

Norwalk Schools  
Update: General Obligation Bond Sale  
Kate Baldwin, Business Manager  
May 25, 2017

The Board of Directors received competitive bids and sold \$21,755,000 of general obligation bonds for school construction. On February 7<sup>th</sup>, voters of the District approved the issuance of \$32 million in bonds for the following proposed construction projects: New Elementary School, Renovations at the High School and Middle School, and small additions to Oviatt Elementary School. The District will sell the remaining \$10,245,000 (\$32 million voter approved authority less current bond sale of \$21,755,000) in 2019 or 2020 as funds are needed during the three-year construction period.

The bond sale was the largest sale ever offered by the Norwalk Community School District. The bond was scheduled with a 20 year repayment period, with the option to pay off the debt or refinancing after seven years. The District received seven bids and the low bidder was Robert W Baird & Company of Milwaukee, WI with an average interest rate of 3.332%. Below is a listing of all the bidders and their respective interest rate bid.

<u>Name and Address of Bidder</u>	<u>Final Bid (True Interest Cost)</u>
Robert W. Baird & Co., Inc.	3.331952%
Northland Securities, Inc.	3.339646%
J.P. Morgan Securities LLC	3.362975%
FTN Financial Capital Markets	3.394528%
Hutchinson, Shockey, Erley & Co.	3.407281%
Mesirow Financial, Inc.	3.411382%
Bank of America Merrill Lynch	3.494268%

The sale of the bond will not increase the District's debt service levy. The State of Iowa caps the annual debt service levy at \$4.05 per \$1000. The District began maximizing the annual debt service levy at \$4.05 in 2013 to prepare for the proposed construction projects. Raising the levy to \$4.05 allowed the District to repay additional principal each year, reduce interest costs, increase borrowing capacity for proposed projects, and sell a bond without raising the levy. Building the \$4.05 levy into the annual budget enables the District to manage enrollment growth without raising the levy. The new bond issue will not increase the levy but it will extend the repayment period beyond our current debt amount by 9 years.

The District will not commence construction until the spring of 2018 when we break ground for the new elementary school, followed by renovation projects at the HS and MS during the summer of 2018 on through the summer of 2019, with Oviatt additions to be completed in late winter of 2019 or early spring of 2020. However, the District has incurred preconstruction costs enlisting the services of architects and engineers, as well as the purchase of 80 acres of land for the new elementary school.

**How much will the proposed projects cost?**

**New 2-3 Elementary School:**

- School Building Construction-  
(20 Classrooms, Gym, Café, Library, Parking, Drives) \$15,000,000
- Architect & Engineer Fees, Furnishings & Technology \$ 2,550,000
- Land Purchase (78.5 Acres) \$ 1,975,000
- Turning Lane Off G14 \$ 250,000

**Total Construction Budget for New Elementary School** **\$19,775,000**

**Oviatt Elementary School:**

- Café & Kitchen, Art, Music, Security & Office \$2,925,000
- HVAC Renovations \$3,504,780
- Paving SE Parking Lot \$ 135,000

**Total Construction Budget Oviatt Elementary** **\$ 6,564,780**

**Middle School:**

- Corridor Expansion & Classroom Renovations,  
Security & Office Renovations at Entrance \$4,095,000
- HVAC Renovations \$2,113,962
- Paving SE Parking Lot \$ 750,000

**Total Construction Budget Middle School** **\$ 6,958,962**

**High School:**

- Corridor Expansion, Media Center, CTE and  
Main Entrance Renovations \$5,150,000
- HVAC Renovations \$ 230,600

**Total Construction Budget High School** **\$5,380,600**

**Total of All Projects** **\$38,679,342**

**How will the above construction projects be funded?**

- General Obligation Property Tax Bond \$32,000,000  
(02-07-17 Voter Approved Bond Election)
- State Sales Tax Funds \$ 6,680,000

**Total Funds Available** **\$38,680,000**