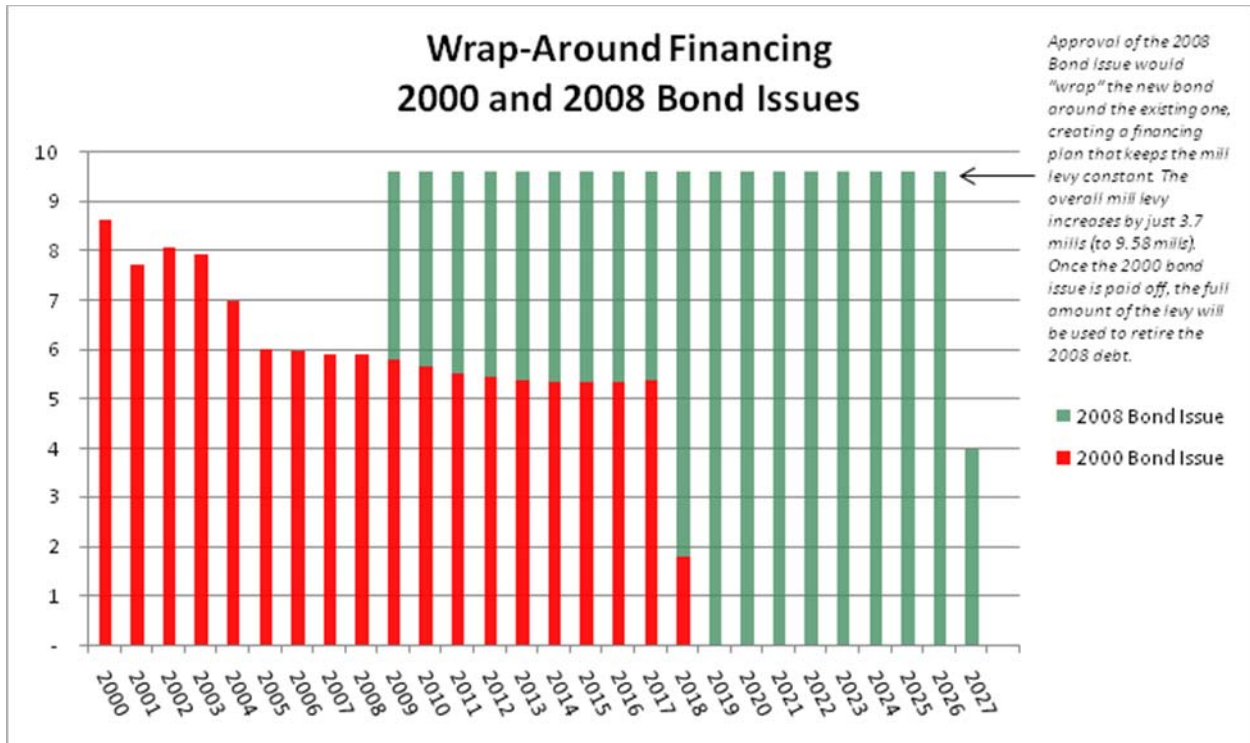




## Financing the 2008 Bond Issue “Wrap-Around Financing”

The bond issue election in 2000 for Wichita USD 259 authorized the issuance of approximately \$284.5 million in general obligation bonds and was estimated to require a levy of 8.66 mills to retire the bonds; however, with tax base growth, higher state aid, and refinancing of portions of those bonds, the required levy has dropped to 5.88 mills for the existing bond payments.



The Plan of Finance for the 2008 capital improvement program and \$370 million bond issue is to “wrap” the proposed new bonds around the existing bonds issued previously to create a financing where one consistent levy will retire all bonds (both existing and proposed) with a total levy estimated at 9.58 mills over the next 19 years. As we are currently paying 5.88 mills, the net increase to local taxpayers will be only 3.7 mills.

Now is considered an advantageous time for the bond issue with interest rates near historic lows as well as continuation of the state aid program that offers to pay an estimated 25% of the bond issue payments in additional state aid from Topeka. To be conservative, the interest rate for the bonds has been estimated at 4.75% even though similar issues are selling at rates below 4.5%. Also to be conservative, district tax base growth is projected at 2% even though growth in the last decade has averaged more than twice that factor.

With approval of the 2008 proposed bond issue, the required mill levy for all bond issue payments will only be an estimated 89 one-hundredths of a mill above what was estimated for the bond program in 2000.