

# Independent School District No. 716, Belle Plaine, Minnesota Refunding Feasibility Analysis

**To:** Chuck Keller, Director of Business Services

**From:** Patty Heminover, Vice President, Client Representative

**Dated:** January 26, 2016

## Introduction

As part of Springsted's ongoing services, we routinely identify opportunities for public entities to refund outstanding bonds for interest cost savings. While other reasons exist to refund outstanding issues, our initial focus is on interest cost savings. We recently reviewed the following debt issue on your behalf and have summarized its potential for interest cost savings in the current market.

If the district is interested in moving forward on this refunding, it is Springsted's recommendation that a competitive sale be used to ensure that you achieve the lowest rate possible given the markets at the time of sale. I look forward to discussing this information with you, and possibly refining our analysis to ensure that any refunding is structured in your best long-term interest.

## Summary of Outstanding Issue

Issue	Refunding Type	Est. Net Future Value	Present Value Benefit	PV Savings/PV of Refunded Debt Service
2009A \$3,095,000 Par Amount	Crossover	\$260,677.57	\$218,414.78	6.956%

The estimated net future savings in the middle column in the chart above is the amount taxpayers in your school district would have saved in reduced debt service payments had the refunding been done this week. This is net savings after factoring in all issuance costs including expenses such as the rating agency, attorney, and financial advisory fees.

Refunding a bond is approximately a three-month process: school board authorizes in month one; sell in month two; and close in month three. Springsted is prepared to facilitate the following refunding schedule:

**March**– school board approves authorization resolutions (Springsted coordinates with bond counsel)

**April**– competitive sale in morning with consideration by the school board at their regular meeting

**May**– closing on refunding within 40 days of sale (no meeting necessary)

**This is a great opportunity to reduce taxes for your community, while it also provides excellent public relations on the fiscal responsibility of the school district administration.** I have attached a summary of the refunding for your reference. If you have any questions regarding this, please feel free to contact me

I appreciate your consideration of the preliminary analysis and the potential for financial savings for your school district.

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**\$3,095,000**

**Independent School District No. 716, Belle Plaine, Minnesota**  
General Obligation Alternative Facilities Refunding Bonds, Series 2016  
Crossover Refunding of Series 2009A

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**Preliminary Feasibility Summary**

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**Dated 04/01/2016 | Delivered 04/01/2016**

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**Sources Of Funds**

Par Amount of Bonds.....	\$3,095,000.00
<b>Total Sources.....</b>	<b>\$3,095,000.00</b>

**Uses Of Funds**

Deposit to Crossover Escrow Fund.....	3,008,298.72
Costs of Issuance.....	53,000.00
Total Underwriter's Discount (1.050%).....	32,497.50
Rounding Amount.....	1,203.78
<b>Total Uses.....</b>	<b>\$3,095,000.00</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.....	\$260,677.57
Net Present Value Benefit.....	\$218,414.78
Net PV Benefit / \$3,140,078.80 PV Refunded Debt Service.....	6.956%

**BOND STATISTICS**

Average Life.....	9.446 Years
Average Coupon.....	2.1730923%
Net Interest Cost (NIC).....	2.2842550%
True Interest Cost (TIC).....	2.2866088%

**\$3,095,000**

**Independent School District No. 716, Belle Plaine, Minnesota**  
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**Debt Service Comparison**

Date	Total P+I	Escrow	Existing D/S	Net New D/S	Old Net D/S	Savings
02/01/2017	52,522.92	(52,522.92)	311,466.26	311,466.26	311,466.25	-
02/01/2018	63,027.50	(63,027.50)	314,866.26	314,866.26	314,866.25	-
02/01/2019	63,027.50	(2,998,027.50)	3,247,866.26	312,866.26	312,866.25	-
02/01/2020	288,027.50	-	-	288,027.50	310,666.25	22,638.76
02/01/2021	290,102.50	-	-	290,102.50	313,266.25	23,163.76
02/01/2022	286,767.50	-	-	286,767.50	310,466.25	23,698.76
02/01/2023	288,087.50	-	-	288,087.50	312,466.25	24,378.76
02/01/2024	289,092.50	-	-	289,092.50	313,856.25	24,763.76
02/01/2025	289,652.50	-	-	289,652.50	314,616.25	24,963.76
02/01/2026	289,875.00	-	-	289,875.00	314,841.25	24,966.26
02/01/2027	379,625.00	-	-	379,625.00	404,521.25	24,896.26
02/01/2028	382,035.00	-	-	382,035.00	404,731.25	22,696.26
02/01/2029	383,692.50	-	-	383,692.50	404,200.00	20,507.50
02/01/2030	384,750.00	-	-	384,750.00	407,550.00	22,800.00
Total	\$3,730,285.42	(3,113,577.92)	\$3,874,198.78	\$4,490,906.28	\$4,750,380.00	\$259,473.79

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

Net FV Cashflow Savings.....	259,473.79
Gross PV Debt Service Savings.....	217,211.00
Net PV Cashflow Savings @ 2.162%(Bond Yield).....	217,211.00
Contingency or Rounding Amount.....	1,203.78
Net Future Value Benefit.....	\$260,677.57
Net Present Value Benefit.....	\$218,414.78
Net PV Benefit / \$750,794.32 PV Refunded Interest.....	29.091%
Net PV Benefit / \$3,140,078.80 PV Refunded Debt Service.....	6.956%
Net PV Benefit / \$2,935,000 Refunded Principal.....	7.442%
Net PV Benefit / \$3,095,000 Refunding Principal.....	7.057%

**Refunding Bond Information**

Refunding Dated Date.....	4/01/2016
Refunding Delivery Date.....	4/01/2016