

SUBJECT: AN ORDINANCE OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION BONDS, IN ONE OR MORE SERIES, IN AN AGGREGATE PRINCIPLE AMOUNT NOT TO EXCEED \$24,000,000, TO FINANCE THE DESIGN AND CONSTRUCTION OF EDUCATIONAL CAPITAL IMPROVEMENT PROJECTS AND RELATED CAPITAL IMPROVEMENTS IN THE BOROUGH, AND TO SUBMIT THE QUESTION OF THE ISSUANCE OF SUCH BONDS TO THE QUALIFIED VOTERS OF THE BOROUGH AT THE NOVEMBER 8, 2022 BOROUGH REGULAR ELECTION.

AGENDA OF: August 2, 2022

ASSEMBLY ACTION:

Defeated unanimously 8-17-22
(Bom)

MANAGER RECOMMENDATION: Introduce and set for public hearing.

APPROVED BY MICHAEL BROWN, BOROUGH MANAGER:

WB

Route To	Department/Individual	Initials	Remarks
	Originator	NS	For Assemblymembers Yundt and Sumner
	Finance Director	NS	7.21.22
	Borough Attorney	NS	
	Borough Clerk	NS	for item

ATTACHMENT (S) : Fiscal Note: YES X NO
Ordinance Serial No. 22-090 (4 pp)
Transmittal Letter June 16, 2022 (1 pp)
School Board Resolution 22-012 (2 pp)

SUMMARY STATEMENT: This ordinance is being presented at the request of Assemblymembers Yundt and Sumner.

During the FY 2023 budget deliberations, Assemblymember Yundt brought forth an ordinance reducing the appropriation to the School District by \$11,330,000. Assemblymember Yundt reasoned that there was a need to fund the 2021 transportation bond package and rather than issue unreimbursed debt, the Borough should look for other solutions to fund road projects. Given the fact that the School District's fund balance has grown by millions of dollars in recent years, coupled with the fact that District received approximately

\$58 million in CARES Act and ESSER funds since 2020, and also the Borough Assembly recently returned \$11.5 million back to the School District from the Houston High School project, Assemblymember Yundt reasoned that the District could survive with the cut and use fund balance or other monies to cover the amounts. After the Assembly unanimously passed the amendment, the School District informed the Assembly that the intended use of those funds was to advance the design and construction of the Mat-Su Central School which is the School District's correspondence school program.

After further meetings with School District officials, Assemblymembers Yundt and Sumner agreed to sponsor an ordinance to place a ballot question to the voters of whether to bond for a new Mat-Su Central School in exchange for the School District transferring \$10.5 million to the Borough. Thereafter, Assemblymember Yundt moved to 'undo' his amendment to the School District's budget and the Assembly agreed.

The Matanuska-Susitna Borough School District currently leases facilities for the Mat-Su Central School at a cost of \$583,954 per year. The current leases will expire in two years. Rather than renew leases, the attached ordinance would authorize the issuance of general obligation bonds for the design and construction of the Mat-Su Central School. Assemblymember Yundt's stated intention was that he would rather see debt issued for Mat-Su Central School where there would be a potential offset to the payments by the saved lease payments versus issuing debt for the 2021 Transportation projects where there is no offset to debt payments.

Assemblymember Yundt was also clear that the agreement he made was to sponsor this attached ordinance to place the question to the voters. Upon placing the bond ordinance before the voters, the Matanuska-Susitna Borough Assembly will expect the School District to then transfer \$10.5 million to the Borough. That \$10.5 million will be used to advance the 2021 Transportation projects. If the voters ultimately reject the proposition, the School District will have to entertain renewing the lease and take up the issue of new facilities with the Assembly at a later date.

