

December 11, 2014

**Agenda Item VIII F**

**Debt Retirement**



Debt Retirement

The district entered into an Installment Purchase Agreement (loan) in December of 2003. The proceeds were used for capital improvements. The debt payments are budgeted in and paid from the General Fund. The final payment is due August 2019.

The Agreement included a prepayment clause with the first opportunity being February 2014. There is a premium beyond the principal balance that is added to the early payoff. The premium due in February 2015 is two percent of the remaining principal balance.

The following represents the savings associated with prepayment:

Total amount of remaining payments	\$496,031
Prepayment amount (includes 2% early pay price)	\$436,811
Savings	\$59,220

The prepayment replaces ongoing debt payments between \$90,000 and \$100,000 with a onetime payment and corresponding ending fund balance reduction.

The Board would need to adopt a supplemental budget at their January 8<sup>th</sup> 2015 meeting.

Submitted by: Rick Gill