



Livonia Public Schools

Finance Office

Date: June 8, 2023

To: Andrea Oquist, Superintendent

From: Alison Smith, Chief Financial Officer

Re: Bond Tendering Opportunity

In October of 2020, the District issued its 2020 Refunding Bonds to advance refund its 2013 School Building and Site Bonds and 2014 Refunding Bonds; both of which were callable on or after May 1, 2023. That transaction (the 2020 Refunding) generated over \$14.87 million in present value savings for taxpayers in the form of lower interest costs on outstanding debt. Due to current market conditions, the District once again has an opportunity to save on interest costs.

In a Tender Refunding, the issuer offers to buy back (ie “tender”) outstanding bonds from investors at a premium to market value with refunding bond proceeds. The purchase occurs at a premium to market trading levels to incentivize participation (which could be below par). Ultimate investor participation is initially unknown and unlikely to approach 100% participation (typically 20-30% would be viewed as a success). Assuming 30% of 2020 Refunding Bonds are tendered for purchase, the District could save roughly \$2 million in present value savings.

Attached is the voluntary EMMA notice that was posted on Tuesday, June 6, 2023. This posting now allows the District to reach out to current bond holders to garner whether there is interest in tendering outstanding bonds. I am hoping to have some initial feedback to share the Board of Education at the Finance Committee meeting on June 12, 2023. Please add this item to the agenda and let me know if you have any questions. Thank you.

c: Board of Education