

MOUNDS VIEW PUBLIC SCHOOLS - District 621

Agenda
Item #

4.1

School Board Meeting September 23, 2008

(date)

Subject Other Post-Employment Benefits (OPEB) Bonds

1. Action 3. Report/Information
2. Consent Executive Summary on Reverse Side

Presenter/s Carole Nielsen, Director of Finance

BACKGROUND (If necessary, additional information is attached)

Effective July 1, 2008, Minnesota state law authorized school districts, cities and counties the option to fund their unfunded actuarial accrued liability for other post-employment benefits (OPEB) obligations through the issuance of bonds. The School Board has had the opportunity to study this option through several work sessions and Board meetings over the summer. This new legislation provides the District with opportunities from several perspectives:

- Sound fiscal management of these long-term liabilities will protect the District's credit and bond ratings.
- Funding these future liabilities will reduce our actuarial assumptions and lower our future costs.
- Funding these future liabilities will free up general fund resources and enhance the District's long-term financial projections.
- The proposed debt schedule minimizes property tax increases by wrapping around existing debt structures and existing levies.

ADMINISTRATIVE RECOMMENDATION

It is recommended that the Board approve of the attached resolution authorizing the issuance and sale of \$26,250,000 in general obligation taxable OPEB bonds.

ACTION TAKEN

Motion by _____

Voting for _____

Seconded by _____

Voting against _____

RESOLUTION AUTHORIZING ISSUANCE AND SALE OF \$26,250,000
GENERAL OBLIGATION TAXABLE OPEB BONDS, SERIES 2008A

BE IT RESOLVED by the School Board of Independent School District No. 621 (Mounds View), Minnesota (the District), as follows:

SECTION 1. AUTHORIZATION. It is hereby determined to be in the best interests of the District to issue its General Obligation Taxable OPEB Bonds, Series 2008A in the aggregate principal amount of \$26,250,000, (the Bonds) in order to fund the District's actuarially determined liabilities to pay postemployment benefits to its employees or officers after their termination of service, as authorized pursuant to Minnesota Statutes, Section 475.52, Subdivision 6. Bond proceeds will be held in an irrevocable trust as authorized by Minnesota Statutes, Section 471.6175. As used herein, the term "postemployment benefits" means benefits giving rise to a liability under Statement No. 45 of the Governmental Accounting Standards Board. This School Board (the Board) has received a report dated as of August 2008 prepared by Hildi Incorporated, the District's actuary, specifying that the District's actuarially determined liabilities for postemployment benefits as of July 1, 2008, determined under the applicable standards of the Governmental Accounting Standards Board, is \$28,844,872. The principal amount of the Bonds, net of issuance expenses and capitalized interest, if any, does not exceed such amount.

SECTION 2. TERMS OF PROPOSAL. Springsted Incorporated, financial advisor to the District, has presented to this Board a form of Terms of Proposal for the Bonds which is attached hereto and hereby approved and shall be placed on file by the Clerk. Each and all of the provisions of the Terms of Proposal are hereby adopted as the terms and conditions of the Bonds and of the sale thereof. Springsted Incorporated, as independent financial advisor, pursuant to Minnesota Statutes, Section 475.60, Subdivision 2, paragraph (9) is hereby authorized to solicit proposals for the Bonds on behalf of the District on a negotiated basis.

SECTION 3. SALE MEETING. This Board shall meet at the time and place shown in the Terms of Proposal for the purpose of considering proposals for the purchase of the Bonds and of taking such action thereon as may be in the best interests of the District.

SECTION 4. STATE CREDIT ENHANCEMENT PROGRAM. (a) The District hereby covenants and obligates itself to notify the Commissioner of Education of a potential default in the payment of principal and interest on the Bonds and to use the provisions of Minnesota Statutes, Section 126C.55 to guarantee payment of the principal and interest on the Bonds when due. The District further covenants to deposit with the Registrar or any successor paying agent three (3) days prior to the date on which a payment is due an amount sufficient to make that payment or to notify the Commissioner of Education that it will be unable to make all or a portion of that payment. The Registrar for the Bonds is authorized and directed to notify the Commissioner of Education if it becomes aware of a potential default in the payment of principal or interest on the Bonds or if, on the day two (2) business days prior to the date a payment is due on the Bonds, there are insufficient funds to make that payment on deposit with the Registrar. The District understands that as a result of its covenant to be bound by the provision of Minnesota Statutes, Section 126C.55, the provisions of that section shall be binding as long as any Bonds of this issue remain outstanding.

