



A Community of Learners

Informational Memo - Board Workshop; Debt Restructuring

TO: School Board
Superintendent Kocanda

FROM: Greg Kurr, Chief Financial Officer

February 21, 2017

Overview & Background

Direction was provided by the Board to pursue a plan to redeem a portion of outstanding debt when it first became callable on June 1, 2017, and refinance the balance, presumably at a lower interest rate. The model for the plan assumed that \$30 million of outstanding bonds would be redeemed and the balance of approximately \$10 million of outstanding bonds would be refinanced, resulting in an estimated long-term savings of approximately \$10 million. Under this plan the \$30 million required to redeem the bonds would come from the District's fund reserves.

As was further described in the attached January 24, 2017, memo to the Board, Administration and the School Board Finance Sub-Committee, along with professional advisors, primarily District architects, engineers and bond underwriter, evaluated alternative models to provide taxpayer relief through a bond redemption program in consideration of also addressing some of the District's facility infrastructure needs. These discussions generated the following two debt restructuring options for the Board's consideration at the February 21, Board workshop:

- Option 1 - The original model of redeeming \$30 million of callable bonds on June 1, 2017
- Option 2 - Redeeming \$22 million of callable bonds on June 1, 2017;

Refinancing \$8 million of bonds in April 2017 and retaining the funds for the estimated \$8 million cost of needed aged HVAC steam system upgrades (ex. 100 year-old steam pipes) at the three elementary schools.

A summary of this workshop meeting will be commented on as part of the regular Board meeting on February 21, 2017, which will immediately follows the workshop meeting. The final vote regarding the debt restructuring model will be voted on at the March 21, 2017, regular meeting of the School Board.

Recommendation:

None; information only

Attachments:

[Information Memo to the Board; Debt Restructuring; January 24, 2017](#)