



Independent School District No. 709, Duluth

Refunding Analysis

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Advance Refundings

- Tax Exempt advance refundings no longer allowed under new Federal Tax Law
- Old law allowed one advance refunding per issue (could be done anytime prior to call date)
- Minnesota Statute required 3% Net Present Value savings

Current Refundings

- May not close sooner than 90 days prior to call date
- May close anytime after original call date
- No statutory savings threshold needs to be achieved

Taxable Full Term Certificates of Participation (Build America Bonds) Series 2009A

- Current Refunding → Callable February 1, 2019
- \$45,590,000 Callable Debt Outstanding
- \$4,277,620 Estimated Federal Subsidy for remainder of Bonds
- Refund with Tax-Exempt COPs → Lose Federal Subsidy
- Gross Savings of \$596,915
 - Savings are realized in the Debt Service Fund
 - Taxes Payable 2019 - 2027
- Present Value Savings of \$513,302 1.105%

Current Refunding

Taxable Full Term Certificates of Participation (Build America Bonds)
Series 2009A

Estimated Savings based on rates as of 4/30/2018

Fiscal Year	Outstanding Taxable Full Term COPs (Build America Bonds) Series 2009A			Refunding Estimated New D/S	Estimated Gross Savings
	Principal & Interest	Subsidy	Principal & Interest (Net of Subsidy)	Principal & Interest	
2020	\$6,399,658	-\$776,244	\$5,623,413	\$5,555,917	\$67,496
2021	\$6,439,738	-\$715,923	\$5,723,814	\$5,656,718	\$67,097
2022	\$6,478,100	-\$650,149	\$5,827,951	\$5,762,474	\$65,477
2023	\$6,502,123	-\$574,804	\$5,927,318	\$5,861,430	\$65,889
2024	\$6,533,013	-\$495,176	\$6,037,837	\$5,971,878	\$65,959
2025	\$6,559,740	-\$410,927	\$6,148,813	\$6,083,904	\$64,909
2026	\$6,578,840	-\$319,298	\$6,259,542	\$6,192,485	\$67,057
2027	\$6,596,440	-\$220,655	\$6,375,785	\$6,310,613	\$65,173
2028	\$6,615,840	-\$114,444	\$6,501,396	\$6,433,538	\$67,859
Total	\$58,703,490	-\$4,277,620	\$54,425,870	\$53,828,954	\$596,915

Current Refunding

Taxable Full Term Certificates of Participation (Build America Bonds)
Series 2009A

Estimated Savings based on rates as of 4/30/2018

Rate Change	Gross Savings	Estimated Change	NPV Benefit/ PV Refunded D/S
+0.30%	(\$209,317)	(\$806,232)	(0.381%)
+0.15%	\$194,748	(\$402,167)	0.364%
0.00%	\$596,915	\$0.00	1.105%
-0.15%	\$996,985	\$400,070	1.843%
-0.30%	\$1,395,995	\$799,080	2.579%

Full Term Certificates of Participation Series 2010C

- Current Refunding → Callable February 1, 2019
- \$2,935,000 Callable Debt Outstanding
- Gross Savings of \$34,435
 - Savings are realized in the Debt Service Fund
 - Taxes Payable 2019 -2027
- Present Value Savings of \$31,180 1.036%

Current Refunding

Full Term Certificates of Participation, Series 2010C

Estimated Savings based on rates as of 4/30/2018

Fiscal Year	Outstanding Full Term Certificates of Participation Series 2010C	Refunding Estimated New D/S	Estimated Gross Savings
	Principal & Interest	Principal & Interest	
2020	\$388,750	\$384,708	\$4,042
2021	\$390,200	\$384,989	\$5,212
2022	\$391,350	\$387,425	\$3,926
2023	\$392,200	\$389,172	\$3,029
2024	\$391,963	\$390,137	\$1,826
2025	\$391,400	\$385,388	\$6,012
2026	\$388,000	\$385,120	\$2,880
2027	\$389,200	\$384,095	\$5,105
2028	\$384,800	\$382,395	\$2,405
Total	\$3,507,863	\$3,473,427	\$34,435