(b) The District further covenants to comply with all procedures now and hereafter established by the Departments of Finance and Education of the State of Minnesota pursuant to Minnesota Statutes, Section 126C.55, subdivision 2(c) and otherwise to take such actions as necessary to comply with that section. The chair, clerk, superintendent or business manager is authorized to execute any applicable Minnesota Department of Education forms.

\$26,250,000

Independent School District No. 621, Mounds View, Minnesota
General Obligation Taxable OPEB Bonds, Series 2008

Sources & Uses

Dated 12/01/2008 | Delivered 12/01/2008

Sources Of Funds

Par Amount of Bonds..... \$26,250,000.00

Total Sources..... \$26,250,000.00

Uses Of Funds

Deposit to OPEB Trust Fund..... 25,301,961.21

Deposit to Capitalized Interest (CIF) Fund..... 600,000.00

Total Underwriter's Discount (1.050%)..... 275,625.00

Costs of Issuance..... 70,250.00

Rounding Amount..... 2,163.79

Total Uses..... \$26,250,000.00



\$26,250,000

Independent School District No. 621, Mounds View, Minnesota
General Obligation Taxable OPEB Bonds, Series 2008

NET DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+i	CIF	Existing D/S	Net New D/S	105% Overlevy
02/01/2009	-	-	-	-	-	10,807,838.76	10,807,838.76	11,348,230.70
02/01/2010	-	-	1,557,004.17	1,557,004.17	(600,000.00)	10,700,853.50	11,657,857.67	12,240,750.55
02/01/2011	1,165,000.00	3.800%	1,334,575.00	2,499,575.00	-	10,695,354.99	13,194,929.99	13,854,676.49
02/01/2012	1,205,000.00	4.000%	1,290,305.00	2,495,305.00	-	10,559,537.50	13,054,842.50	13,707,584.63
02/01/2013	1,255,000.00	4.200%	1,242,105.00	2,497,105.00	-	11,394,737.50	13,891,842.50	14,586,434.63
02/01/2014	1,310,000.00	4.450%	1,189,395.00	2,499,395.00	-	11,385,731.25	13,885,126.25	14,579,382.56
02/01/2015	1,365,000.00	4.600%	1,131,100.00	2,496,100.00	-	11,362,342.50	13,858,442.50	14,551,364.63
02/01/2016	1,430,000.00	4.750%	1,068,310.00	2,498,310.00	-	11,358,992.50	13,857,302.50	14,550,167.63
02/01/2017	1,495,000.00	4.900%	1,000,385.00	2,495,385.00	-	11,356,461.26	13,851,846.26	14,544,438.57
02/01/2018	1,570,000.00	5.050%	927,130.00	2,497,130.00	-	11,351,233.14	13,848,363.14	14,540,781.30
02/01/2019	1,650,000.00	5.200%	847,845.00	2,497,845.00	-	11,362,193.76	13,860,038.76	14,553,040.70
02/01/2020	1,735,000.00	5.350%	762,045.00	2,497,045.00	-	11,354,093.76	13,851,138.76	14,543,695.70
02/01/2021	1,830,000.00	5.450%	669,222.50	2,499,222.50	-	11,358,618.76	13,857,841.26	14,550,733.32
02/01/2022	1,930,000.00	5.500%	569,487.50	2,499,487.50	-	11,360,412.51	13,859,900.01	14,552,895.01
02/01/2023	4,045,000.00	5.550%	463,337.50	4,508,337.50	-	7,950,293.75	12,458,631.25	13,081,562.81
02/01/2024	4,265,000.00	5.600%	238,840.00	4,503,840.00	-	6,905,106.25	11,408,946.25	11,979,393.56
Total	\$26,250,000.00	-	\$14,291,086.67	\$40,541,086.67	(600,000.00)	\$171,263,801.69	\$211,204,888.36	\$221,765,132.78

SIGNIFICANT DATES

Dated Date.....	12/01/2008
Delivery Date.....	12/01/2008
First Coupon Date.....	8/01/2009

Yield Statistics

Bond Year Dollars.....	\$269,420.00
Average Life.....	10.264 Years
Average Coupon.....	5.3043897%
Net Interest Cost (NIC).....	5.4066928%
True Interest Cost (TIC).....	5.4079339%
Bond Yield for Arbitrage Purposes.....	5.2692886%
All Inclusive Cost (AIC).....	5.4435995%
IRS Form 8038	
Net Interest Cost.....	5.3043897%
Weighted Average Maturity.....	10.264 Years

