

**Board of Trustees
Barton Community College**

September 22, 2015 Board Meeting

Refinance Series 2008 Certificates of Participation (Library / T-Bldg. Construction)

Detail: Over the years PiperJaffray has monitored interest rates and looked for opportunities to reduce the College's interest expense through a refinancing of the College's outstanding certificates of participation. As you may recall, PiperJaffray completed refunding issues for the College in 2004, 2005 and 2013 for other portions of the College's outstanding certificates of participation (savings of \$527,946).

Interest rates have been volatile in recent years, but recently there has been a significant decline in interest rates. This reduction in interest rates has presented an opportunity for the College to consider refinancing the callable portion of the outstanding Series 2008 Certificates of Participation.

With the recent decline in interest rates, the projected savings to the College from the proposed refinancing would be roughly \$105,064.08. This savings is net of all costs and is the actual amount that the College will save over the life of the issue. In addition, the average interest rate on the outstanding Series 2008 Certificates is 5.13% and the estimated average interest rate on the new refunding certificates would be approximately 3.63%.

Should the Board of Trustees desire to move forward with this refinancing, we would move forward quickly to complete the sale of the refunding certificates of participation and determine the final savings. With the interest rates declining, the resolution gives the Board Chairman, Secretary, Dean of Administration, and other officers the authority to take action and lock in the low interest rates.

Recommendation: It is recommended that the Board approve the resolution authorizing the offering for sale of lease purchase agreement certificates of participation.