The School District's cost estimates for a new facility are \$24,000,000. Annual debt service on the bonds can be difficult to predict in times when the Federal Reserve is expected to increase interest rates over the next several months. However, with a bond rate of 5.5% it is anticipated that annual bond payments could be approximately \$2,000,000 per year for 20 years. Subject to annual Assembly appropriation and annual School Board resolution, the amount currently spent on lease payments could be applied to annual debt payments. That would mean that annual debt payments have the potential to be a net of \$1,416,046.

It should be noted that the issuance costs are not included in the propositions. The bonds will be sold at a premium which will be utilized to pay the issuance costs. These issuance costs include amounts estimated to be paid for the printing of the official statements, paying agent fees, fees to obtain our bond ratings, bond insurance, underwriter's discount, bond counsel, financial advisor fees, and other miscellaneous costs.

Following Assembly approval of the ordinances, the question will be submitted to the qualified voters of the Borough at the regular Borough election on November 8, 2022. Voter approval is required before the Matanuska-Susitna Borough can issue general obligation bonds.

RECOMMENDATION OF ADMINISTRATION: Submit to Assembly for consideration.

MATANUSKA-SUSITNA BOROUGH FISCAL NOTE

Agenda Date: August 2, 2022

SUBJECT: AN ORDINANCE OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION BONDS, IN ONE OR MORE SERIES, IN AN AGGREGATE PRINCIPLE AMOUNT NOT TO EXCEED \$24,000,000, TO FINANCE THE DESIGN AND CONSTRUCTION OF EDUCATIONAL CAPITAL IMPROVEMENT PROJECTS AND RELATED CAPITAL IMPROVEMENTS IN THE BOROUGH, AND TO SUBMIT THE QUESTION OF THE ISSUANCE OF SUCH BONDS TO THE QUALIFIED VOTERS OF THE BOROUGH AT THE NOVEMBER 8, 2022 BOROUGH REGULAR ELECTION

ORIGINATOR: NS for Assemblymembers Yundt and Sumner

FISCAL ACTION (TO BE COMPLETED BY FINANCE)	FISCAL IMPACT <input checked="" type="checkbox"/> YES NO
AMOUNT REQUESTED <i>NTE \$24 million</i>	FUNDING SOURCE
FROM ACCOUNT #	PROJECT
TO ACCOUNT: <i>400.000.000 3XX.XXX</i>	PROJECT # <i>TRD</i>
VERIFIED BY: <i>[Signature]</i>	CERTIFIED BY:
DATE: <i>7/21/22</i>	DATE:

EXPENDITURES/REVENUES:

(Thousands of Dollars)

OPERATING	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
Personnel Services						
Travel						
Contractual						
Supplies						
Equipment						
Land/Structures						
Grants, Claims						
Miscellaneous						
TOTAL OPERATING						

CAPITAL			<i>NTE 24,000.0</i>			
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REVENUE						
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FUNDING:

(Thousands of Dollars)

General Fund						
State/Federal Funds						
Other			<i>NTE 24,000.00</i>			
TOTAL			<i>NTE 24,000.0</i>			

POSITIONS:

Full-Time						
Part-Time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

PREPARED BY: _____ PHONE: _____

DEPARTMENT: _____ DATE: _____

APPROVED BY: *[Signature]* DATE: *7-21-22*



MATANUSKA-SUSITNA

BOROUGH SCHOOL DISTRICT

OFFICE OF THE SUPERINTENDENT

June 16, 2022

Mat-Su Borough Assembly
350 E. Dahlia Street
Palmer, AK 00645

RE: \$24,000,000 Bond Issuance for the Construction of Mat-Su Central School

Dear Mat-Su Borough Assembly Members,

During its June 15, 2022, regular meeting, the Mat-Su Borough School District School Board adopted Resolution 22-012, supporting the issuance of a \$24,000,000 bond for the construction of Mat-Su Central School at the Stringfield Subdivision. I am pleased to transmit the Resolution to the Matanuska-Susitna Borough Assembly for its consideration.

