

School Board Meeting:

March 26, 2018

Subject:

Resolution Providing For the Approval of the Sale of General Obligation School Building Refunding Bonds, Series 2018A and Use of the Credit Enhancement Program

Presenter:

**Gary Kawlewski, Director
Finance & Operations**

SUGGESTED SCHOOL BOARD ACTION:

Recommend board approval

DESCRIPTION:

For some time now, we have been monitoring the potential refunding of the 2019-2022 maturities of our \$20,340,000 General Obligation School Building Bonds, Series 2008A, dated December 17, 2008. That bond issue was a refunding of the first refunding of the construction bonds for the construction of Buffalo High School.

The bonds are now able to be refunded as a current refunding since the scheduled closing date will be within 90 days of the August 1, 2018 call date. We have been looking to refund these bonds for some time now but the projected savings were never great enough to be able to refund them previously. By issuing refunding bonds as a current issue rather than as an advance refunding issue, the costs of placing the refunding bonds in an escrow account for an extended time are minimized. In a normal interest rate environment, it usually makes the most sense to refund bonds as a current refunding as opposed to an advanced refunding.

We are asking the board to adopt the attached resolution which calls for the sale of refunding bonds for the 2008A issue. The date of sale is currently scheduled for April 23, 2018 and the closing date is scheduled for May 17, 2018. We will present the sale results for approval at the April 23, 2018 board meeting. The resolution allows us to sell bonds and it also allows the school district to participate in the State of Minnesota's Credit Enhancement Program. The Credit Enhancement program allows us to issue the bonds with the State's guarantee of payment on the bonds and credit rating. This most often allows the district to get lower interest rates than if we were to issue simply using our own credit rating which is lower.

A representative from Ehlers will be present at the meeting on Monday to review the financial information with you and provide an overview of the sale process.

ATTACHMENT

- Resolution Providing For The Sale Of General Obligation School Building Refunding Bonds, Series 2018A; And Covenanting And Obligating The District To Be Bound By And To Use The Provisions Of Minnesota Statutes, Section 126c.55 To Guarantee The Payment Of The Principal And Interest On These Bonds
- Credit Enhancement Application