



**FOREST LAKE AREA SCHOOLS  
FOREST LAKE, MN 55025**

**October 6, 2016**

**AGENDA ITEM: 10.5**

**TOPIC: RESOLUTION TO SET SALE DATE FOR GENERAL  
OBLIGATION REFUNDING BONDS SERIES 2016**

**BACKGROUND:** Representatives from Springsted, Inc. and Kutak Rock, Bond Counsel are working with administration on the refunding of our original OPEB bonds.

**PROCESS:** Springsted, Inc. and Kutak Rock reviewed the project. The anticipated taxpayer savings is over \$600,000. Kutak Rock will prepare the resolution. The next step in the process is to set the sale date of the bonds.

**RECOMMENDATION:** First Reading

Patty Heminover  
10:19 am 10-6-2016  
to me

Larry,

As you are aware, we have been monitoring your taxable OPEB bonds for months but haven't seen a great savings to justify refunding the bonds until this week. With changes in the market we ran a feasibility report on your OPEB bonds and saw a **HUGE** jump in savings for the District.

The first spreadsheet is a partial refunding that would allow us to give you upfront savings of 10.79% or \$635,000. This option would give you \$211,000 of savings in 2019 (see partial spreadsheet, page 2) which would eliminate that 1-year jump in principal & interest payment on your new 2016B bonds.

We have already contacted Justin to give him heads up that the District might move forward with refunding the OPEB. If you agree, we could have the resolution to you by tomorrow and follow the same schedule as your new bonds being issued. By refunding your OPEB bonds now, you saving money and eliminate a future rating call.

Please let me know your thought.

Patricia Heminover  
Vice President

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**\$5,420,000**

**Independent School District No. 831, Forest Lake, Minnesota**

**TAXABLE General Obligation Refunding Bonds, Series 2016**

**Partial Refunding 2009A Taxable OPEB**

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**Preliminary Feasibility Summary**

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**Dated 12/15/2016 | Delivered 12/15/2016**

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**Sources Of Funds**

Par Amount of Bonds.....	\$5,420,000.00
<b>Total Sources.....</b>	<b>\$5,420,000.00</b>

**Uses Of Funds**

Deposit to Net Cash Escrow Fund.....	5,308,595.17
Costs of Issuance.....	58,000.00
Total Underwriter's Discount (0.950%).....	51,490.00
Rounding Amount.....	1,914.83
<b>Total Uses.....</b>	<b>\$5,420,000.00</b>

**ISSUES REFUNDED AND CALL INFORMATION**

Prior Issue Call Price.....	100.000%
Prior Issue Call Date.....	2/01/2019

**SAVINGS INFORMATION**

Net Future Value Benefit.....	\$635,044.92
Net Present Value Benefit.....	\$585,023.12
Net PV Benefit / \$6,003,108.28 PV Refunded Debt Service.....	9.745%

**BOND STATISTICS**

Average Life.....	8.038 Years
Average Coupon.....	2.3607663%
Net Interest Cost (NIC).....	2.4789506%
True Interest Cost (TIC).....	2.4790342%

**\$5,420,000**

**Independent School District No. 831, Forest Lake, Minnesota**

**TAXABLE General Obligation Refunding Bonds, Series 2016**

**Partial Refunding 2009A Taxable OPEB**

**Debt Service Comparison**

Date	Total P+I	Escrow	Existing D/S	Net New D/S	Old Net D/S	Savings
02/01/2017	-	-	256,362.50	256,362.50	387,345.63	130,983.13
02/01/2018	236,205.67	-	271,700.00	507,905.67	533,666.25	25,760.59
02/01/2019	330,290.00	(0.01)	-	330,289.99	541,966.25	211,676.27
02/01/2020	517,710.00	-	-	517,710.00	542,966.25	25,256.26
02/01/2021	522,040.00	-	-	522,040.00	548,216.25	26,176.26
02/01/2022	515,400.00	-	-	515,400.00	537,151.25	21,751.26
02/01/2023	538,137.50	-	-	538,137.50	560,511.25	22,373.76
02/01/2024	524,682.50	-	-	524,682.50	551,431.25	26,748.76
02/01/2025	525,662.50	-	-	525,662.50	551,451.25	25,788.76
02/01/2026	530,537.50	-	-	530,537.50	555,001.25	24,463.76
02/01/2027	539,610.00	-	-	539,610.00	561,761.25	22,151.26
02/01/2028	547,727.50	-	-	547,727.50	571,396.25	23,668.76
02/01/2029	554,850.00	-	-	554,850.00	578,556.25	23,706.26
02/01/2030	565,675.00	-	-	565,675.00	588,300.00	22,625.00
Total	\$6,448,528.17	(0.01)	\$528,062.50	\$6,976,590.66	\$7,609,720.63	\$633,130.09

**PV Analysis Summary (Net to Net)**

Net FV Cashflow Savings.....	633,130.09
Gross PV Debt Service Savings.....	583,108.28
Effects of Primary Purpose Earnings.....	0.01
Net PV Cashflow Savings @ 2.347%(Bond Yield).....	583,108.29
Contingency or Rounding Amount.....	1,914.83
Net Future Value Benefit.....	\$635,044.92
Net Present Value Benefit.....	\$585,023.12
Net PV Benefit / \$2,090,716.59 PV Refunded Interest.....	27.982%
Net PV Benefit / \$6,003,108.28 PV Refunded Debt Service.....	9.745%
Net PV Benefit / \$4,740,000 Refunded Principal.....	12.342%
Net PV Benefit / \$5,420,000 Refunding Principal.....	10.794%

**Refunding Bond Information**

Refunding Dated Date.....	12/15/2016
Refunding Delivery Date.....	12/15/2016