

January 13, 2017

Gary Kawlewski
Director of Finance and Operations

Independent School District No. 877
214 1st Ave NE
Buffalo, MN 55313

Dear Mr. Kawlewski:

We are pleased to submit the following tax exempt governmental lease-purchase proposal for your consideration.

Lessee:	Independent School District No. 877
Lessor:	SCB Public Finance
Type of Lease:	Tax-exempt, annual appropriation lease-purchase
Equipment/Project:	Refinance Early Childhood Center
Anticipated Closing Date:	To be determined by Lessee
Finance Amount:	\$839,791.86 (May 1, 2017 After Payment Principle Balance)
Lease Term Options:	7 years
Preliminary Interest Rate:	2.99%
Lease-Purchase Payments:	13 semi-annual payments of \$65,711.81, beginning 6 months after Closing and 1 balloon payment of \$84,481.20.
Prepayment:	Pre-payable in full, not in part, on any payment date, after 12 months, for an amount equal to the "After Payment Termination Value" as illustrated on the attached Exhibit(s).
Purchase Option:	\$1 at the end of lease term.

Documentation Costs:	None
Closing Costs:	None
Other Fees:	None
Recording Fees:	Lessee is responsible for the county recording fees and tax.
Legal Costs:	Lessee is responsible for the cost to have a legal opinion completed by its city attorney or other attorney.
Debt Service Reserve:	Not Required
Trustee:	Not Required
Bond Rating:	Not Required
Bond Insurance:	Not Required
Net Lease:	This is a net lease transaction whereby insurance, maintenance, and any applicable taxes are the responsibility of the Lessee. All manufacturer's guarantees and warranties will be passed on to the Lessee.
Insurance:	Lessor requires personal property damage insurance equal to the costs of the equipment and also minimum liability of a combined single limit of \$500,000.
Appropriations Lease:	The lease payments are subject to annual appropriation of funds by Lessee.
Tax Status/Legal:	This lease is subject to the Lessee being qualified as a governmental entity or "political subdivision" within the meaning of Section 103(a) of the Internal Revenue Code of 1986 as amended. Lessee agrees to cooperate with Lessor in providing evidence as deemed necessary or desirable by Lessor to substantiate Lessee's and this transaction's tax-exempt status, including Lessee's providing an attorney's opinion. It is assumed that the transactions will be "bank qualified" under the \$10 million small issuer exemption as defined in the Tax Reform Act of 1986.
Credit Information:	Lessee has been pre-approved.
Lease Rate:	The interest rate quoted is valid until 3/15/17.

Thank you for the opportunity to present this proposal. Please do not hesitate to contact me with questions or concerns.

Yours sincerely,

Austin McLaen
Vice President

SCB Public Finance
P.O Box 9
Forman, ND 58032

Phone: 701-724-3216

Email: amclaen@scbpublicfinance.com

Attached:

Exhibit A: SCB Public Finance Amortization Schedule

Exhibit B: Wells Fargo Amortization Schedule

Exhibit C: Cost Savings Comparison

Exhibit A: \$839,791.86 (SCB Public Finance Schedule)						
Costs Funded	\$839,791.86					
Interest Rate	2.99%					
Total Payments	14					
Payments per Year	2					
Level Payment	\$65,711.81					
Pmt	Due Date*	Payment Due	Interest	Principal	After Payment Principal Balance	After Payment Termination Value
Loan	05/01/2017				839,791.86	
1	11/01/2017	65,711.84	12,554.89	53,156.95	786,634.91	786,634.91
2	05/01/2018	65,711.84	11,760.19	53,951.65	732,683.26	732,683.26
3	11/01/2018	65,711.84	10,953.61	54,758.23	677,925.03	677,925.03
4	05/01/2019	65,711.84	10,134.98	55,576.86	622,348.17	622,348.17
5	11/01/2019	65,711.84	9,304.11	56,407.73	565,940.44	565,940.44
6	05/01/2020	65,711.84	8,460.81	57,251.03	508,689.41	508,689.41
7	11/01/2020	65,711.84	7,604.91	58,106.93	450,582.48	450,582.48
8	05/01/2021	65,711.84	6,736.21	58,975.63	391,606.85	391,606.85
9	11/01/2021	65,711.84	5,854.52	59,857.32	331,749.53	331,749.53
10	05/01/2022	65,711.84	4,959.66	60,752.18	270,997.35	270,997.35
11	11/01/2022	65,711.84	4,051.41	61,660.43	209,336.92	209,336.92
12	05/01/2023	65,711.84	3,129.59	62,582.25	146,754.67	146,754.67
13	11/01/2023	65,711.84	2,193.98	63,517.86	83,236.81	83,236.81
14	05/01/2024	84,481.20	1,244.39	83,236.81	0.00	1.00

*Assume sample closing date of 5/01/2017.

Exhibit B: \$839,791.86 (Wells Fargo Amortization Schedule)						
Costs Funded	\$839,791.86	Closing Fees	\$0.00			
Interest Rate	5.55%					
Total Payments	16					
Payments per Year	2					
Level Payment	\$65,711.81					
Pmt	Due Date*	Payment Due	Interest	Principal	After Payment Principal Balance	After Payment Termination Value
Loan	05/01/2017				839,791.86	
1	11/01/2017	65,711.84	23,304.22	42,407.62	797,384.24	797,384.24
2	05/01/2018	65,711.84	22,127.41	43,584.43	753,799.81	753,799.81
3	11/01/2018	65,711.84	20,917.94	44,793.90	709,005.91	709,005.91
4	05/01/2019	65,711.84	19,674.91	46,036.93	662,968.98	662,968.98
5	11/01/2019	65,711.84	18,397.39	47,314.45	615,654.53	615,654.53
6	05/01/2020	65,711.84	17,084.41	48,627.43	567,027.10	567,027.10
7	11/01/2020	65,711.84	15,735.00	49,976.84	517,050.26	517,050.26
8	05/01/2021	65,711.84	14,348.14	51,363.70	465,686.56	465,686.56
9	11/01/2021	65,711.84	12,922.80	52,789.04	412,897.52	412,897.52
10	05/01/2022	65,711.84	11,457.91	54,253.93	358,643.59	358,643.59
11	11/01/2022	65,711.84	9,952.36	55,759.48	302,884.11	302,884.11
12	05/01/2023	65,711.84	8,405.03	57,306.81	245,577.30	245,577.30
13	11/01/2023	65,711.84	6,814.77	58,897.07	186,680.23	186,680.23
14	05/01/2024	65,711.84	5,180.38	60,531.46	126,148.77	126,148.77
15	11/01/2024	65,711.84	3,500.63	62,211.21	63,937.56	63,937.56
16	05/01/2025	65,711.84	1,774.28	63,937.56	0.00	1.00

*Assume sample closing date of 5/1/2017.

Exhibit C: Cost Savings			
	Amount Financed	Payment Amount	Total Finance Charge
SCB Public Finance	\$ 839,791.86	\$ 65,711.81	\$ 98,943.26
Wells Fargo	\$ 839,791.86	\$ 65,711.81	\$ 211,597.58

- A termination charge of \$13,090.61 will be charged by Wells Fargo.
- The total savings of refinancing is approximately is \$112,654.32 over the next 7 years and this value included the termination charge ($\$211,597.58 - \$98,943.26 - \$13,090.61 = \underline{\$99,563.71}$).