



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

August 20, 2015

AGENDA ITEM: 4.4

TOPIC: APPROVE THE SALE OF REFUNDING BONDS

BACKGROUND: Market conditions and municipal interest rates are aligned in a fashion that make it possible for the school district to save money on interest expense for building bonds that are outstanding through 2019.

If the refunding is successful, we could reduce the expense to our taxpayers. Springsted, Incorporated, has calculated the approximate savings to be over two hundred thousand dollars per year over the remaining four years of the bonds. These savings will accrue to the debt service fund and result in lower property taxes.

PROCESS: The School Board's Finance Committee reviewed this matter at two different committee meetings during 2015.

A calendar of events is attached, and if the required level of savings is met, the School Board could award the sale of the bonds at the September 10, 2015 School Board Meeting.

Bond Counsel will provide a resolution reflecting their recommendation for the sale of the refunding bonds. The resolution will be provided at the meeting.

RECOMMENDATION: Approval of the resolution reflecting the sale of refunding bonds is requested.

\$14,900,000

Independent School District 831, Forest Lake, Minnesota
General Obligation Refunding Bonds, Series 2015
Current Refunding of Series 2005A

Debt Service Comparison

Date	Total P+I	Net New D/S	Old Net D/S	Savings
02/01/2016	3,536,266.67	3,536,266.67	3,744,000.00	207,733.33
02/01/2017	3,897,662.50	3,897,662.50	4,104,000.00	206,337.50
02/01/2018	3,890,617.50	3,890,617.50	4,101,750.00	211,132.50
02/01/2019	3,901,975.00	3,901,975.00	4,110,750.00	208,775.00
Total	\$15,226,521.67	\$15,226,521.67	\$16,060,500.00	\$833,978.33

PV Analysis Summary (Net to Net)

Net FV Cashflow Savings.....	833,978.33
Gross PV Debt Service Savings.....	818,810.34
Net PV Cashflow Savings @ 1.170%(Bond Yield).....	818,810.34
Contingency or Rounding Amount.....	4,325.00
Net Future Value Benefit.....	\$838,303.33
Net Present Value Benefit.....	\$823,135.34
Net PV Benefit / \$1,475,979.93 PV Refunded Interest.....	55.769%
Net PV Benefit / \$15,718,810.34 PV Refunded Debt Service.....	5.237%
Net PV Benefit / \$14,560,000 Refunded Principal.....	5.653%
Net PV Benefit / \$14,900,000 Refunding Principal.....	5.524%

Refunding Bond Information

Refunding Dated Date.....	10/01/2015
Refunding Delivery Date.....	10/01/2015

\$14,900,000

Independent School District 831, Forest Lake, Minnesota
General Obligation Refunding Bonds, Series 2015
Current Refunding of Series 2005A

Preliminary Feasibility Summary

Dated 10/01/2015 | Delivered 10/01/2015

SOURCES OF FUNDS

Par Amount of Bonds.....	\$14,900,000.00
TOTAL SOURCES.....	\$14,900,000.00

USES OF FUNDS

Deposit to Current Refunding Fund.....	14,742,000.00
Total Underwriter's Discount (0.575%).....	85,675.00
Costs of Issuance.....	68,000.00
Rounding Amount.....	4,325.00
TOTAL USES.....	\$14,900,000.00

ISSUES REFUNDED AND CALL INFORMATION

Prior Issue Call Price.....	100.000%
Prior Issue Call Date.....	11/01/2015

SAVINGS INFORMATION

Net Future Value Benefit.....	\$838,303.33
Net Present Value Benefit.....	\$823,135.34
Net PV Benefit / \$15,718,810.34 PV Refunded Debt Service.....	5.237%

BOND STATISTICS

Average Life.....	1.871 Years
Average Coupon.....	1.1713081%
Net Interest Cost (NIC).....	1.4786440%
True Interest Cost (TIC).....	1.4845203%

**Independent School District No. 831, Forest Lake, Minnesota
General Obligation Refunding Bonds, Series 2015
August 10, 2015**

July 1, 2015							August 1, 2015							September 1, 2015						
S	M	T	W	Th	F	S	S	M	T	W	Th	F	S	S	M	T	W	Th	F	S
			1	2	3	4							1			1	2	3	4	5
5	6	7	8	9	10	11	2	3	4	5	6	7	8	6	7	8	9	10	11	12
12	13	14	15	16	17	18	9	10	11	12	13	14	15	13	14	15	16	17	18	19
19	20	21	22	23	24	25	16	17	18	19	20	21	22	20	21	22	23	24	25	26
26	27	28	29	30	31		23	24	25	26	27	28	29	27	28	29	30			
							30	31												

October 1, 2015							November 1, 2015							December 1, 2015						
S	M	T	W	Th	F	S	S	M	T	W	Th	F	S	S	M	T	W	Th	F	S
				1	2	3	1	2	3	4	5	6	7			1	2	3	4	5
4	5	6	7	8	9	10	8	9	10	11	12	13	14	6	7	8	9	10	11	12
11	12	13	14	15	16	17	15	16	17	18	19	20	21	13	14	15	16	17	18	19
18	19	20	21	22	23	24	22	23	24	25	26	27	28	20	21	22	23	24	25	26
25	26	27	28	29	30	31	29	30						27	28	29	30	31		

Schedule of Events		
Date	Event	Responsible Party
July 24, 2015	Request for Official Statement Information sent to District Staff.	Springsted
August 7, 2015	Information forwarded to Springsted for preparation of the Preliminary Official Statement.	District Staff
August 12, 2015	Finalize Bond structure and prepare Terms of Proposal.	Springsted
August 14, 2015	Sale Recommendations and Bond Resolution delivered to District.	Springsted Kutak Rock
August 14, 2015	Distribution of Draft Preliminary Official Statement.	Springsted
August 19, 2015	Final comments to Springsted on Preliminary Official Statement draft.	District Staff Kutak Rock
August 20, 2015	District Board considers Bond Resolution authorizing the Bond sale.	District Board
August 21, 2015	Posting of Preliminary Official Statement and application for rating forwarded to rating agency.	Springsted
Week of August 24, 2015	Rating conference conducted.	District Staff Springsted
Week of August 31, 2015	Receipt of Rating.	Moody's District Staff Springsted
September 2, 2015	Form of Award Resolution delivered to the District.	Kutak Rock
September 10, 2015	Sale and consideration of award of the Bonds by District.	District Board Springsted
September 17, 2015	Distribution of Final Official Statement.	Springsted

Schedule of Events		
Date	Event	Responsible Party
October 8, 2015	Settlement of the Bonds; receipt of Bond proceeds.	District Staff Kutak Rock Springsted
October 9, 2015	Call notice for refunded Bonds to be sent to DTC.	Springsted
November 15, 2015	Refunded Bonds redemption date.	