



Medford Public School
ISD #763

Providing quality education while preparing our children and community for the future

School Board Agenda Item

Meeting Date: February 2, 2015

Topic: Bond Refunding Option

Place on Agenda: Reports, Superintendent

Presenter: Rich Dahman

Background:

Medford Schools currently has about \$11.3 million in remaining debt from building our new school. A year from now, in February 2016, we will be eligible to refinance this debt. Although we don't know what interest rates will be once we're eligible to sell the new bonds for this debt, current interest rates indicate that we could have a potential savings of up to \$1 million over the life of the payments.

We won't know the annual savings from this refinance, until the bonds are sold this fall. The savings would be used to lower our debt service, which would result in direct savings to the taxpayers of Medford School District.

The process would begin this fall, as we're eligible to close on the bonds 90 days prior to the February 2016 date for paying off the current bonds. Basically, we would sell new bonds, at a lower interest rate than the current bonds, then use the funds from the sale of the new bonds to pay off the current bonds. The timeline would be:

September 2015 --- call for sale of the new bonds

October --- School Board approves sale of new bonds

November --- close on the new bonds, any time after Nov 1 (90 days prior to Feb 1, 2016)

February 2016 --- pay off the current bonds