



**Board Meeting Date:** 2/13/2023

**Title:** Pupil Transportation Vehicle Purchase

**Type:** Consent

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

**Description:** At the February 2022 Regular Meeting of the Board, the Board approved the District administration's recommended cycle of replacement strategy for various pupil transportation vehicles, including school buses. In the months after approval, the administration placed an order for three brand new, 2024, school buses to be paid for out of the District's operating capital budget. The buses have been sourced via a state purchasing contract.

The District administration has determined it as advantageous to finance the purchase of the 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. Also, the District will benefit from lower interest rates through general obligation debt than it would through traditional vehicle financing. If granted approval by the Board, the District will pay for the buses out 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 financing strategy has been reviewed by the District's municipal advisors and debt counsel in order to establish that the financing is legal, valid, and authorized under state and federal law. The Finance and Facilities Committee of the Board were also engaged for guidance and feedback.

The District retains the ability and budget capacity to purchase the vehicles outright.

**Recommendation:** Authorize the District administration to purchase three brand new school buses in the amount of \$321,050.

**Desired Outcomes from the Board:** Compliance with District Policy 707 – Purchasing.

**Attachments:**

1. State contract and quote