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September 22, 2010

Mr. Brian Bailey, Commissioner
Department of Local Government Finance
100 North Senate Avenue, #N-1058
Indianapolis, IN 46204-2211

Re: Lebanon Community School Corporation
Proposed First Mortgage Bonds

Dear Mr. Bailey:

Pursuant to Indiana Code Section 6-1.1-20-3.6(k), enclosed please find information regarding the local public question for the project referenced above which will be placed on the ballot of the special election scheduled for November 2, 2010. We first submitted this information on June 14, 2010. At the request of the Department of Local Government Finance, we are providing you with solely the financial information regarding the tax rate impact listed on the ballot question.

If you have any questions about this information or if we can provide you with anything further information, please do not hesitate to call.

Very truly yours,

UMBAUGH

Colette J. Irwin-Knott

CJIK/ kah

Enclosures

cc: Dr. Robert Taylor, Superintendent, Lebanon Community School Corporation
Mr. Charles Tait, Business Manager, Lebanon Community School Corporation
Mr. Kent Frandsen, Parr Richey Obremskey Frandsen & Patterson
Ms. Jane Herndon, Ice Miller LLP

Political Subdivision: Lebanon Community School Corporation
County: Boone County
Date of Submission: June 14, 2010 as updated September 22, 2010
Date of Referendum: November 2, 2010

Pursuant to Indiana Code Section 6-1.1-20-3.6(k), the following information is being provided:

1) Cost per square foot of the buildings being constructed as a part of the controlled project

<u>Building</u>	<u>Grades</u>	<u>Renovation Cost/Square Foot</u>	<u>Construction Cost/Square Foot</u>
Lebanon High School	9 - 12	\$73.33	\$130.00
Lebanon Middle School	6 - 8	4.36	0.00
Central Elementary School	PK - 5	35.10	0.00
Harney Elementary School	PK - 5	3.47	0.00
Hattie B. Stokes Elementary School	PK - 5	9.79	0.00
Perry-Worth Elementary School	PK - 5	4.40	0.00
Service Center	N/A	11.32	0.00
Transportation Center	N/A	11.67	0.00
Administration Center	N/A	12.10	0.00

2) Effect that approval of the controlled project would have on the political subdivision's tax rate

The effect that the approval of this project would have on the debt service tax rate is estimated to be \$0.6674 in budget year 2021. The bonds have been structured to maintain an overall level debt service structure for the School Corporation. There will not be an impact on any other tax rates of the School Corporation resulting from this project. See Exhibit A.

3) Maximum term of the bonds or lease

The maximum term of the bonds is 20 years and the maximum term of the lease is 22 years. This information was reflected in the Notice of Adoption of Preliminary Determination that was published on June 25, 2010 subsequent to the 1028 Hearing on June 22, 2010.

4) Maximum principal amount of the bonds or the maximum lease rental for the lease

The maximum principal amount of the Bonds is \$40,000,000 and the maximum annual lease rental is \$7,766,000. If it is of economic benefit to the School Corporation, the Project may be funded by the issuance of Build America Bonds (BABs). If BABs are issued, the net effect to the taxpayers is expected to be equal to or less than that shown above, however the actual gross maximum annual lease rental will be \$7,824,000 prior to receiving the estimated 35% interest credit from the U.S. Department of Treasury.

5) Estimated interest rates that will be paid and the total interest costs associated with the bonds or lease.

The estimated tax-exempt interest rates range from 4.0% to 6.20% averaging 5.77% with total interest costs of \$21,576,941.91 over the life of the bond issue. If it is of economic benefit to the School Corporation, the Project may be funded by the issuance of Build America Bonds (BABs). If BABs are issued, the net effect to the taxpayers is expected to be equal to or less than that shown above, however the estimated interest rates range from 5.00% to 7.20% averaging 6.75% with total interest costs of \$24,983,364.27 prior to receiving the estimated 35% interest credit from the U.S. Department of Treasury.

6) Purpose of the bonds or lease

See Exhibit B for a project description.

7) In the case of a controlled project proposed by a school corporation (if applicable):

(A) Current and proposed square footage of school building space per student

Building	Existing Square Footage	Existing Square Feet/Student	Proposed Square Footage	Proposed Square Feet/Student
Lebanon High School	240,000	229	320,000	305
Lebanon Middle School	250,000	286	same	same
Central Elementary School	51,000	128	same	same
Harney Elementary School	75,000	152	same	same
Hattie B. Stokes Elementary School	96,000	188	same	same
Perry-Worth Elementary School	75,000	283	same	same
Service Center	6,800	N/A	N/A	N/A
Transportation Center	5,400	N/A	N/A	N/A
Administration Center	6,200	N/A	N/A	N/A

(B) Enrollment patterns within the school corporation

See Exhibit C.

