

School Board Meeting:

February 27, 2012

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 Refunding Bonds, Series 2012A

Presenter:

Gary Kawlewski, Dir. of Finance & Operations

SUGGESTED SCHOOL BOARD ACTION:

Recommend board approval

DESCRIPTION:

On Thursday, February 23, 2012, Ehlers, the district's financial advisor, took bids for the sale of general obligation refunding bonds for BHM Schools. The bonds will refund 2014-2024 maturities of our \$42,400,000 General Obligation School Building Bonds, Series 2003B, dated November 1, 2003; and the 2014-2018 maturities of the \$9,100,000 General Obligation Alternative Facilities Bonds, Series 2005A, dated December 1, 2005. The first bond issue was for the construction of Northwinds Elementary School. The second bond issue was for Alternative Facilities projects completed at Tatanka, Hanover, Discovery, and Montrose elementary schools.

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 \$3,000,000 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 7.5%. Based on our sale results, the actual numbers are at \$4,435,805 and 11.415%. The interest rates on the current bonds range from 3.75% to 4.6%. Based on our sale, the refunding bond interest rates will now range from 2% to 4%. The future value savings, the amount that will reduce our actual levy, will average approximately \$458,000 per year, for the next eleven years. All stated savings figures are net of fees and negative arbitrage. We received nine bids on our sale with the low bid coming from Mesirow Financial of Chicago, Illinois.

The attached sale resolution does the following:

1. Ratifies the sale approved by the Superintendent and the Board Chair and awards the sale to Mesirow Financial of Chicago, Illinois
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 Refunding Bonds, Series 2012A