



# Independent School District No. 709, Duluth

## Refunding Analysis

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Issue	Call Date
Taxable Full Term Certificates of Participation, Build America Bonds, Series 2009A	February 1, 2019
Full Term Certificates of Participation, Series 2010C	February 1, 2019
Certificates of Participation, Series 2009B*	March 1, 2019
Certificates of Participation, Series 2010D*	March 1, 2019

\* Subject to Annual Appropriation. Do not qualify for the State Credit Enhancement Program

## Taxable Full Term Certificates of Participation (Build America Bonds) Series 2009A

- Current Refunding → Callable February 1, 2019
- \$45,590,000 Callable Debt Outstanding
- \$4,277,620 Estimated Federal Subsidy for remainder of Bonds
- Refund with Tax-Exempt COPs → Lose Federal Subsidy
- Estimated Net Savings of \$712,815
  - Savings are realized in the Debt Service Fund
  - For Taxes Payable 2019 – 2027 (Average Saving per year \$79,202)
- Present Value Savings of \$613,388                      1.318%

**Current Refunding**

Taxable Full Term Certificates of Participation (Build America Bonds)  
Series 2009A

Estimated Savings based on rates as of 9/12/2018

Fiscal Year	Outstanding Taxable Full Term COPs (Build America Bonds) Series 2009A			Refunding Estimated New D/S	Estimated Savings
	Principal & Interest	Subsidy	Principal & Interest (Net of Subsidy)	Principal & Interest	
2020	\$6,399,658	-\$776,244	\$5,623,413	5,542,459	80,954
2021	\$6,439,738	-\$715,923	\$5,723,814	5,647,156	76,658
2022	\$6,478,100	-\$650,149	\$5,827,951	5,748,611	79,340
2023	\$6,502,123	-\$574,804	\$5,927,318	5,847,861	79,457
2024	\$6,533,013	-\$495,176	\$6,037,837	5,959,469	78,368
2025	\$6,559,740	-\$410,927	\$6,148,813	6,071,580	77,233
2026	\$6,578,840	-\$319,298	\$6,259,542	6,178,516	81,026
2027	\$6,596,440	-\$220,655	\$6,375,785	6,294,201	81,585
2028	\$6,615,840	-\$114,444	\$6,501,396	6,423,203	78,194
<b>Total</b>	<b>\$58,703,490</b>	<b>-\$4,277,620</b>	<b>\$54,425,870</b>	<b>53,713,054</b>	<b>712,815</b>

## Full Term Certificates of Participation Series 2010C

- Current Refunding → Callable February 1, 2019
- \$2,935,000 Callable Debt Outstanding
- Estimated Net Savings of \$35,696
  - Savings are realized in the Debt Service Fund
  - Taxes Payable 2019 -2027 (Average Savings per year \$3,966)
- Present Value Savings of \$34,725    1.151%

**Current Refunding**

Full Term Certificates of Participation, Series 2010C

Estimated Savings based on rates as of 9/12/2018

Fiscal Year	Outstanding Full Term Certificates of Participation Series 2010C	Refunding Estimated New D/S	Estimated Savings
	Principal & Interest	Principal & Interest	
2020	\$388,750	384,233	4,517
2021	\$390,200	388,163	2,037
2022	\$391,350	385,909	5,441
2023	\$392,200	388,034	4,166
2024	\$391,963	389,422	2,541
2025	\$391,400	385,008	6,392
2026	\$388,000	384,944	3,056
2027	\$389,200	384,059	5,141
2028	\$384,800	382,395	2,405
<b>Total</b>	<b>\$3,507,863</b>	<b>3,472,166</b>	<b>35,696</b>



## Certificates of Participation, Series 2009B

- Current Refunding → Callable March 1, 2019
- Do not qualify for the State Credit Enhancement Program
- Carry District's underlying rating minus one notch
- \$23,900,000 Callable Debt Outstanding
- Estimated Negative Net Savings of \$1,042,703
  - Any future savings would be realized in the General Fund
  - Fiscal year 2020 - 2030
- Present Value Loss of \$796,581      (3.416%)

