00	12/01/14	12/29/17	1124	3	0.87%	0.88%	1.25%	1.30%	\$ 41,233.86
2017	\$ 1,260,000.00	12/01/14	12/31/18	1491	4	1.08%	1.27%	-	-	\$ 65,367.07
2018	\$ 1,515,000.00	12/01/14	12/31/19	1856	5	1.64%	1.55%	1.88%	1.69%	\$ 144,829.02
2019	\$ 1,785,000.00	12/01/14	09/11/20	2111	6	1.93%	1.80%	-	-	\$ 199,246.59
2020	\$ 2,070,000.00	12/01/14	12/31/21	2587	7	2.24%	1.94%	2.36%	-	\$ 346,246.92
2021	\$ 3,440,000.00	12/01/14	10/28/22	2888	8	2.38%	2.08%	-	-	\$ 647,798.18
2022	\$ -	12/01/14	12/05/23	3291	9	2.61%	2.18%	-	-	\$ -
2023	\$ -	12/01/14	10/07/24	3598	10	2.75%	2.27%	-	-	\$ -
\$12,120,000.00									Total	\$ 1,452,643.90

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North Boone CUSD #200

Abatement Option #2

Indicative Rates as of 11/17/15

Assumed Settlement date of 12/1/15

Levy Year	Amount	Settle	Maturity	Days	Years	Gov't Agency	Treasury	Municipal	CD	Estimated Interest
2014	\$ 750,000.00	12/01/14	12/31/15	395	1	0.12%	0.05%	-	0.25%	\$ 2,029.11
2015	\$ 845,000.00	12/01/14	12/30/16	760	2	0.45%	0.43%	-	0.50%	\$ 8,797.26
2016	\$ 950,000.00	12/01/14	12/29/17	1124	3	0.87%	0.88%	1.25%	1.30%	\$ 38,031.23
2017	\$ 1,020,000.00	12/01/14	12/31/18	1491	4	1.08%	1.27%	-	-	\$ 52,916.20
2018	\$ 1,090,000.00	12/01/14	12/31/19	1856	5	1.64%	1.55%	1.88%	1.69%	\$ 104,200.42
2019	\$ 1,175,000.00	12/01/14	09/11/20	2111	6	1.93%	1.80%	-	-	\$ 131,156.72
2020	\$ 1,255,000.00	12/01/14	12/31/21	2587	7	2.24%	1.94%	2.36%	-	\$ 209,922.65
2021	\$ 1,660,000.00	12/01/14	10/28/22	2888	8	2.38%	2.08%	-	-	\$ 311,943.56
2022	\$ 1,780,000.00	12/01/14	12/05/23	3291	9	2.61%	2.18%	-	-	\$ 418,885.69
2023	\$ 1,945,000.00	12/01/14	10/07/24	3598	10	2.75%	2.27%	-	-	\$ 527,254.86
	\$ 12,470,000.00								Total	\$ 1,805,137.71

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