CASE STUDY

FINANCING FOR K-12 SCHOOLS

SEPTEMBER 4, 2024

$61,230,000 | GENERAL OBLIGATION REFUNDING BONDS | SERIES 2024

Arapahoe County School District Number Six (Littleton Public Schools) | Arapahoe County, Colorado

Littleton Public Schools

Client Profile

Arapahoe County School District No.6 (the "District" or "LPS") is a well-regarded public school district located in the southern suburbs of the Denver Metropolitan Area. Known for its academic excellence, community engagement, and commitment to student success, LPS serves approximately 13,278 students across one early childhood education center, 10 elementary schools, four middle schools, three high schools, one combined alternative middle school/ high school, one career and technical campus, and two charter schools. Like many school districts, not only in Colorado but nationally, LPS faces challenges related to school funding and the need to maintain high-quality education admits changing budget allocations. Since 2019-2020, the District's actual enrollment has decreased by 1,705 students, with about half of that occurring during the COVID-19 pandemic. The unusual decrease in students was the result of students being home-schooled, moving to online or private schools, and moving out of state due to the pandemic. This type of decrease in student enrollment was experienced by a majority of Colorado school districts. Out-of-district choice enrollment, approximately 16.5 percent of the District's total enrollment, helps offset the in-district enrollment decreases. The District anticipated stable student enrollment over the next couple of years with the potential for small enrollment increases.

The Project

The District's two main goals with executing this refunding were to 1) generate savings for District taxpayers and 2) manage the District's outstanding debt to plan for future issuance needs. The full refunding project is outlined below.

A portion of the proceeds of the Bonds will be used to current refund the 2013 Bonds and the Refunded 2014 Bonds and to defease the Defeased 2020 Bonds. In order to accomplish the Refunding Project, the District will deposit a portion of the Bond proceeds with the Escrow Bank pursuant to an Escrow Agreement. The amounts deposited with the Escrow Bank will be deposited into the Escrow Account created under the Bond Resolution and invested in Federal Securities maturing at such times and in such amounts as required to provide funds sufficient to pay: (i) the principal and interest on the Refunded Bonds as it becomes due through December 1, 2024, and (ii) the principal of the 2013 Bonds and the Refunded 2014 Bonds upon prior redemption on December 1, 2024.

Refunding Results and the Stifel Advantage

The day prior to pricing, the Fed opted to keep rates unchanged for the eighth consecutive FOMC meeting. Statements made by Fed Chair Powell were interpreted by the market as indicative of future rate adjustments, which served to increase investor participation.

Over the 90-minute order period, the District's Bonds saw strong participation from 38 accounts, inclusive of both national Tier 1 institutional accounts, regional institutional accounts, and retail orders.

Following the strong demand for the District's bonds during the order period, Stifel decreased yields in 11 of the 14 maturities from release, ultimately achieving gross savings of $8.7 million and net present value savings of 10.7%.

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