

Red Wing Public Schools
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School Board Meeting Agenda Item

Topic: Long Term Facilities Bonds – Parameters Resolution
Contact(s):
Presenter(s): Jackie Paradis, Business Manager

Nature of Action Requested

X Board Action
Board Information or Report

Background Information

At the April 18, 2022 meeting, the board approved a revised Long Term Facilities Maintenance Plan that included a bond sale to fund the LED upgrade project. As we've changed the scope of what the bonds will cover, I've included updated debt service runs for both a 15 and a 10 year term. Notable changes are a potential increase in interest rate with the decrease in bond principal – 3.18 on \$1.7 million vs 2.98 on \$1.9 million. The principal has also increased in the LTFM portion as now all closing costs have to be included in the LTFM portion and not split between LTFM and capital facilities.

We are recommending a 15 year term. There are positives to the 10 year term, like a slightly lower interest rate at 3.04 and a quicker pay off, but consulting with Kevin Johnson, the LTFM budget could not take the higher annual payments (about \$60,000) and still have enough to provide for the other building maintenance items that come out of that annually and the other larger projects we have scheduled. Another downside of switching to a 10 year plan is that we would have to approve the LTFM plan again, with the new payments in the revenue spreadsheet. This would delay the sale and potentially increase the projected 3.04 interest rate.

Recommendation

See included resolution.