

**School Board Workshop:**

**September 13, 2021**

**Subject:**

Sale of General Obligation School Building Refunding Bonds, Series 2021A and Use of the Credit Enhancement Program

**Presenter:**

**Ryan Tangen, Director  
Finance & Operations**

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**SUGGESTED SCHOOL BOARD ACTION:**

No action at this time.

**DESCRIPTION:**

For some time now, we have been monitoring the potential refunding of the 2022-2024 maturities of our \$31,215,000 General Obligation Refunding Bonds, Series 2012A, dated March 21, 2012. That bond issue was the first refunding of the construction bonds for the construction of Northwinds Elementary School series 2003B and the first refunding of the Alternative Facilities Bonds for projects completed at Tatanka, Hanover, Discovery and Montrose elementary schools, Series 2005A.

The bonds are now able to be refunded as a current refunding since the scheduled closing date will be within 90 days of the February 1, 2022 call date. The potential savings have been in a range making refunding advantageous but we have been waiting for the current refunding status. By issuing refunding bonds as a current issue rather than as an advance refunding issue, the costs of placing the refunding bonds in an escrow account for an extended time are minimized and as a current refunding, tax exempt bonds are an option. In a normal interest rate environment, it usually makes the most sense to refund bonds as a current refunding as opposed to an advanced refunding.

We have been working with Ehlers Public Finance Advisors for analysis and planning. This issuance is projected to show a 4.368% savings or \$394,111.48. The effective interest rate will decrease from 4% to .39%.

The District could also benefit from utilization of the Credit Enhancement Program. This program allows us to issue the bonds with the State's guarantee of payment on the bonds and credit rating. This most often allows the district to get lower interest rates than if we were to issue simply using our own credit rating which is lower.

A representative from Ehlers will be present at the meeting on September 27, 2021 to review the financial information with you and provide an overview of the sale process.

**ATTACHMENT**

- Ehlers Estimated Savings Summary – General Obligation Refunding Bonds Series 2021