

**Southwest Dubois County HS/MS Renovation Project
Summary of Financing**

\$22.5 Million

Phil Schneider, Corporation Attorney

Indiana Common School Fund Loan @ 4% - 20 years, semi-annual principal and interest	\$ 9,270,772
Tax Exempt First Mortgage Bonds @ 4.224% (ave. yield) – 18 years semi-annual principal and interest through 1/10/2028	\$ 1,230,000
Qualified School Construction Bonds* 5.43% (ave.) 15 yr. taxable bonds, interest paid by US Treasury Semi-annually*, principal payable semi-annually 7/10/19 through 7/10/25	\$10,000,000
Qualified Zone Academy Bonds* 5.43% (ave.) 17 yr. taxable bonds, interest paid by US Treasury Semi-annually*, principal payable semi-annually 1/10/26 through 7/10/27	\$ 2,000,000
	<hr/> \$22,500,000

*Interest on the taxable \$10 mil. Qualified School Construction Bonds and on \$2 mil. Qualified Zone Academy Bonds is to be paid by the U.S. Treasury by an “interest subsidy” as part of the 2009 federal economic stimulus legislation. However, beginning in 2013, the interest subsidy was reduced by 8.7% as part of the automatic federal budget sequestration reduction legislation. The interest subsidy reduction will result in taxpayers of Southwest Dubois County School Corporation paying additional interest in the approximate amount of \$55,000 annually. Additional reductions in the interest subsidy are possible as long as the automatic sequestration budget cuts remain in place. However, even with these current reductions, over 90% of the interest on the taxable bonds is covered by the federal subsidy.

As a result of the reduction in interest subsidies, the school corporation will have to levy additional debt service taxes to cover the shortfall. Since the debt on these bonds was approved by voter referendum, the debt service levies are not subject to the property tax circuit breaker limits.

School patrons are encouraged to write their Congressmen to request legislative action to reinstate the full interest subsidy on the Qualified School Construction Bonds and the Qualified Zone Academy Bonds. Our Congressional delegation can be contacted as follows:

Senator Dan Coats
Russell Senate Office Bldg. Rm SR 493
Delaware & Constitutional Aves. NE
Washington, DC 20510-1405

Senator Joseph Donnelly
Hart Senate Office Bldg. Rm 720
2nd St. & Constitutional Ave., NE
Washington, DC 20510

Rep. Larry Buschon
Longworth House Office Bldg. Rm 1005
Independence & New Jersey Aves. SE
Washington, DC 20515