

Options for Abatement

Option 1:

Levy full CPI and no refunding.

This option cannot go forward as we did complete two refunding issues for a savings of over \$1 million for this levy year.

Option 2:

Levy full CPI, 2011/2012 refunding, Abatement of \$10 million from existing bond issue

This option would take \$10 million of refunding to abate back for a cost savings but would place the \$10 million on the back year thus extending the debt and adding \$6.9 million in additional interest to the existing debt.

Option 3:

Levy with no CPI, 2011.12 refunding

This option cannot go forward as we did levy the full CPI.

Option 4:

Levy full CPI, 2011/2012 refunding, Education Fund abatement, Abatement of \$10 million from existing bond issue

This option would take \$10 million of refunding to abate back for a cost savings but would place the \$10 million on the back year thus extending the debt and adding \$6.9 million in additional interest to the existing debt. It would reduce the Education Fund to \$15 million which will cause the reserve fund to dip to 17%. Policy is 30%. This would also jeopardize the current S and P rating.

Option 5:

Levy full CPI, 2011/2012 refunding, Education Fund Abatement to \$15 million steady balance

This option will abate any amount over \$15 million in the Education Fund Balance to level off the debt payments until EAV and new growth return to a positive status. The Board would pass a resolution each year to abate. This option would be reviewed each year at which time the abatement option would be voted upon.