



Livonia Public Schools

Finance Office

Date: December 3, 2025

To: Andrea Oquist, Superintendent

From: Alison Smith, Chief Financial Officer

Re: Refunding of Prior Bonds

I would like to discuss refunding outstanding debt related to Livonia Public Schools' Building and Site Bonds during the December 3, 2025 Finance Committee meeting. A refunding program is a cost saving measure that would pay off the current debt by issuing the sale of new bonds at a lower interest rate.

To summarize, we are looking to refund all or a portion of our 2013 School Building and Site Bonds, Series II, dated February 24, 2016. The sole purpose of refunding these bonds is to reduce the interest costs for local residents and businesses. Similar to how a homeowner may refinance their mortgage to secure a lower interest rate, that is what we are seeking to do with this transaction. The total cashflow saving after expenses of this refunding is projected to be \$7 million.

I recommend we conduct a negotiated sale with the help of PFM as our financial advisor, Thrun Law Firm as our bond legal counsel, and JP Morgan Chase as our bond underwriter, all companies we have worked with in the past and have provided great value to our district. I'll explain what each of these companies' role is in this transaction.

PFM, our financial advisor, serves as the district's independent expert when issuing new bonds or refunding existing bonds. Their role is to evaluate our financing needs, analyze market conditions, and recommend the best structure and timing to minimize borrowing costs. They help ensure the district receives the most favorable interest rates, coordinate the work of bond counsel, ratings agencies, and underwriters, and negotiate on the district's behalf to protect our financial interests. In short, the financial advisor ensures that any bond transaction—new or refunding—is done correctly, legally, and in a way that maximizes value for our taxpayers and supports the district's long-term financial health.

Thrun Law Firm, our Bond counsel, serves as the district's legal expert for any bond issuance or refunding. Their primary role is to ensure the transaction complies with all federal and state laws, including election requirements, debt limitations, disclosure

rules, and tax regulations. They prepare or review all legal documents, certify the legality and validity of the bonds, and issue the legal opinion that investors rely on. Bond counsel also works closely with the district, financial advisor, and underwriter to ensure the process is transparent, accurate, and legally sound. In short, bond counsel protects the district by ensuring every aspect of the bond transaction is lawful, properly documented, and compliant from start to finish.

JP Morgan Chase, the underwriter, is the firm that purchases the district's bonds and then sells them to investors. Their role is to work with the district and financial advisor to structure the bond issue, assess market demand, and help determine the interest rates needed to successfully sell the bonds. The underwriter markets the bonds to investors, committing to buy them at agreed-upon pricing and terms. While they provide valuable market expertise, the underwriter ultimately represents the interests of investors—so the financial advisor, PFM, helps ensure pricing is fair to the district. In short, the underwriter's job is to bring the bonds to market and secure investor participation at the lowest interest rates possible.

Included is the resolution authorizing the issuance and delegating the sale of the Livonia Public Schools School District 2026 Refunding Bonds prepared by bond counsel.

Please place this item on the Finance Committee agenda for December 8, 2025, and let me know if you have any questions.