

**Cardinal Local School District
Special Meeting
April 3, 2018**

The **Special Meeting** of the Cardinal Board of Education held at 5:30 p.m. on April 3, 2018, was attended by Ken Klima, Wendy Anderson, Barb Rayburn, Linda Smallwood and Katie Thomas.

Discussion Item:

Certificates of Participation – Final Steps – Dr. Hunt shared we are at the final stages of the Certificates of Participation project. He invited Eric Prall back to review the final steps and why we had to meet tonight to amend the January resolution. *Eric Prall stated that the COP's sold at 96.9% and the original resolution stated 97%. We have to have the exact number in the documentation. Over a three week period we were able to find a buyer but they would not bend on the pricing so we need to amend the resolution. With the help of Dr. Hunt and Ms. Knuckles we spent some time putting together the financial book to market and sell the debt. The debt sold as a 20 year bond and after discussions with Ms. Knuckles the first interest payment will be in October 2018 and the principal and second interest payment will be in April 2019. The payment will be around \$439,000 a year. There is a call feature which will allow you to refinance if the financial picture of the district continues to move up and your rating moves up to investment grade.* Mrs. Thomas asked if the bond obligation will affect out credit rating as we are trying to improve our rating and having too much debt could be an issue. *Mr. Prall replied rating agencies will look at all of the outstanding issues and the current financial picture as part of the process of determining a rating. Financial stability is the key factor.* Mrs. Thomas asked if 5.25% is a normal, reasonable percentage or is it due to our credit rating. *Mr. Prall stated a lower interest rate is given as you go up the rating scale. As you move up to and beyond investment grade your rate will go lower. That is why the ability to refinance at a later date is important.* Mrs. Thomas asked since the money is going into the bank and will not be spent all at one time, could we invest the money until we need it. *Mr. Prall replied you are able to invest per O.R.C. 135.03. You can invest in qualified investments such as CD's and other instruments. You can check with your local sources at the bank or he can help you if needed. StarOhio is showing a good interest rate currently and there are other ladder investments where they mature at different time frames.* Ms. Knuckles stated she was a little rusty at investments since we have not had money to invest in quite some time but we do have an account with StarOhio and we can check with Mr. Neikirk at Middlefield Bank about what CD's and other investment options are available there. *With no further questions Dr. Hunt thanked Mr. Prall for attending and working with the District on this bond issuance.*

Superintendent's Report

Action Items:

Certificates of Participation:

Mrs. Anderson moved and Mr. Klima seconded a motion to adopt the following amended resolution:

A RESOLUTION AMENDING AND SUPPLEMENTING THE RESOLUTION DATED JANUARY 24, 2018 AUTHORIZING THE LEASE-PURCHASE FINANCING OF IMPROVEMENTS, INCLUDING A GROUND LEASE AGREEMENT AND A LEASE AGREEMENT, AND MATTERS RELATED THERETO

WHEREAS, it is necessary to remove the requirement that the Certificates of Participation (Cardinal Local School District – 2018 School Facilities Project) be sold to Ross, Sinclair & Associates, LLC, Powell, Ohio, at a price not less than 97% of the par value thereof.

NOW, THEREFORE, BE IT RESOLVED by the Board of Education (the "Board") of the Cardinal Local School District, Counties of Geauga and Trumbull, Ohio:

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SECTION 1. That the Resolution dated January 24, 2018, described above, is hereby amended and supplemented with the amendment and replacement of Section 4 thereof as follows:

"Section 4. The Board hereby consents to and approves the assignment of the Ground Lease and the Lease from the Ground Lessor to a such bank or trust company as the Treasurer shall designate, or its nominee, as Trustee and the execution of a Lease Assignment Agreement (the "Assignment Agreement") and of a Trust Indenture (the "Indenture") relating to the collection and distribution of rental payments and the issuance of Certificates of Participation (Cardinal Local School District – 2018 School Facilities Project) (the "Certificates") evidencing proportionate interests in the Base Rent to be paid by the School District under the Lease. The form of the Indenture and of the Certificates in substantially the forms presently on file with this Board, and the issuance of the Certificates, are hereby approved. The President of the Board, the Treasurer, the Superintendent of the School District, or any of them, are hereby authorized to approve the Indenture and the Assignment Agreement on behalf of the Board with such changes not substantially adverse to the School District as the official executing the same may approve; the approval of such changes and that the same are not substantially adverse to the School District shall be conclusively evidenced by the approval of the Indenture by such official. The Board hereby authorizes and directs that the Certificates shall be sold to Ross, Sinclaire & Associates, LLC, Powell, Ohio, and resold at a price or prices approved by the Treasurer. The Treasurer is authorized and directed to arrange for the purchase of municipal bond insurance in connection with issuance of the Certificates, if in the Treasurer's judgment, such insurance would result in a cost savings to the School District and any such actions heretofore taken by the Treasurer and any other officer or employee of the Board or the School District are hereby approved, ratified and confirmed. The payment of the premium and expenses relating to any such insurance policy from the proceeds of the Lease and the Certificates is hereby authorized. The determinations of the final terms of sale of the Certificates, and the resulting Lease terms, including the interest rate, financed amount, term, capitalized Base Rent payments, and amortization schedule, together with the terms of municipal bond insurance, if any, and any other matters required by this Resolution to be determined or approved by the Treasurer, shall be set forth by the Treasurer in a certificate to be entitled the "Certificate of Award."

SECTION 2. That it is found and determined that all formal actions of this Board of Education concerning and relating to the adoption of this Resolution were taken in open meetings of this Board of Education, and that all deliberations of this Board of Education and of any of its committees that resulted in such formal action, were taken in meetings open to the public, in compliance with the law.

SECTION 4. That this resolution shall take effect immediately upon its adoption.

Roll call vote:

Ken Klima, aye Wendy Anderson, aye Barb Rayburn, aye Linda Smallwood, aye Katie Thomas, aye

Adjournment:

Mrs. Thomas moved and Mrs. Smallwood seconded a motion to adjourn the meeting.

Meeting adjourned at 5:45 P.M.

Roll call vote: unanimous yes.

Kenneth Klima, President

Merry Lou Knuckles, Treasurer