(C) Age and condition of the current school facilities

See Exhibit D.

Appendix A

LEBANON COMMUNITY SCHOOL CORPORATION

Gross Build America Bond Calculation

PRELIMINARY SCHEDULE OF AMORTIZATION OF \$40,000,000 PRINCIPAL

AMOUNT OF FIRST MORTGAGE BONDS, SERIES 2011

Taxable Build America Bonds - Direct Payment Option

Assumes Bonds dated May 15, 2011

Net Interest Cost - 6.75%

Payment Date	Principal Balance (In \$1,000's)	Principal	Assumed Interest Rate (%)	Interest	Capitalized Interest	Gross Debt Service	Budget Year Debt Service	Annual Lease Rental
1/10/2012	\$40,000			\$1,716,709.27	(\$1,716,709.27)	\$0.00	\$0.00	\$0
7/10/2012	40,000			1,314,926.25	(1,314,926.25)	0.00		
1/10/2013	40,000			1,314,926.25	(1,314,926.25)	0.00	0.00	4,030,000 (1)
7/10/2013	40,000			1,314,926.25	(1,314,926.25)	0.00		
1/10/2014	40,000	\$800	5.00	1,314,926.25		2,114,926.25	2,114,926.25	4,037,500 (1)
7/10/2014	39,200	805	5.00	1,294,926.25		2,099,926.25		
1/10/2015	38,395	815	5.40	1,274,801.25		2,089,801.25	4,189,727.50	4,195,000
7/10/2015	37,580	835	5.40	1,252,796.25		2,087,796.25		
1/10/2016	36,745	850	5.60	1,230,251.25		2,080,251.25	4,168,047.50	4,174,000
7/10/2016	35,895	865	5.60	1,206,451.25		2,071,451.25		
1/10/2017	35,030	880	5.85	1,182,231.25		2,062,231.25	4,133,682.50	4,139,000
7/10/2017	34,150	895	5.85	1,156,491.25		2,051,491.25		
1/10/2018	33,255	915	6.05	1,130,312.50		2,045,312.50	4,096,803.75	4,102,000
7/10/2018	32,340	1,890	6.05	1,102,633.75		2,992,633.75		
1/10/2019	30,450	1,930	6.25	1,045,461.25		2,975,461.25	5,968,095.00	5,974,000
7/10/2019	28,520	1,965	6.25	985,148.75		2,950,148.75		
1/10/2020	26,555	2,010	6.65	923,742.50		2,933,742.50	5,883,891.25	5,889,000
7/10/2020	24,545	2,055	6.65	856,910.00		2,911,910.00		
1/10/2021	22,490	2,095	6.85	788,581.25		2,883,581.25	5,795,491.25	5,801,000
7/10/2021	20,395	3,210	6.85	716,827.50		3,926,827.50		
1/10/2022	17,185	3,285	6.95	606,885.00		3,891,885.00	7,818,712.50	7,824,000
7/10/2022	13,900	3,355	6.95	492,731.25		3,847,731.25		
1/10/2023	10,545	3,435	7.10	376,145.00		3,811,145.00	7,658,876.25	7,664,000
7/10/2023	7,110	3,515	7.10	254,202.50		3,769,202.50		
1/10/2024	3,595	3,595	7.20	129,420.00		3,724,420.00	7,493,622.50	7,499,000
Totals		\$40,000		\$24,983,364.27	(\$5,661,488.02)	\$59,321,876.25	\$59,321,876.25	\$65,328,500

(1) Interim Lease Rental payments due June 30, 2012, December 31, 2012 and June 30, 2013.

