

# **Livonia Public Schools**

## ***Finance Office***

Date: September 15, 2020

To: Andrea Oquist, Superintendent

From: Alison Smith, Director of Finance

Re: Update on Bond Refunding

I would like to update the Board of Education on the bond refunding at the September 21, 2020 Finance Committee meeting.

As you recall, on August 17, 2020 the Board of Education approved the issuance of a new bond in order to refund prior outstanding bonds. A refunding program is a cost saving measure that would pay off the current debt by issuing the sale of new bonds at a lower interest rate, in this case saving taxpayers millions of dollars.

To summarize, we are looking to refund all or a portion of our 2013 School Building and Site Bonds, Series I, dated June 27, 2013 and 2014 Refunding Bonds, dated February 13, 2014. Our 2013 School Building and Site Bonds, Series II, sold in 2016 do not qualify at this time for refunding. The sole purpose of refunding these bonds is to reduce the interest costs for local residents and businesses; similar to how a homeowner may refinance their mortgage to secure a lower interest rate. That is what we are seeking to do with this transaction. Our financial advisor, PFM, estimates the net present value of the interest savings for our taxpayers will be over \$10 million.

Since our Board meeting on August 17, 2020, I've worked with our financial advisor, bond counsel, and our underwriter to prepare a Preliminary Official Statement to circulate to potential investors. This past week we had a rating agency call with S&P Global ratings (formally Standard & Poor's). We will receive our credit rating later this week. Next week I will work with our financial advisor and underwriter on the bond pricing and the following week at our regular board meeting on September 28, 2020, I will bring a resolution ratifying the sale of the bonds for the Board's consideration.

Please contact me if you have any questions. Thank you.

AS/kp

c: Board of Education