

A SPECIAL MEETING OF
THE KENOSHA UNIFIED SCHOOL BOARD
HELD SEPTEMBER 17, 2019

A special meeting of the Kenosha Unified School Board was held on Tuesday, September 17, 2019, at 7:45 P.M. in the Auditorium at Indian Trail High School and Academy. The purpose of this meeting was for Discussion/Action on a Resolution Authorizing Temporary Borrowing in an Amount Not to Exceed \$13,500,000 Pursuant to Section 67.12(8)(a)1, Wis. Stats., Resolution Authorizing the Issuance and Sale of Approximately \$48,230,000 General Obligation Refunding Bonds - Series 2019, and Views and Comments by the Public.

The meeting was called to order at 8:02 P.M. with the following members present: Ms. Adams, Ms. Stevens, Mrs. Modder, Mr. Duncan, Mr. Battle, Mr. Garcia, and Mr. Wade. Dr. Savaglio-Jarvis was also present.

Mr. Wade, President, opened the meeting by announcing that this was a special meeting of the School Board of the Kenosha Unified School District No. 1. Notice of this special meeting was given to the public by forwarding a copy of the notice to all requesting radio stations and newspapers.

There were no views or comments by the public.

Mr. Tarik Hamdan, Chief Financial Officer, introduced Mrs. Michele Wiberg of PMA Securities and she presented the Resolution Authorizing Temporary Borrowing in an Amount Not to Exceed \$13,500,000 Pursuant to Section 67.12(8)(a)1, Wis. Stats. submitted by Mrs. Lisa Salo, Accounting Manager; Mr. Hamdan; and Dr. Savaglio-Jarvis, excerpts follow:

“Due to timing and the receipt of the majority of school districts’ funding (state aid and tax levy), there are periods throughout the year when expenditures payable are greater than cash on hand. In these cases, short-term borrowing is required to meet the district’s current obligations. Last fall, the Board of Education approved authorization for issuance and sale of Tax and Revenue Anticipation Promissory Notes (TRANS) for \$20 million. Based on the results of the 2018-2019 fiscal year, along with anticipated revenues and expenditures for the 2019-2020 fiscal year, the District’s short-term borrowing needs are projected to be approximately \$13.5 million for this fiscal year.

Attachment A is a monthly summary of the 2019-2020 cash flow projection that has been reviewed by the District’s financial advisor, PMA Securities, Inc. This schedule confirms the District’s projected cash flow shortfalls and supports the need to borrow funds.

Attachment B is a daily projection of the anticipated revenues and expenditures for the month of February where the lowest daily deficit of \$12,330,089 is projected to occur on Friday, November 29, 2019.

Attachment C is a resolution that is presented to the Board to authorize the borrowing. With a stronger cash position, we will have the ability to repay a portion of this borrowing in the month of February 2020 and the remainder in the month of September 2020. By using this strategy, the estimate savings in interest costs are approximately \$55,000. The Tax and Revenue Anticipation Promissory Notes (TRANs) were sold on September 17, 2019.

Administration recommends that the Board approve the updated Resolution Authorizing Temporary Borrowing in Amount Not to Exceed \$13,500,000 Pursuant to Section 67.12(8)(a)1, Wis. Stats.”

Mr. Hamdan distributed an updated overview of the 2019-20 cash flow borrowing.

Mrs. Wiberg noted that the updated amount to be borrowed is \$13,500,000.

Ms. Stevens moved to approve the updated Resolution Authorizing Temporary Borrowing in the Amount of \$13,500,000 Pursuant to Section 67.12(8)(a)1, Wis. Stats. Mr. Battle seconded the motion. Unanimously approved.

Mrs. Wiberg presented the Resolution Authorizing the Issuance and Sale of Approximately \$48,230,000 General Obligation Refunding Bonds - Series 2019 submitted by Mrs. Salo, Mr. Hamdan, and Dr. Savaglio-Jarvis, excerpts follow:

“In coordination with the district’s financial advisor, PMA Securities, LLC, the administration monitors all outstanding debt and evaluates opportunities to refinance previously issued debt when they become callable. Due to favorable market conditions and a greatly improved financial position of the district, we believe it is in the best interest of the district and our stakeholders to refinance two bonds that were issued in 2009 for debt related to the construction of Indian Trail High School and Academy. The interest rates on these bonds ranged between 5% and 8%.

We are also recommending that another debt issue be refinanced along with the two 2009 bonds. In 2017, the district used a State Trust Fund Loan to complete the financing and fully fund projects 2 (Tremper HS) and 3 (Bradford HS) of the Phase II Energy Efficiency Projects in anticipation of the elimination of the coinciding revenue limit exemption. The interest rate on that loan is 3.5%.

Attachment A is a refinancing analysis prepared by PMA Securities, LLC for the combined refinancing of approximately \$48,230,000 at a projected interest rate of 2.07%. In this scenario, the district would realize present value savings of \$5,924,884 or 11.959% of the bonds being refinanced.

Attachment B is a draft resolution that is presented to the Board to authorize the issuance and sale of the refunding bonds.

Administration recommends that the Board approve the updated Resolution Authorizing the Issuance and Sale of Approximately \$48,230,000 General Obligation Refunding Bonds - Series 2019.”

Mr. Hamdan distributed a sale summary which included the results of the competitive bid, the issue structure, and the final refinancing analysis.

Mrs. Wiberg noted that the updated amount to be refinanced is \$45,960,000.

Mrs. Stevens moved to approve the updated Resolution Authorizing the Issuance and Sale of \$45,960,000 General Obligation Refunding Bonds - Series 2019. Mr. Battle seconded the motion. Unanimously approved.

Mr. Duncan moved to adjourn the meeting. Mr. Kunich seconded the motion. Unanimously approved.

Meeting adjourned at 7:52 P.M.

Stacy Busby
School Board Secretary