

Memo

To: Board of Education
Keevin O’Neill, Superintendent
Stephen Goss, Assistant Superintendent

From: Jesse Nelson, CPA, Partner
Baker Tilly Municipal Advisors, LLC

Subject: Bond Sale – 2020 School Building and Site Bonds, Series I

Date: June 16, 2020

Today, the bond sale for the 2020 School Building and Site Bonds, Series I (the “2020 Bonds”) was completed. The 2020 Bonds are being issued to finance capital improvements to the school district. We are very pleased with the result and excited to share the below information with you.

As a part of the bond sale process, the Vicksburg Community Schools (the “District”) bond rating was reviewed by S&P Global bond rating agency. Good news was received as the District received the strong bond rating of A. This is a compliment to the District’s financial/management practices. Thank you to Keevin and Stephen for their fine work representing the District on the bond rating conference call. The 2020 Bonds also received a bond rating of AA for participation in the Michigan School Bond Qualification and Loan Program.

A total of 3 bids were received for the 2020 Bonds. Huntington Securities, Inc. was the winning bidder by providing the lowest True Interest Cost (“TIC”) of 1.978569%.

We also have good news concerning the bond issue construction fund deposit. This is the total dollar amount to be deposited into the construction bank account to fund District capital improvements. The bond pricing, as well as the bond issuance costs incurred, came in favorable and therefore the total amount available for capital improvements is \$173,793.01 higher than what was budgeted.

The total debt service for the 2020 bonds also came in under estimate. The estimated total debt service (principal and interest) was \$24,822,489.25. The actual total debt service is \$20,650,328.75 for a total favorable variance of \$4,172,160.50.

Further information regarding the above items are enclosed with this memorandum.

We at Baker Tilly are very pleased with the result and the favorable variance received by the District. We thank you for allowing us to be a part of this successful financing. It is our recommendation that the District accept the lowest True Interest Cost (“TIC”) bid received from Huntington Securities, Inc.

Please let us know if you have any questions or comments and have a great week.

**VICKSBURG COMMUNITY SCHOOLS
COUNTIES OF KALAMAZOO AND ST. JOSEPH, STATE OF MICHIGAN**

SUMMARY OF 2020 SCHOOL BUILDING AND SITE BONDS, SERIES I

I. Bond Ratings

Vicksburg Community Schools	A
Michigan School Bond Qualification and Loan Program	AA

II. Bids Received

True Interest
Cost ("TIC")

Huntington Securities, Inc.	1.978569%
Robert W. Baird & Co., Inc.	2.034340%
J.P. Morgan Securities LLC	2.130876%

III. Deposit to Construction Fund

	Actual	Budget [1]	Difference
Par amount of bonds	\$15,580,000.00	\$17,505,000.00	(\$1,925,000.00)
Plus bond premium/(discount)	2,095,547.45	-	2,095,547.45
Less underwriter's discount	(171,397.76)	(175,050.00)	3,652.24
Less bond issuance costs	(114,697.68)	(114,291.00)	(406.68)
Deposit to construction fund	\$17,389,452.01	\$17,215,659.00	\$173,793.01

IV. Total Debt Service

Bond principal	\$15,580,000.00	\$17,505,000.00	(\$1,925,000.00)
Bond interest	5,070,328.75	7,317,489.25	(2,247,160.50)
Total debt service	\$20,650,328.75	\$24,822,489.25	(\$4,172,160.50)

[1] Assumes figures from preliminary application to the State of Michigan Treasury

**VICKSBURG COMMUNITY SCHOOLS
COUNTIES OF KALAMAZOO AND ST. JOSEPH, STATE OF MICHIGAN**

2020 SCHOOL BUILDING AND SITE BONDS - PRICING SUMMARY

<u>Maturity</u>	<u>Coupon</u>	<u>Yield</u>	<u>Yield to Maturity</u>	<u>Maturity Value</u>	<u>Price</u>
11/01/20	4.500%	0.300%		\$400,000	101.409%
05/01/21	4.500%	0.340%		1,170,000	103.469%
05/01/22	4.500%	0.400%		1,255,000	107.492%
05/01/23	4.500%	0.500%		620,000	111.249%
05/01/24	4.500%	0.600%		625,000	114.767%
05/01/25	4.500%	0.750%		690,000	117.776%
11/01/25	4.500%	0.900%		400,000	118.713%
05/01/26	4.500%	0.950%		320,000	120.106%
11/01/26	4.500%	1.000%		400,000	121.435%
05/01/27	4.500%	1.050%		320,000	122.699%
11/01/27	4.500%	1.100%		400,000	123.898%
05/01/28	4.500%	1.150%		320,000	125.032%
11/01/28	4.500%	1.200%		400,000	126.102%
05/01/29	4.500%	1.250%		320,000	127.106%
11/01/29	4.500%	1.300%		400,000	128.046%
05/01/30	4.000%	1.400%		320,000	123.811%
11/01/30	4.000%	1.400%	1.504%	400,000	123.811%
05/01/31	4.000%	1.500%	1.690%	320,000	122.781%
11/01/31	4.000%	1.500%	1.773%	400,000	122.781%
05/01/32	4.000%	1.600%	1.934%	320,000	121.760%
11/01/32	4.000%	1.600%	2.001%	400,000	121.760%
05/01/33	3.000%	1.750%	2.002%	320,000	111.248%
11/01/33	3.000%	1.750%	2.033%	400,000	111.248%
05/01/34	3.000%	1.850%	2.136%	320,000	110.297%
11/01/34	3.000%	1.850%	2.161%	400,000	110.297%
05/01/35	3.000%	1.920%	2.233%	320,000	109.636%
11/01/35	3.000%	1.920%	2.253%	400,000	109.636%
05/01/36	3.000%	2.000%	2.326%	320,000	108.887%
11/01/36	3.000%	2.000%	2.342%	400,000	108.887%
05/01/37	3.000%	2.080%	2.409%	325,000	108.143%
11/01/37	3.000%	2.080%	2.422%	400,000	108.143%
05/01/38	3.000%	2.150%	2.477%	325,000	107.497%
11/01/38	3.000%	2.150%	2.488%	400,000	107.497%
05/01/39	2.500%	2.500%		325,000	100.000%
11/01/39	2.500%	2.500%		400,000	100.000%
05/01/40	2.500%	2.500%		325,000	100.000%
Total				\$15,580,000	