

**School Board Meeting:**

**May 22, 2017**

**Subject:**

Resolution Ratifying the Award of the Sale, Determining the Form and Details, Authorizing the Execution, Delivery and Registration, and Providing for the Payment of General Obligation Taxable OPEB Refunding Bonds, Series 2017A

**Presenter:**

**Gary Kawlewski, Director  
Finance & Operations**

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**SUGGESTED SCHOOL BOARD ACTION:**

Recommend board approval

**DESCRIPTION:**

On Thursday, May 18, 2017, Ehlers, the district's financial advisor, took bids for the sale of general obligation taxable OPEB refunding bonds for BHM Schools. The bonds will refund 2019-2023 maturities of our \$9,625,000 General Obligation Taxable OPEB (Other Post-Employment Benefits) Bonds, Series 2009A, dated September 15, 2009. The Refunded Bonds were originally issued in order to fund the District's actuarially determined liabilities to pay postemployment benefits to its employees or officers after their termination of service, as authorized pursuant to Minnesota Statutes, Section 475.52, Subdivision 6.

You will recall that we adopted a "parameters" resolution that authorized the Superintendent and the Board Chair to approve the sale on behalf of the board if the results met certain parameters. We established sale parameters at a minimum of \$405,000 total net present value savings and set the present value benefit as a percentage of the present value of the refunded debt service to be at least 4.0%. Based on our sale results, the actual numbers are at \$673,598 and 6.147%. The interest rates on the current bonds range from 4.2% to 4.9%. Based on our sale, the refunding bond interest rates will now range from 2% to 2.2%. The future value savings, the amount that will reduce our actual levy, will average approximately \$141,455 per year over the next 5 years. All stated savings figures are net of fees and negative arbitrage. We received 5 bids on our sale with the best low bid coming from Robert W. Baird & Co. Inc. The apparent low bid from J.P. Morgan Securities, LLC was bid as a tax-exempt issue in error which created an artificially low bid number that was rejected.

The attached sale resolution does the following:

1. Ratifies the sale approved by the Superintendent and the Board Chair and awards the sale to Robert W. Baird & Co. Inc. including the rejection of the erroneous apparent low bid from J.P. Morgan Securities, LLC.
2. Authorizes district staff to execute the sale and authorizes Ehlers to perform all of the necessary paperwork and procedures to issue the refunding bonds and call the existing bonds.

I recommend authorization of the attached resolution.

**ATTACHMENT**

- Resolution Ratifying the Award of the Sale, Determining the Form and Details, Authorizing the Execution, Delivery and Registration, and Providing for the Payment of General Obligation Taxable OPEB Refunding Bonds, Series 2017A