



**Board Meeting Date:** 9/9/2024

**Title:** Intent to Issue General Obligation Capital Notes and Facilities Maintenance Bonds, Series 2024A

**Type:** Discussion

**Presenter(s):** Mert Woodard, Director of Finance & Operations; and Jodie Zesbaugh, Senior Municipal Advisor, Ehlers Inc.

**Description:** The District routinely issues general obligation debt to finance the maintenance and enhancement of its building infrastructure and to purchase fixed assets for use in District operations. Most of the principal and interest payments on the bonded debt, both voter-approved and non-voter approved, are funded by District residents via the yearly school district property tax levy. During fiscal year 2025, the District administration believes it prudent to issue non-voter approved general obligation bonds for four separate purposes:

- In 2015 the District issued \$113,585,000 of general obligation school building bonds after a successful referendum of which \$93,475,000 are subject to redemption in February 2025. The bonds were issued to provide “Next Generation” learning spaces at Edina High School and all other school buildings, infrastructure improvements to athletic facilities, a new transportation services facility, and physical security enhancements throughout the District. The year prior, the District issued \$6,050,000 of alternative facilities bonds to finance deferred maintenance needs. Interest rates today are lower than when the bonds were originally issued, which gives the District the opportunity to refinance or refund the bonds at a lower true interest cost (TIC), providing a savings to taxpayers of the District. The District administration recommends issuing refunding bonds if it can achieve a TIC of 3.46% at most, which translates to a debt service savings for taxpayers of approximately \$6,225,054.
- The District’s Long-Term Facilities Maintenance program is financed by a combination of “pay-go” levy authority and general obligation debt. In recent years the District has issued general obligation debt to meet deferred maintenance needs on an every other fiscal year basis, with the last issuance occurring in May of 2023. The District believes it is advantageous to continue this financing structure as it provides the necessary funds to complete projects approved by the Board as part of the ten-year facilities plan. The structure also allows the District to minimize the impact to resident taxpayers.
- The District administration has determined it as advantageous to finance the purchase of pupil transportation vehicles with general obligation capital notes, pursuant to Minn. Stat. § 123B.61. This strategy will allow the District to make payments across the useful life of the assets rather than paying in full upon acquisition.

A single public debt issuance to satisfy all four proposed purposes provides additional efficiency and reduced costs of issuance compare to multiple issuances.

**Recommendation:** There is no recommended action.

**Desired Outcomes from the Board:** Review the provided materials and prepare to ask questions regarding the District administration's recommended debt and capital levies plan.

**Attachments:**

1. Presentation - Overview of Proposed Bond Issue & Long Term Financing Plan for Debt and Capital Levies
2. Presale Report - General Obligation Facilities Maintenance, Capital Notes, and Alternative Facilities and School Building Refunding Bonds, Series 2024A
3. Resolution – General Obligation Facilities Maintenance, Capital Notes, and Alternative Facilities and School Building Refunding Bonds, Series 2024A