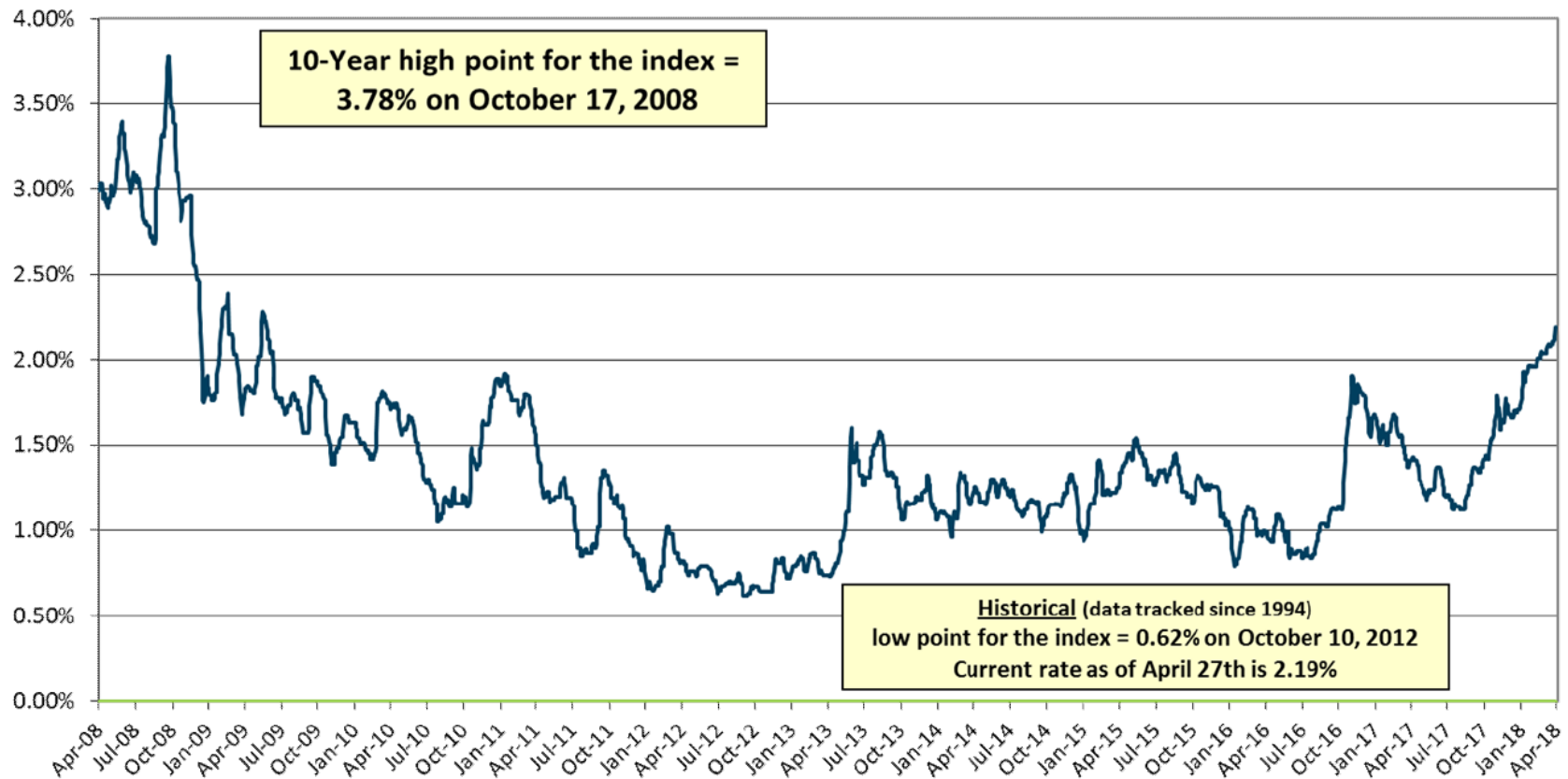
Current Refunding

Full Term Certificates of Participation, Series 2010C

Estimated Savings based on rates as of 4/30/2018

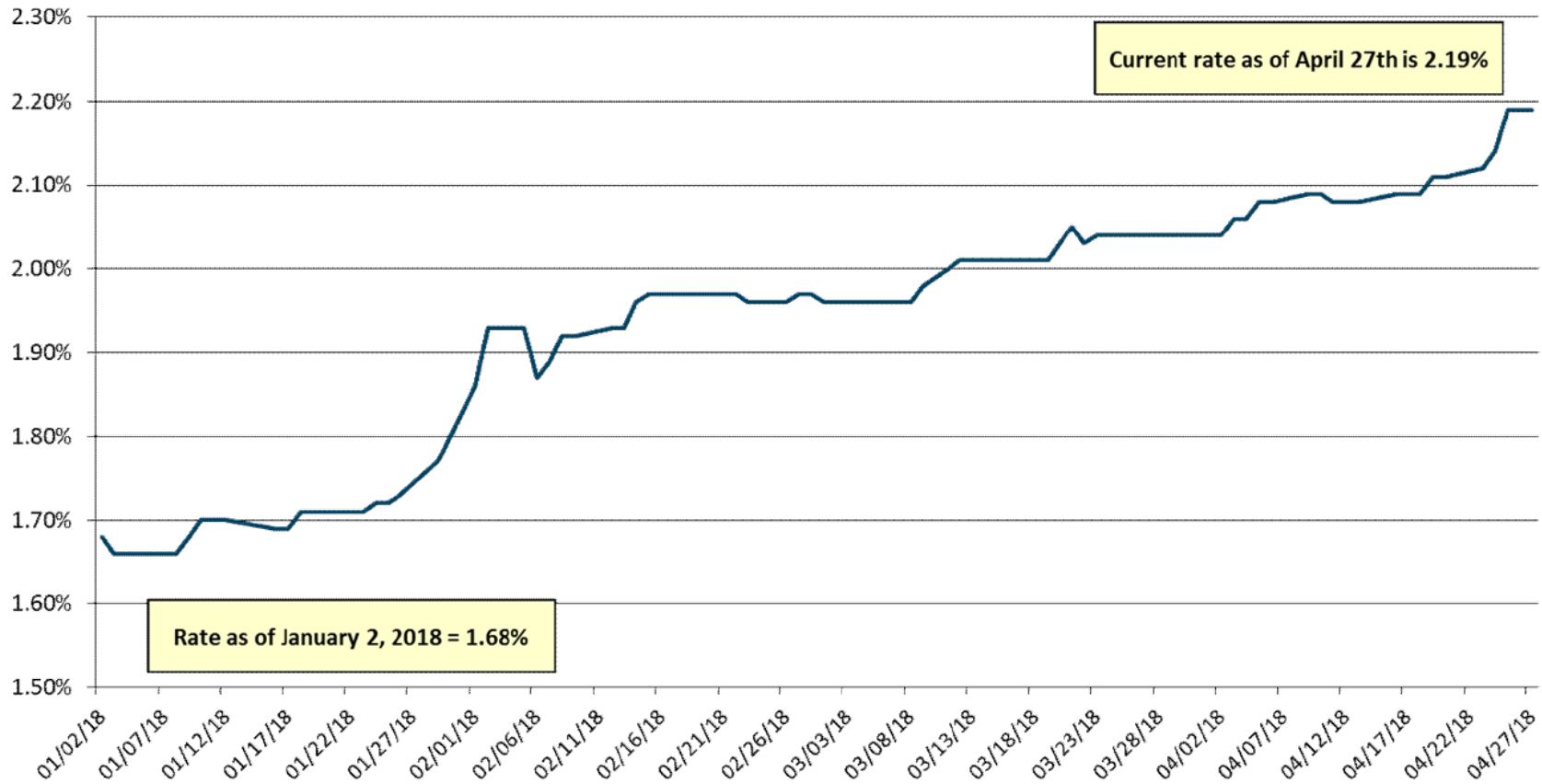
Rate Change	Gross Savings	Estimated Change	NPV Benefit/ PV Refunded D/S
+0.30%	(\$15,476)	(\$49,911)	(0.420%)
+0.15%	\$8,979	(\$25,456)	0.308%
0.00%	\$34,435	\$0	1.036%
-0.15%	\$59,987	\$25,552	1.762%
-0.30%	\$84,922	\$50,487	2.483%

HISTORICAL INTEREST RATE COMPARISON MMD "AAA" 5-Year Bond Index 10 Year History



Information shown is the Municipal Market Data index for AAA-rated, 5-year bonds.

HISTORICAL INTEREST RATE COMPARISON MMD "AAA" 5-Year Bond Index Year-to-Date ending April 27, 2018



Information shown is the Municipal Market Data index for AAA-rated, 5-year bonds.

Suggested Timing for Refunding Bonds

- September 10th – Business Committee Meeting – set savings parameter
- September 18th – School Board Adopts Authorizing Resolution to Issue Refunding Bonds
- October 2nd – Rating Call
- October 15th – Price Bonds
- October 16th – School Board takes action on Ratifying Resolution
- November 15th – Closing
- February 1, 2019 – Payoff of 2009A and 2010C Issues

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