

**MEMO TO: BOARD MEMBERS;
DR. JOHN SIMPSON**

FROM: BRUCE ELLERMAN

DATE: JANUARY 14, 2019

RE: SELECTION OF BOND COUNSEL

In conjunction with and contingent on the anticipated April 2019 Bond Election, the district recently issued a Bond Counsel Request for Proposal (RFP). Bond Counsel provides legal assistance, compliance guidance and a required technical opinion as to the legality and income taxability status upon the actual issuance and sale of bonds by the district.

While the district could wait to select bond counsel until after the April 2019 election, we believe it will be advantageous to execute any bond sale in the market as soon as possible. Selection of bond counsel at this time (and a bond financial advisor to be recommended to the Board next month) will give the district a running start on all of the necessary technical and legal preparations for a bond sale. Specifically, the thoughtful timing of a bond sale will be critical in the coming months for several reasons. First, interest rates have been trending higher over the past year and that trend is generally expected to continue. Therefore, the sooner an issue can get to the market, the better the chances for a more favorable interest rate. Second, because April 2019 is the only general election date (and therefore the only 4/7ths versus 2/3rds majority approval opportunity during 2019), a large number of Missouri public bond issues are expected to be on the April 2019 ballot. The district could therefore be competing for bond buyers in the market. Like anything else, pricing is to a large extent affected by supply and demand. Having the ability to bring a sale to the market before other sellers could therefore result in an interest rate advantage for the district. Finally, bond sale proceeds can be invested until they are spent down, and such interest earnings could be applied toward project costs. This would further leverage district funds to maximize the number of safety, accessibility and other building projects that can be accomplished through the bond issue.

As part of the RFP, the district requested pricing for both a one-time sale of the full bonding amount as well as pricing for multiple sales in the event the district opted to sell the bonds in two or more installments. The district received 2 proposals in response to the RFP which were evaluated based on the quality of the proposal, firm experience/resources and qualifications of specific personnel to be assigned to the district as follows (in evaluation rank order):

- 1) Thompson Coburn

2) Gilmore Bell

Both of these firms have extensive experience and expertise in Missouri public debt issues and represent 2 of the top 3 bond counsel firms in the state. As it turned out, Thompson Coburn also proposed the lowest overall proposed fee of \$24,000 for a one-time sale (or if sold in installments, would be \$24,000 for the first sale and \$18,000 for any subsequent sale). In comparison, Gilmore Bell's proposed one-time fee was \$28,000 (or if sold in installments, would be \$23,500 for the first sale and for any subsequent sale).

Compensation is contingent on the actual bond sale and is typically paid from the bond proceeds. In other words, if the community does not approve the bond issue in April, there is no amount owed to bond counsel. It is also worth noting that Thompson Coburn has served in the role of bond counsel for the past several bond issues for the district, so it is very familiar with our existing debt structure and financial information.

Based on these RFP results, the district is recommending approval of Thompson Coburn as district bond counsel for any bond sales made pursuant to the April 2019 Bond Election.

RECOMMENDED BOARD ACTION.....that the Board of Education approve Thompson Coburn as district bond counsel for the April 2019 bond issue.