



Board Meeting Date: 2/13/2023

Title: Intent to Issue General Obligation Capital Notes and Facilities Maintenance Bonds, Series 2023A

Type: Action

Presenter(s): Mert Woodard, Director, Business Services

Description: 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 2021. 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 the vehicles and technology devices 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. Also, the District will benefit from lower interest rates through general obligation debt than it would through traditional vehicle or technology financing. If granted approval by the Board, the District will pay for the equipment from of its operating capital funds before reimbursing itself with the proceeds of the capital notes. Principal payments on the capital notes will begin in fiscal year 2025.

The administration intends to present a full pre-sale report to the Board at a subsequent meeting. The actual issuance of the proposed debt is contingent upon bids being within the parameters stipulated by the enclosed resolution and ratification at a future Board meeting, anticipated to occur in April 2023. The issuance, including the capital notes, were reviewed in detail by the Finance and Facilities Committee.

Recommendation: Approve the resolution declaring the District's intent to issue general obligation capital notes and facilities maintenance bonds to finance equipment purchases and long-term facilities maintenance projects, stipulating the parameters under which the issuance is authorized, and the reimbursement of certain expenditures financed temporarily by other sources.

Desired Outcomes from the Board: Approval of the administration's recommended action.

Attachments:

1. Resolution - Intent to Issue General Obligation Capital Notes & Facilities Maintenance Bonds, Series 2023A