

## Deal Spotlight: Lease

### Stockton R-I School District of Cedar County Missouri Association of Rural Education

\$10,000,000  
Rating: AA (S&P)

UW: L.J. Hart & Company  
Dated Date: 10/10/06

The Missouri Association of Rural Education (“the Association”) issued \$10 million of Lease Certificates of Participation (the “Certificates”) for the benefit of the Stockton R-I School District of Cedar County (the “District”). The issuance will finance the construction of a new high school and renovation to existing buildings. The Certificates are secured by annual appropriation lease payments payable to the Association by the District.

The District, population 6,628, encompasses 350 square miles and is located in the southwestern portion of Missouri, 40 miles northwest of Springfield, within Cedar and Dade Counties. Assessed Value (“AV”) totaled \$70 million in 2005 while Market Value equaled \$281 million. The top-ten taxpayer concentration is minimal at 6.1%, with no single payer accounting for more than 1.5% of AV.

In May of 2003, the City of Stockton was hit by a major tornado that killed three people, destroyed over 250 homes, significantly damaged the City’s business center and, subsequently, affected the District’s property assessments and enrollment for that year. Since that time, the damaged properties have been substantially repaired or rebuilt and AV has recovered, as has enrollment.

The Certificates are also secured by a Debt Service Reserve Fund and the Association has granted a leasehold mortgage on its interest in the project to the trustee. The District currently has no General Obligation debt outstanding and the Certificates represent the only lease debt outstanding for the District.

The District accessed the market at lower interest rates based on Radian’s “AA” rating. Sample maturities with their spread to the Municipal Market Data Line (MMDL) AAA GO Index are outlined in the figure below.

Maturity	2019	2021	2026
Coupon	4.20%	4.30%	4.50%
Yield	4.20%	4.30%	4.50%
Spread to MMDL High Grade (bps)	+34	+36	+44

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