



# Bond Referendum: Updates & Bond Sale Results

January 23, 2023

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# TIMELINE OF EVENTS

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DATE	EVENT
NOVEMBER 8, 2022	VOTERS APPROVAL FOR THE BOND REFERENDUM (84%)
NOVEMBER 9, 2022	FACILITIES COMMITTEE MEETING
NOVEMBER 14, 2022	POST REFERENDUM MEETING (SUPERINTENDENT, BA, PSA)
NOVEMBER 22, 2022	FINANCIAL PLANNING MEETING (BA, PSA, FINANCIAL ADVISOR & BOND COUNSEL)
NOVEMBER 23, 2022	ADVERTISEMENT FOR CCRFP FOR CONSTRUCTION MANAGEMENT SERVICES
DECEMBER 2, 2022	FACILITIES COMMITTEE MEETING TO DISCUSS BOND SALE AND RESOLUTION
DECEMBER 7, 2022	PRE-PROPOSAL MEETING FOR RFP (BA, DIRECTOR OF B&G, PSA)
DECEMBER 12, 2022	APPOINTMENT OF ADVISORY COMMITTEE BOARD APPROVAL AUTHORIZATION FOR BOND SALE OF \$70M
DECEMBER 15, 2022	WOODMAN FIELD PROJECT MEETING (BA, AD, PRINCIPAL AND PSA).
JANUARY 4, 2023	S&P CREDIT RATING CALL FOR BOND (SUPERINTENDENT, BA, AUDITOR, BOND COUNSEL & FINANCIAL ADVISOR)
JANUARY 10, 2023	WOODMAN FIELD PROJECT MEETING (BA, AD, PSA, PRINCIPAL & COACHES) AT 9A. RFP OPENING FOR CONSTRUCTION MANAGEMENT SERVICES AT 10A. PRELIMINARY CREDIT RATING FROM S&P
JANUARY 11, 2023	FINAL CREDIT RATING AND REPORT RECEIVED FROM S&P
JANUARY 13, 2023	DEBRIEFING OF RFP RESPONSES (SUPERINTENDENT, BA & PSA)
JANUARY 16, 2023	MEETING WITH ADVISORY COMMITTEE (SUPERINTENDENT, BA, BOARD ATTORNEY)
JANUARY 17, 2023	FACILITIES COMMITTEE MEETING
JANUARY 18, 2023	BOND SALE AT 11A (VIRTUAL) CONSTRUCTION MANAGEMENT INTERVIEWS (SUPERINTENT, BA, PSA, BOARD ATTORNEY)



# CREDIT RATING

# CREDIT RATING – S&P GLOBAL

## Credit Profile

**US\$70.0 mil sch bnds ser 2023 due 01/15/2043**

Long Term Rating	AA-/Stable	New
Underlying Rating for Credit Program	AA-/Stable	New
<b>Montclair Board of Education sch bnds ser 2023 due 01/15/2043</b>		
Long Term Rating	AA-/Stable	Rating Assigned
Underlying Rating for Credit Program	AA-/Stable	Rating Assigned

## Credit Highlights:

- ❑ S&P Global Ratings assigned its 'AA-' long-term rating and underlying rating (SPUR) to Montclair Board of Education's (the district) \$70 million series 2023 bonds.
- ❑ The outlook is stable.



# S&P RATING SCALE

RATING	RATING DESCRIPTION	CREDIT RISK
AAA	PRIME	LOWEST RISK
AA+	HIGH GRADE	LOW RISK
AA	HIGH GRADE	LOW RISK
<b>AA-</b>	<b>HIGH GRADE</b>	<b>LOW RISK</b>
A+	UPPER MIDDLE GRADE	LOW RISK
A	UPPER MIDDLE GRADE	LOW RISK
A-	UPPER MIDDLE GRADE	LOW RISK
BBB+	LOWER MIDDLE GRADE	MEDIUM RISK
BBB	LOWER MIDDLE GRADE	MEDIUM RISK
BBB-	LOWER MIDDLE GRADE	MEDIUM RISK



# CREDIT RATING

## OUTLOOK (S&P GLOBAL)

### DOWNWARD SCENERIO

We could consider a negative rating action if a trend of operating deficits emerges, or if the district's reserves decrease from current levels during the next two years.

### UPWARD SCENERIO

While unlikely given the upcoming significant debt and capital spending, we do not expect to raise our rating on the district in the next two years. However, we could consider a positive rating action should the district maintain reserves and substantially higher levels throughout the upcoming period of greater capital spending





# BOND SALE



# BOND SALE

## REQUIREMENTS TO PARTICIPATE

- ❑ All potential bidders had to submit a **GOOD FAITH DEPOSIT OF \$1.4 MILLION** to the Board to participate in the bond sale by 10:30 a.m. on the date of the sale.
- ❑ Bond Sale was on January 18<sup>th</sup> at 11:00 a.m., held virtually on i-Deal.com (Parity) Platform.
- ❑ Total of 10 bidders for the bond sale and one company observing the results.



# BOND SALE RESULTS

BIDDER NAME	RATES	COMPARED TO LOWEST RATE
<b>RBC CAPITAL MARKET</b>	<b>3.519668%</b>	-
J.P. MORGAN SECURITIES LLC	3.519825%	0.000157%
CITIGROUP GLOBAL MARKETS INC.	3.520541%	0.000873%
WELLS FARGO BANK, NATIONAL ASSOCIATION	3.553434%	0.033766%
JEFFERIES LLC	3.564704%	0.045036%
MESIROW FINANCIAL, INC.	3.570612%	0.050944%
ROBERT W. BAIRD & CO., INC.	3.624736%	0.105068%
RAYMOND JAMES & ASSOCIATES, INC.	3.637717%	0.118049%

**\*\*\*\*BANK OF AMERICA AND HUNTINGTON SECURITIES SUBMITTED A GOOD FAITH DEPOSIT BUT DID NOT SUBMIT A BID.\*\*\*\***





# IMPACT OF BOND SALE

# IMPACT OF BOND SALE (INTEREST)

- ❑ The projected rate of interest used for the Bond Referendum was **4.2%**.
- ❑ The interest rate from the Bond Sale is **3.52%**.
- ❑ The lower interest rate (**0.68%** difference) for the bond issue saved the district approximately **\$5 million** over the life of the 20-year bond.



# IMPACT OF BOND SALE (TAXES)

- ❑ The estimated tax impact based on the 4.2% interest rate on an average home assessed at \$628,952 was **\$258** for the first two years.
- ❑ The tax impact based on the 3.52% interest rate on an average home assessed at \$628,952 is **\$199** for the first year; and **\$209** for the second year.
- ❑ Combined savings of **\$108** over the two years (per assessed value).
  - Year 1 savings - \$59
  - Year 2 savings - \$49





# NEXT STEPS

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- ❑ The week of January 23<sup>rd</sup>, site visits to construction management firms' current projects as well as finalizing background and reference checks.
- ❑ Facilities Committee meeting on January 31<sup>st</sup> to discuss recommendation of Construction Management Firm.
- ❑ Award of contract for Construction Management Services at the February 1<sup>st</sup> Workshop Meeting
- ❑ Bond Closing on February 1<sup>st</sup>, Board to receive proceeds from Bond Sale.
- ❑ Meeting with Construction Management Firm & PSA the week of February 6<sup>th</sup> to discuss and plan for project schedules.
- ❑ Community Advisory Group meeting on February 9<sup>th</sup>





**Thank you**