

ANCHORAGE SCHOOL DISTRICT
ANCHORAGE, ALASKA

ASD MEMORANDUM #69 (98-99)

September 14, 1998

TO: SCHOOL BOARD

FROM: OFFICE OF THE SUPERINTENDENT

SUBJECT: SALE OF GENERAL OBLIGATION SCHOOL BONDS -
\$55,900,000

RECOMMENDATION:

It is the Administration's recommendation that the School Board approve and authorize the Superintendent to notify the Municipality of Anchorage that the Anchorage School District requests the issuance of \$55,900,000 of General Obligation School Bonds as described herein.

PERTINENT FACTS:

On July 31, 1998 the Administration notified the School Board that the Municipality of Anchorage had presented a proposal by O'Connor & Company Securities for a refunding sale of 1998 General Obligation School Refunding Bonds in the amount of \$16,255,000 for the School District's consideration. This refunding issue would advance refund \$14,820,000 of the 1994 General Obligation School Bonds dated July 1, 1994 for a savings of approximately \$567,746. The District submitted and received approval from the Alaska Department of Education for their pre-authorization prior to moving forward with the refunding sale.

Since then, the Municipality of Anchorage has contacted the School District and requested us to include in this sale eligible bonds the voters approved in April 1998. The Municipality believes that the bond market is favorable for such sale at this time. Based on cash flow projections, the School District had planned and budgeted to sell these bonds in December 1998.

On June 25, 1998 the School Board approved ASD Memorandum #377 (97-98), End-Of-Year Budget Review And Budget Transfers - Fiscal Year 1997-98. Approval of this memorandum authorized \$5.7 million of the \$61.6 million of the April 1998 voter-approved bond package to be incurred in the FY 1997-98 General Fund rather than selling bonds as previously authorized. This action resulted in a savings to the taxpayers and made available more projects eligible for State debt reimbursement

under Senate Bill 11 in the future. The following major maintenance projects were transferred to the General Fund:

Districtwide Underground Storage Tank	\$1,800,000
Districtwide Playground Safety & Equipment Upgrades	2,000,000
Various Heating & Ventilation Upgrades	685,000
Various Electrical Safety & System Upgrades	<u>1,215,000</u>
	\$5,700,000

The remaining projects from the April 1998 voter authorization to be sold are as follows:

Proposition 7

Muldoon Elementary School Replacement	\$11,000,000
New Southeast Anchorage Elementary School	<u>14,000,000</u>
Subtotal	\$25,000,000

Proposition 9

Districtwide Heating & Ventilation Upgrades	\$ 1,015,000
Districtwide Electrical Safety & System Upgrades	2,035,000
Districtwide Facility Audits & Project Planning	350,000
Districtwide Asbestos, Code & Life Safety	500,000
Bartlett High School Roof Repair	2,700,000
Baxter Elementary School Renovation & Addition	9,700,000
Creekside Park Elementary School Renovation & Addition	8,700,000
Ocean View Elementary School Renovation & Addition	<u>5,900,000</u>
Subtotal	\$30,900,000
Total	<u>\$55,900,000</u>

The primary collateral to pay the debt service on the educational capital improvement bonds is the full faith and credit of the Municipality of Anchorage to levy real and personal property taxes. The amount of the annual debt service depends on the interest rate, the term in years of the bond issue, and the individual bond maturity dates.

BC/JS/cl
 Prepared and Approved by: Janet Stokesbary, Chief Financial Officer