Series 2008E Bond Refunding

Minidoka Joint School District No. 331

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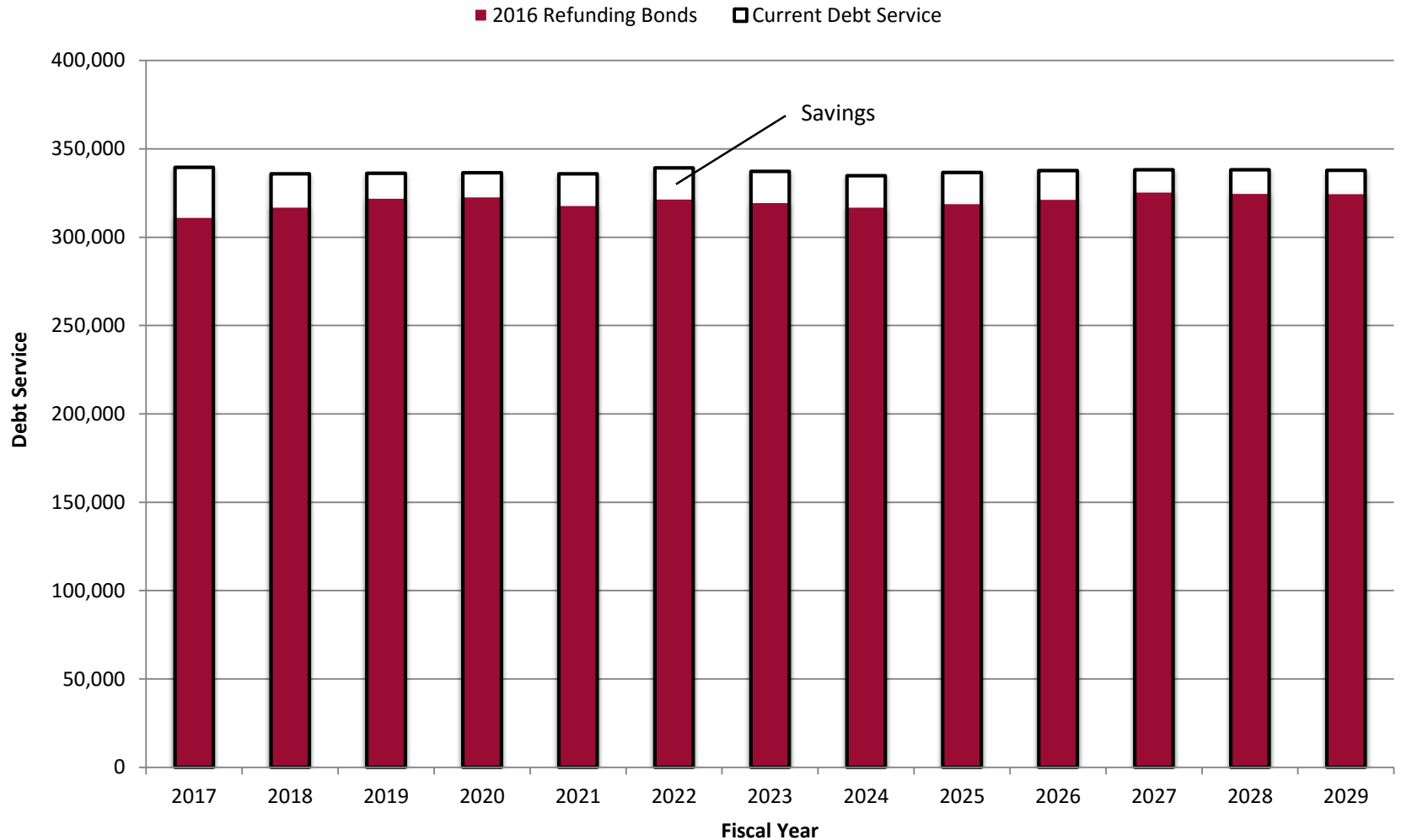
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Refunding Summary

Issuer: Joint School District No. 331 (Minidoka)

Refunding Candidate: Series 2008E IBBA Loan

Original Par: $4,400,000

Callable Par: $2,665,000 (refunding par limit)

Callable Maturities: 2019 – 2028

Average Coupon: 4.91%

Call Date: September 15, 2018

ESTIMATED REFUNDING STATISTICS:

True Interest Cost (TIC): 2.27%

Escrow Yield: 0.77%

Total Cash Flow Savings: $216,994

Net Present Value Savings: **$194,356**

PV Savings %: **7.29%**

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Estimated Debt Service after Refunding

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Sensitivity Analysis - Basics

- The 2008E bonds are callable on September 15, 2018

- All else being equal, the total savings increase the closer to the call date(s) the refunding occurs

- Rising interest rates can offset the benefit of waiting for the call date

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Refunding Sensitivity

Interest rate sensitivity of refunding now:

Market Rates	PV Savings ($)	PV Savings (%)
Current	$194,356	7.29%
+25 bps (0.25%)	$138,067	5.18%
+50 bps (0.50%)	$78,769	2.96%

Break-even interest rate limits for future refunding:

Refunding Timing	PV savings if interest rates *don't change*	B/E interest rate increase to still obtain 7.29% savings
4/15/2016 (now)	$194,356	0.00%
4/15/2017 (1 year)	$261,077	0.44%
8/15/2018 (wait until call date)	$324,360	0.87%

JP Morgan estimates that 10-year municipal bond rates will rise by 0.49% (49 bps) by year-end 2016[1]

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Conclusion

- Zions recommends that the district engage an underwriter through an RFP process
  - Allows for greater flexibility in timing the bond sale
  - Ensures that the district obtains adequate premium
- The district can lower its annual debt service payments through a refunding of its 2008E bonds
- The final savings results of a refunding are impacted by changes in interest rates and the passage of time

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Questions?

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