



# BOND UPDATE

BOARD STUDY SESSION – JANUARY 25, 2020



# BOND UPDATE

- 2019 Capital Levy LGO Bond Sale
- Refinance 2009 and 2010 Bonds
- Repurpose 2016 Bonds

## 2019 CAPITAL LEVY LGO BOND SALE

- Discussed with board at September 9, 2019 study session.
- Levy funds come to district over six years beginning in Spring 2020.
- Majority of project expenditures will occur in first three years.
- Front-fund of projects accomplished with Limited General Obligation Bonds (LGO Bonds) which are non-voted bonds.

# 2019 CAPITAL LEVY CASH FLOW PROJECTION

Year	Revenues Cumulative (\$millions)	Projected Expenditures Cumulative (\$millions)	Difference (Shortfall) (\$millions)
2018-19	\$24.0	\$5.4	\$18.6
2019-20	\$34.6	\$48.0	(\$13.4)
2020-21	\$54.6	\$94.0	(\$39.4)
2021-22	\$74.6	\$133.8	(\$59.2)
2022-23	\$94.6	\$141.7	(\$47.1)
2023-24	\$114.6	\$143.1	(\$28.5)
2024-25	\$134.6	\$143.7	(\$9.1)
2025-26	\$144.0	\$144.0	\$0.0

\*2018-19 revenue is balance of 2006 bonds and state construction assistance  
 2019-20 and beyond reflects \$120 million levy collection

## 2019 CAPITAL LEVY LGO BOND SALE

- LGO bond debt is short-term debt and is paid back within the six-year levy timeframe
  - Principal paid back with levy proceeds
  - Interest paid back using other sources (2006 state construction assistance funds)
- Recommend \$75 million LGO bond sale
  - This will allow projects to be completed as scheduled.
  - Amount is slightly higher than largest shortfall as payback of principal also must occur each year.
  - Public hearing and board action on resolution – March 9, 2020
- Bonds will be sold with a premium which offsets majority of interest costs.
  - Net cost approximately \$3 million
- Without LGO bond sale, projects would need to be delayed which will increase construction costs.

## REFINANCE 2009 AND 2010 BONDS

- Discussed with board at September 9, 2019 study session
- Working with financial advisor and bond underwriter
- Recommend refunding bonds to provide savings for taxpayer

	<b>Bond Principal</b>	<b>Estimated Savings</b>
2009 Build American Bonds (BAB)	\$14 million	\$1.8 million
2010A Build American Bonds (BAB)	\$114 million	\$14.4 million
2010B Bonds	\$10 million	\$2.1 million
Total	\$138 million	\$18.3 million

- Will require Debt Service Budget Extension as impacts to revenue and expenditures

## BOND SALES – BOARD CONSIDERATION

- Action on Delegating resolution for the LGO Bond sale and 2009 and 2010 bond refinancing - March 9, 2020.
  - Delegating resolution gives authority for the sale to be conducted within one year based on best timing.
- Anticipate actual sale will occur May 2020.



## REPURPOSE 2016 BONDS

- District currently has multiple revenue sources for capital construction projects:
  - 2006 bonds and state construction assistance
  - 2016 bonds and state construction assistance
  - 2019 capital levy
- Timing of revenue streams are different, expenditures ongoing and overlapping.
- Bond legal counsel advised district to repurpose 2016 bonds funds so that all revenue sources can be used for all projects that have been approved.





## REPURPOSE 2016 BONDS

- 2006 bonds were repurposed in October 2014 and May 2019 to allow funds to be used for capacity and levy projects.
- Recommend 2016 Bond be repurposed
  - Allows funds to be used on any approved bond and levy project
  - Allows estimated remaining funds to be used for other approved capital projects such as portables, remodeling, property, etc.
  - Allows same use as 2006 bonds
- Public hearing – February 10, 2020
- Action on resolution – February 24, 2020