

Farwell Area Schools

February 2020

Update on the Bond Projects

On Monday, February 3rd 2020, the Farwell Area Schools sold our bonds that the voters approved in November 2019. We had six companies bid on our bonds. In our Preliminary Qualification Application with the State of Michigan, we used a worst case estimated interest rate of 4.25%. In December, we thought we might be lucky to get a great lower rate of 2.6%. On Monday February 3, we sold our bonds for a total interest cost of 2.12% to KeyBanc Capital Markets from Cleveland, Ohio!

Our investors were very happy with the results. Our voters will be thrilled with this news!

Highlights included:

- Bonds were sold above face value. Because the bonds were sold above face value, we were able to generate more dollars using less bond dollars. What that means to you and I is that we are projecting a shorter time at the maximum millage rate of 3 Mils. From seven years down to three years at the top rate. This is a large savings for our community from what we projected.
- The interest rate in selling those bonds was projected at 4.25%, and the actual selling interest rate was 2.12%. Another savings to our district and community. The total bond payment at the time the ballot was prepared was estimated at \$29,429,345. The actual total bond payment based on yesterday's sale in \$24,947,936, for a difference of \$4,481,409.
- Also, with additional revenue generated from the bonds sold above value, we were able to take some of that revenue and pay our costs for our bond underwriters and some of the initial interest payments. Paying these costs from bond sale proceeds will allow us to use more of our dollars on project costs or pay the debt off early.
- On Monday, February 4th, 2020 our board ratified the sale of the bonds with a closing date of the bond sale on February 25, 2020.

Major projects for summer of 2020 include:

- Replace boilers in High School and Elementary School
- Replace HVAC units and control systems in all buildings
- Replace sections of roof in High School and Middle School
- New Middle School secure entrance
- Track and fencing repairs and replacement at athletic complex.

Our next steps: The Farwell Area Schools Board of Education (FAS BOE) has directed me to share this information in a public forum. The goal for this meeting is for the BOE to gather feedback from the community. Options include using the savings from lower interest rates to complete more items in this project or to pay the debt off early. The FAS BOE will use this feedback to make decisions regarding the current bond and the district's long range plan. The date for this meeting will be announced as soon as we have all the needed information.

This truly is an exciting time for our district. While the excitement for all of us is there, we must make a priority to investigate, discuss, design, and THEN purchase/build. Taxpayers have entrusted us to spend community dollars wisely, so we ask for your patience as we move through this process. We will continue to communicate with you through our website, our Facebook page, and through email messages. If you have any questions, feel free to talk with me (Steve Scoville) by phone (989) 588-9917 or by email sscoville@farwellschools.net

As I have stated numerous times, while things may not seem to be happening for you to visually see, know that much work is being done behind the scenes.