

Board of Trustees

Barton Community College

September 14, 2021

Board Study Session

Below you will see a summary of the refinancing of the Certificates of Participation (C&P's) that are being held for the two dorms (Cottonwood & Bluestem). These C&P's are eligible for refinancing, and doing so will save us a substantial amount of money. In addition, we are recommending applying some of the Housing Fund cash reserves to the refinancing to decrease the years of the debt and to increase the savings to the College.

For the September 28th Board meeting we will be bringing a resolution to the Board requesting approval to allow the refinancing of the C&P's to proceed.

REFINANCING SUMMARY

Series 2021 Refunding Certificates of Participation

1. Refinance the College's outstanding Series 2013 Certificates of Participation.
2. Bonds are eligible to be refinanced on a tax-exempt basis (prepayment date is 2-1-2022).
3. The current average interest rate on the Certificates is 3.64%.
4. The estimated average interest rate after refinancing is 1.55%.
5. The estimated total savings is \$1,174,804.17, which is net of all financing expenses.
6. The College will apply a \$1,000,000 of cash to reduce the amount of Certificates outstanding. In addition, the Certificates will be retired in 2033 rather than 2038 while maintaining approximately the same annual debt service payment.
7. Industry guidelines suggest that a refinancing be reviewed when the present value savings percentage exceeds 2-3%. The present value savings percentage for this refinancing is 17.07%.