

Bond Refunding Sale Will Save District 196 Taxpayers \$1.3 Million

Rosemount-Apple Valley-Eagan School District taxpayers will see a savings of more than \$1.3 million in debt-service payments in 2013-14 due to a bond refunding sale approved by the school board Monday.

On Dec. 12, the school board authorized the refunding of \$10.5 million in general obligation building refunding bonds, which were originally issued in 1995 largely for the construction of Eastview High School. The original issue was refunded in 2001, and refunded by the board action Monday, according to School District 196 officials.

“Everything turned out much better than we expected...the amount of bids was excellent,” said Jodie Zesbaugh, of Ehlers & Associates. “That’s all really exciting for finance people like us, and you will see a reduction in debt levy.”

Zesbaugh told the school board the money the district saved cannot be distributed to other areas of the budget, and instead, will go back to taxpayers. In addition, the district received an Aa1 credit rating from Moody’s Investors Services—which only seven districts in Minnesota have—and 14 bids on the bond, Zesbaugh said.

“You can’t get much better than this: the Aa1 rating in our district is huge, [and] the savings to the district and the savings to the taxpayers is huge—it’s a big enough chunk so that taxpayers should really be able to feel that...that is truly amazing,” District 196 chairperson Jackie Magnuson said.

The district opened up bids for the new bonds beginning Monday. Ehlers & Associates, Inc. (the district’s financial advisors) checked the bids for accuracy and provided the school board with bid results. The school board accepted the bids, and the sale will be closed in February. The sale of the bonds was awarded to low bidder Bosc, Inc. of Menomonee Falls, Wisc., a subsidiary of the Bank of Oklahoma, at a true interest rate of .6672 percent, according to the district.

Zesbaugh said the interest rate will save the district just over \$120,000. The underwriter of the bonds also gave the district a premium of nearly \$650,000, which reduced the size of the sale by that amount, the district said.