As you will see in this Resolution, the School Board estimates the District will support approximately 75% of the construction of Mat-Su Central School. This estimate is based upon a 20-year term at 5% interest with the District transmitting \$10.5 million initially to the Borough to fund the construction and entering into an agreement to transmit approximately \$583,954 annually thereafter to support the payment of the bond. The \$583,954 is equivalent to the annual amount the District is currently paying in rent for Mat-Su Central School.

We look forward to working with Borough Assembly to secure a permanent home for the largest school in the Matanuska-Susitna Borough. Please feel free to reach out to the District with any questions or if we can support this effort in any way.

Yours in education,

Randy Trani Ed. D.
Superintendent
Mat-Su Borough School District



**MATANUSKA-SUSITNA BOROUGH SCHOOL BOARD
RESOLUTION 22-012**

**A RESOLUTION OF THE MATANUSKA-SUSITNA BOROUGH SCHOOL BOARD SUPPORTING A
\$24,000,000 BOND ISSUANCE FOR THE CONSTRUCTION OF MAT-SU CENTRAL SCHOOL.**

WHEREAS, Mat-Su Central School is the largest school in the Mat-Su Borough School District (District), serving over 2,300 students; and

WHEREAS, in the last ten years, Mat-Su Central School's enrollment has increased by 700 students; and

WHEREAS, Mat-Su Central School offers a hybrid learning model with many on-site courses; and

WHEREAS, the Matanuska-Susitna Borough School District has leased Mat-Su Central School's Wasilla location from a private entity for the past 30 years and has outgrown the facility; and

WHEREAS, the Wasilla location lease agreement is set to expire on June 30, 2024 with the option for renew for an additional two years; and

WHEREAS, the Mat-Su Borough School District spends \$583,954 each year to lease commercial space in Palmer and Wasilla for Mat-Su Central School with annual escalation clauses of 3% and 2%, respectively; and

WHEREAS, on February 5, 2020, the Mat-Su Borough School District passed Resolution 20-009, supporting initiation of the formal process to identify the location of a permanent facility for Mat-Su Central School at 1959 N. Stringfield Road to be known as "Stringfield Subdivision"; and

WHEREAS, on August 4, 2021, the Mat-Su Borough Site Selection Committee unanimously approved Resolution 21-01 recommending Stringfield Subdivision as a preferred location; and

WHEREAS, on October 18, 2021, the Matanuska-Susitna Borough Planning Commission concurred with the School Board and Site Selection Committee, approving Resolution 21-24 and recommending to the Assembly Stringfield Subdivision as a preferred location for Mat-Su Central School; and

WHEREAS, on October 19, 2021, the Mat-Su Borough Assembly approved Resolution 21-108 designating a permanent site for Mat-Su Central School within the Stringfield Subdivision; and

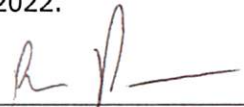
WHEREAS, on March 3, 2022, the Matanuska-Susitna Borough School District (District) committed \$11,900,000 to the District's Capital Improvement Plan (CIP) Fund for the design and construction of Mat-Su Central School; and

WHEREAS, if the District's annual lease costs of \$583,954 were converted to annual debt service payments, approximately 31% of the estimated project cost would be covered when assuming a 5% interest rate and a 20 year term; and

WHEREAS, when combined with \$10.5 million committed for the construction of Mat-Su Central School in the District's CIP Fund, the Mat-Su Borough School District has the ability to fund 75% of estimated project costs; and

THEREFORE BE IT RESOLVED, that the Matanuska-Susitna Borough School Board supports a \$24,000,000 bond issuance for the construction of Mat-Su Central School at the Stringfield Subdivision.


APPROVED by the Matanuska-Susitna Borough School Board of Education this 15th day of June, 2022.



Ryan Ponder, Board President



Dr. Randy Trani, Superintendent

ATTEST: 

Stacy Escobedo, Board Secretary



IM 22-164
OR 22-090