

TMS BOND

Available:

Unspent Bond Money	\$434,526.20	
Interest Earned	<u>\$167,443.35</u>	
Total		\$601,969.55

Committed:

Gym Flag	\$4,117.00	
District Exterior	\$17,947.49	
District Conference Room	<u>\$34,500.00</u>	
Total		\$56,564.49

Estimated Remaining Bond Monies: \$545,405.06

Needs:

Security Cameras (\$5K)
Gym Sound Panels
Music & Art Sound Panels

Would Like:

Heat Pumps (\$161K)
Trees
District Roof (\$125K)
Science Room Counters
Metal Building Practice Gym

Other Uses:

Defeasance - use as bond payment

Jonathan R. Balls

From: Christian Anderson <Christian.Anderson@zionsbancorp.com>
Sent: Wednesday, September 25, 2019 11:35 AM
To: 'Jonathan R. Balls'
Subject: Defeasance

Jonathan,

With \$500,000 at current interest rates we could defease approximately \$440,000 in principal from the 2027 maturity. Doing so would reduce your annual debt service on the bonds by \$13,200. Gross savings after accounting for the upfront cost would be about \$50,195. Said another way, you'd be replacing \$545,600 in debt service over the next eight years with a \$495,405 payment today. I'll note that in PV terms that's a loss of about \$10,000, meaning that if you had other opportunities for investing the funds you'd be better off taking those alternative investments. Of course you don't really have alternative investment options with this, and even if investment yields rise you're yield limited on these funds anyway, so you can just focus on the gross savings.

Of course the board may think differently, but my two cents are that bonds are incredibly hard to pass, so if you have eligible projects for the money you should try to spend it on those eligible projects because you might not get another chance. If that's a political issue perhaps the district could run a soft public information campaign on the idea and solicit taxpayer input in a public meeting.

Thanks,

Christian Anderson | Vice President
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Jonathan R. Balls

From: Nick Miller <NMiller@hawleytroxell.com>
Sent: Wednesday, September 25, 2019 10:30 AM
To: 'Christian Anderson'; Chelsea Porter
Cc: 'Jonathan R. Balls'
Subject: RE: Soda Springs SD Leftover Proceeds [IWOV-IMANAGE.FID792856]
Attachments: 9295050_1_IRS Form 8038-G.PDF

I'm happy to discuss the scope of the bond question with Jonathan via email or phone.

Time limits aren't an issue. After 3 years from issue date—we issued in August 2 of 2017, so that means August 2020—any unspent proceeds cannot be invested at higher than the bond yield. The District got a super low yield, so it's possible reinvestment rates might exceed 1.67%. But until next August nothing needs to be done, and after that it's just a question of investment yields. The left over proceeds can be held indefinitely until spent on a project or used to pay down bonds.

Hope that is helpful.

Thanks.

NGM

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