**Current Refunding**

Full Term Certificates of Participation, Series 2010C

Estimated Savings based on rates as of 9/12/2018

Fiscal Year	Outstanding Full Term Certificates of Participation Series 2009B	Refunding Estimated New D/S	Estimated Savings
	Principal & Interest	Principal & Interest	
2020	\$2,734,756	2,831,848	-97,092
2021	\$2,742,156	2,838,041	-95,885
2022	\$2,756,556	2,851,129	-94,573
2023	\$2,767,556	2,863,359	-95,802
2024	\$2,785,156	2,879,880	-94,724
2025	\$2,806,419	2,899,049	-92,630
2026	\$2,825,681	2,920,542	-94,860
2027	\$2,850,269	2,943,375	-93,106
2028	\$2,871,800	2,966,731	-94,931
2029	\$2,894,750	2,989,747	-94,997
2030	\$2,908,500	3,002,604	-94,104
<b>Total</b>	<b>\$30,943,600</b>	<b>31,986,303</b>	<b>-1,042,703</b>



## Certificates of Participation, Series 2010D

- Current Refunding → Callable March 1, 2019
- Do not qualify for the State Credit Enhancement Program
- Carry District's underlying rating minus one notch
- \$985,000 Callable Debt Outstanding
- Estimated Negative Net Savings of \$75,614
  - Any future savings would be realized in the General Fund
  - Fiscal year 2020 - 2030
- Present Value Loss of \$54,463           (5.687%)

**Current Refunding**

Full Term Certificates of Participation, Series 2010C

Estimated Savings based on rates as of 9/12/2018

Fiscal Year	Outstanding Full Term Certificates of Participation Series 2010D	Refunding Estimated New D/S	Estimated Savings
	Principal & Interest	Principal & Interest	
2020	\$117,660	126,753	-9,093
2021	\$114,660	119,109	-4,449
2022	\$116,660	121,079	-4,419
2023	\$113,460	117,743	-4,283
2024	\$115,260	124,327	-9,067
2025	\$116,648	125,349	-8,702
2026	\$112,823	121,027	-8,204
2027	\$113,773	121,571	-7,799
2028	\$114,498	121,741	-7,244
2029	\$114,998	121,523	-6,525
2030	\$115,115	120,946	-5,831
<b>Total</b>	<b>\$1,265,553</b>	<b>1,341,166</b>	<b>-75,614</b>

## **Full Term Refunding Certificates of Participation, Series 2018A**

- Refund Taxable Full Term Certificates of Participation (Build America Bonds), Series 2009A
- Associated Trust Company - Trustee
- PMA Financial – Financial Advisor
- Negotiated Sale with Northland Securities as underwriter
- Any Board Officer and the Superintendent authorized to approve the sale and to execute the bond purchase agreement
- Sale authorization expires December 31, 2018

## **Full Term Refunding Certificates of Participation, Series 2018B**

- Refund Full Term Certificates of Participation, Series 2010C
- U.S. Bank National Association - Trustee
- PMA Financial – Financial Advisor
- Negotiated Sale with Northland Securities as underwriter
- Any Board Officer and the Superintendent authorized to approve the sale and to execute the bond purchase agreement
- Sale authorization expires December 31, 2018

## Timeline for Refunding Bonds

- September 10<sup>th</sup> – Business Committee Meeting
- September 18<sup>th</sup> – School Board Adopts Authorizing Resolution to Issue Refunding Bonds
- September 19<sup>th</sup> – Rating Call
- October 3<sup>rd</sup> – Price Bonds
- October 16<sup>th</sup> – School Board takes action on Ratifying Resolution
- November 6<sup>th</sup> – Closing
- February 1, 2019 – Payoff of 2009A and 2010C Issues

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