

**Board of Trustees  
Barton Community College**

**October 27, 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. The Board approved the refinancing of the 2008 Certificates at the September meeting. At that time, based on the current interest rates, we expected a saving of \$105,064.

Standard & Poor rated the college's financial condition as an A+ stable. At the end of September, rates again dropped and the COP was offered to investors. Rates were locked in as of September 30, 2015.

With the decline in interest rates, the savings to the College from the refinancing ended up being \$306,056.10 over the term of the issue. 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 average interest rate on the new refunding certificates ended up being 3.34% (varies between 2% up to 4%).

**Recommendation:** It is recommended that the Board approve the resolution authorizing the 2015 Lease Purchase Agreement and authorize the Chairperson and Secretary to sign the various legal documents associated with the 2015 Lease Purchase Agreement.