(Prepared by Umbaugh)
(Preliminary - Subject to Change)
(Internal Use Only)

LEBANON COMMUNITY SCHOOL CORPORATION

Gross Build America Bond Calculation

SUMMARY OF PROJECTED DEBT SERVICE TAX RATE

Budget Year	Outstanding Debt (Unaudited)	Proposed		Total Debt Service	Tax Levy (2)	Net Assessed Value (3)	Estimated Existing Debt Service Tax Rate		Estimated Proposed Debt Service Tax Rate		Estimated Combined Debt Service Tax Rate (4)	
		First Mortgage Bonds (1)	Bonds				Debt Service	Tax Rate	Debt Service	Tax Rate	Debt Service	Tax Rate
2009	\$5,875,440			\$5,875,440	\$5,287,896	\$1,044,690,574	\$0.7347					\$0.7347
2010	5,944,191			5,944,191	5,349,772	1,055,094,655	0.6725					0.6725
2011	5,518,513			5,518,513	4,966,662	1,055,094,655	0.6725					0.6725
2012	4,198,713		\$4,030,000	8,228,713	7,405,842	1,055,094,655	0.3582		\$0.3438			0.7020
2013	4,193,525		4,037,500	8,231,025	7,407,923	1,055,094,655	0.3577		0.3444			0.7021
2014	4,066,000		4,195,000	8,261,000	7,434,900	1,055,094,655	0.3468		0.3578			0.7046
2015	4,061,000		4,174,000	8,235,000	7,411,500	1,055,094,655	0.3464		0.3560			0.7024
2016	4,059,000		4,139,000	8,198,000	7,378,200	1,055,094,655	0.3462		0.3531			0.6993
2017	4,062,000		4,102,000	8,164,000	7,347,600	1,055,094,655	0.3465		0.3499			0.6964
2018	2,143,000		5,974,000	8,117,000	7,305,300	1,055,094,655	0.1828		0.5096			0.6924
2019	2,142,000		5,889,000	8,031,000	7,227,900	1,055,094,655	0.1827		0.5023			0.6850
2020	2,138,000		5,801,000	7,939,000	7,145,100	1,055,094,655	0.1824		0.4948			0.6772
2021			7,824,000	7,824,000	7,041,600	1,055,094,655			0.6674			0.6674
2022			7,664,000	7,664,000	6,897,600	1,055,094,655			0.6537			0.6537
2023			7,499,000	7,499,000	6,749,100	1,055,094,655			0.6397			0.6397

(1) See page 1.

(2) Assumes a financial institutions/license excise factor of 10%, with 90% payable from a property tax levy.

(3) Based upon the certified net assessed value for years payable 2009 through 2010, with no growth assumed thereafter.

(4) Represents estimated debt service for outstanding and proposed debt. Per \$100 of Net Assessed Value.

(5) Based upon the 2008 pay 2009 actual debt service tax rate.

(6) Based upon the 2009 pay 2010 actual debt service tax rate.

(Prepared by Umbaugh)
(Preliminary - Subject to Change)
(Internal Use Only)

Appendix B

Project Description

The proposed projects at Lebanon Community Schools will involve all of the existing facilities. All facilities will receive upgraded camera security systems and there will be centralized temperature controls resulting in an operational cost savings. At the Middle School, there will be a new security vestibule entry configured from existing space. The failing roof will be replaced at Hattie B. Stokes Elementary, and the outdated mechanical system will be replaced at Central Elementary, resulting in an operational savings of 20% to 25%. The 50 year old High School will be completely renovated with new mechanical, electrical, plumbing, temperature controls and technology systems, to enhance operational efficiency and better support the educational programs. The existing spaces at the High School will be reconfigured to be utilized more efficiently, as well as providing a clearer separation of academic and support space with clear lines of sight for security and monitoring of common areas and circulation. New area will be added to provide a secure vestibule, with direct entry into the main office as well as a new addition for academic classrooms. Improvements in the site layout will include improved vehicular circulation with clear separation of bus and car traffic, as well as expanded parking.

Appendix C

0665 Lebanon Community School Corp PK-12 1810 N Grant St Lebanon, IN 46052-2241 (765) 482-0380
 As of Jan 5, 2009

Lebanon Community School Corp - Enrollment Projection																	
Year	PK	KG	Gr 1	Gr 2	Gr 3	Gr 4	Gr 5	Gr 6	Gr 7	Gr 8	Gr 9	Gr 10	Gr 11	Gr 12	Other	KG-6	7-12
2012-13	0	245	250	258	253	270	267	273	286	289	316	293	245	226	0	1816	1655
2011-12	0	245	255	255	269	268	273	274	288	289	330	264	253	218	0	1839	1642
2010-11	0	250	252	271	267	274	274	277	288	301	297	273	243	237	0	1865	1639
2009-10	0	247	268	270	273	275	277	277	301	271	307	262	265	213	0	1887	1619
Lebanon Community School Corp - Enrollment																	
2008-09	0	263	266	275	274	278	277	289	271	280	295	285	238	226	0	1922	1595
2007-08	0	260	276	281	282	283	293	271	279	291	308	255	255	215	0	1946	1603
2006-07	24	278	275	270	280	292	268	262	276	288	293	270	236	217	0	1925	1580
2005-06	23	272	273	296	295	271	269	271	297	258	314	258	244	208	0	1947	1579
2004-05	23	261	283	295	263	265	264	274	265	270	287	265	233	183	0	1905	1503

As of Jan 5, 2009

State Total Public School Enrollment Projection																	
Year	PK	KG	Gr 1	Gr 2	Gr 3	Gr 4	Gr 5	Gr 6	Gr 7	Gr 8	Gr 9	Gr 10	Gr 11	Gr 12	Other	KG-6	7-12
2018-19	29680	75325	81788	79788	79157	79434	80531	81379	83085	80198	86093	82593	75970	74431	2978	557402	482370
2017-18	26982	75404	81733	79609	79069	79985	80671	81858	80437	81925	87674	80359	79707	72281	2526	558329	482383
2016-17	24529	75379	81557	79526	79625	80126	81157	79252	82168	83466	85280	84303	77408	70906	2138	556622	483531
2015-16	22299	75215	81464	80084	79764	80610	78570	80954	83709	81193	89474	81865	75918	70227	1803	556661	482386
2014-15	20272	75090	82032	80219	80233	78034	80237	82468	81431	85146	86940	80291	75181	69874	1537	558313	478863
2013-14	18429	75536	82156	80673	77649	79678	81705	80219	85409	82649	85348	79531	74810	70803	1348	557617	478550
2012-13	16754	75800	82657	78103	79332	81168	79555	84159	82900	81217	84306	79161	75872	70842	1111	560774	474298
2011-12	15231	76363	80047	79814	80841	79029	83502	81695	81446	80430	83901	80208	75885	69929	928	561291	471799
2010-11	13846	73817	81722	81299	78664	82937	80968	80228	80648	79915	85164	80219	74788	71633	771	559635	472367
2009-10	12587	75126	83257	79092	82487	80389	79420	79428	80152	80855	85458	79101	76637	72168	692	559199	474371
Public School Enrollment																	
2008-09	11443	76280	80932	82849	79886	78805	78542	78935	81171	80823	84476	81175	77300	72934	712	556229	477879
2007-08	10717	75415	85070	80501	78701	78179	78669	80087	81047	80793	84869	81914	78501	71696	450	556622	478820
2006-07	10096	79118	82623	79264	77983	78135	79647	79908	80934	82013	86754	82593	76653	69573	406	556678	478520
2005-06	10483	75500	80775	78272	77543	79047	78764	79555	82190	81975	88500	81016	73822	66978	327	549456	474481
2004-05	7883	73111	80225	77874	78303	78051	78289	80874	82323	82675	87758	78283	71784	63274	490	546727	466097
2003-04	5514	72288	79371	78236	77237	77451	79539	81050	83392	81441	84654	76593	68173	63843	1877	545172	458096
2002-03	5609	71543	80058	77480	76557	78867	79638	81738	81569	79199	81859	73198	68250	64059	2313	545881	448134
2001-02	6093	72326	79108	76600	77808	78951	80229	80549	79820	76951	78878	72971	67579	62865	4710	545571	439064
2000-01	5520	70712	78764	78004	78362	79709	79123	78988	77355	73845	79871	73148	67140	63449	4701	543662	434808
1999-00	4951	70413	80145	78741	79384	79121	77669	76702	74697	74492	80955	73488	68000	64583	4723	542175	436215

Appendix D

Lebanon Community School Corporation

Facility Name	Year Const/ Renov.	Existing Building Condition Suitability Percentage	Existing Building Condition Deficiency Percentage
Lebanon High School	1956, 60's,70's, 80's,90's, 2002	59%	41%
Lebanon Middle School	1995	84%	16%
Central Elementary School	50,89	68%	32%
Harney Elementary School	1956, 1962,1989, 1998,2001	77%	23%
Hattie B. Stokes Elementary	2003	96%	4%
Perry-Worth Elementary School	64,95	81%	19%
Service Center	66,68	58%	42%
Transportation Center	66,68	61%	39%
Administration Center	1998	87%	13%