



Independent School District No. 709, Duluth

Refunding Analysis

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Issue	Call Date
Taxable Full Term Certificates of Participation, Build America Bonds, Series 2009A	February 1, 2019
Full Term Certificates of Participation, Series 2010C	February 1, 2019
Certificates of Participation, Series 2009B*	March 1, 2019
Certificates of Participation, Series 2010D*	March 1, 2019

* Subject to Annual Appropriation. Do not qualify for the State Credit Enhancement Program

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
- Estimated Net Savings of \$960,651
 - Savings are realized in the Debt Service Fund
 - For Taxes Payable 2019 – 2027 (Average Saving per year \$106,739)
- Present Value Savings of \$829,567 1.775%

Current Refunding

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

Estimated Savings based on rates as of 8/22/2018

Fiscal Year	Outstanding Taxable Full Term COPs (Build America Bonds) Series 2009A			Refunding Estimated New D/S	Estimated Savings
	Principal & Interest	Subsidy	Principal & Interest (Net of Subsidy)	Principal & Interest	
2020	\$6,399,658	-\$776,244	\$5,623,413	\$5,517,692	\$105,722
2021	\$6,439,738	-\$715,923	\$5,723,814	\$5,614,767	\$109,047
2022	\$6,478,100	-\$650,149	\$5,827,951	\$5,722,197	\$105,754
2023	\$6,502,123	-\$574,804	\$5,927,318	\$5,821,765	\$105,553
2024	\$6,533,013	-\$495,176	\$6,037,837	\$5,933,575	\$104,262
2025	\$6,559,740	-\$410,927	\$6,148,813	\$6,041,280	\$107,533
2026	\$6,578,840	-\$319,298	\$6,259,542	\$6,153,309	\$106,233
2027	\$6,596,440	-\$220,655	\$6,375,785	\$6,268,221	\$107,564
2028	\$6,615,840	-\$114,444	\$6,501,396	\$6,392,413	\$108,983
Total	\$58,703,490	-\$4,277,620	\$54,425,870	\$53,465,219	\$960,651

Full Term Certificates of Participation Series 2010C

- Current Refunding → Callable February 1, 2019
- \$2,935,000 Callable Debt Outstanding
- Estimated Net Savings of \$52,094
 - Savings are realized in the Debt Service Fund
 - Taxes Payable 2019 -2027 (Average Savings per year \$5,788)
- Present Value Savings of \$48,716 1.608%

Current Refunding

Full Term Certificates of Participation, Series 2010C

Estimated Savings based on rates as of 8/22/2018

Fiscal Year	Outstanding Full Term Certificates of Participation Series 2010C	Refunding Estimated New D/S	Estimated Savings
	Principal & Interest	Principal & Interest	
2020	\$388,750	\$385,263	\$3,487
2021	\$390,200	\$385,327	\$4,874
2022	\$391,350	\$383,507	\$7,844
2023	\$392,200	\$386,010	\$6,191
2024	\$391,963	\$387,755	\$4,208
2025	\$391,400	\$383,710	\$7,691
2026	\$388,000	\$383,952	\$4,049
2027	\$389,200	\$383,312	\$5,889
2028	\$384,800	\$376,936	\$7,865
Total	\$3,507,863	\$3,455,768	\$52,094

Certificates of Participation, Series 2009B

- Current Refunding → Callable March 1, 2019
- Do not qualify for the State Credit Enhancement Program
- Carry District's underlying rating minus one notch
- \$23,900,000 Callable Debt Outstanding
- Estimated Negative Net Savings of \$888,014
 - Any future savings would be realized in the General Fund
 - Fiscal year 2020 - 2030
- Present Value Loss of \$680,775 (2.905%)

Current Refunding

Full Term Certificates of Participation, Series 2010C

Estimated Savings based on rates as of 8/22/2018

Fiscal Year	Outstanding Full Term Certificates of Participation Series 2009B	Refunding Estimated New D/S	Estimated Savings
	Principal & Interest	Principal & Interest	
2020	\$2,734,756	\$2,817,851	-\$83,094
2021	\$2,742,156	\$2,821,050	-\$78,894
2022	\$2,756,556	\$2,836,435	-\$79,879
2023	\$2,767,556	\$2,850,700	-\$83,144
2024	\$2,785,156	\$2,864,164	-\$79,008
2025	\$2,806,419	\$2,885,594	-\$79,175
2026	\$2,825,681	\$2,904,035	-\$78,353
2027	\$2,850,269	\$2,933,699	-\$83,430
2028	\$2,871,800	\$2,953,986	-\$82,186
2029	\$2,894,750	\$2,974,291	-\$79,541
2030	\$2,908,500	\$2,989,811	-\$81,311
Total	\$30,943,600	\$31,831,614	-\$888,014

Certificates of Participation, Series 2010D

- Current Refunding → Callable March 1, 2019
- Do not qualify for the State Credit Enhancement Program
- Carry District's underlying rating minus one notch
- \$985,000 Callable Debt Outstanding
- Estimated Negative Net Savings of \$69,671
 - Any future savings would be realized in the General Fund
 - Fiscal year 2020 - 2030
- Present Value Loss of \$49,794 (5.174%)

Current Refunding

Full Term Certificates of Participation, Series 2010C

Estimated Savings based on rates as of 8/22/2018

Fiscal Year	Outstanding Full Term Certificates of Participation Series 2010D	Refunding Estimated New D/S	Estimated Savings
	Principal & Interest	Principal & Interest	
2020	\$117,660	\$125,538	-\$7,878
2021	\$114,660	\$118,225	-\$3,565
2022	\$116,660	\$120,300	-\$3,640
2023	\$113,460	\$117,060	-\$3,600
2024	\$115,260	\$123,732	-\$8,472
2025	\$116,648	\$124,853	-\$8,206
2026	\$112,823	\$120,616	-\$7,794
2027	\$113,773	\$121,227	-\$7,455
2028	\$114,498	\$121,477	-\$6,980
2029	\$114,998	\$121,343	-\$6,345
2030	\$115,115	\$120,854	-\$5,739
Total	\$1,265,553	\$1,335,224	-\$69,671

Full Term Refunding Certificates of Participation, Series 2018A

- Refund Taxable Full Term Certificates of Participation (Build America Bonds), Series 2009A
- Associated Trust Company - Trustee
- PMA Financial – Financial Advisor
- Negotiated Sale with Northland Securities as underwriter
- Any Board Officer and the Superintendent authorized to approve the sale and to execute the bond purchase agreement
- Sale authorization expires December 31, 2018

Full Term Refunding Certificates of Participation, Series 2018B

- Refund Full Term Certificates of Participation, Series 2010C
- U.S. Bank National Association - Trustee
- PMA Financial – Financial Advisor
- Negotiated Sale with Northland Securities as underwriter
- Any Board Officer and the Superintendent authorized to approve the sale and to execute the bond purchase agreement
- Sale authorization expires December 31, 2018

Timeline for Refunding Bonds

- September 10th – Business Committee Meeting
- September 13th – Rating Call
- September 18th – School Board Adopts Authorizing Resolution to Issue Refunding Bonds
- September 24th – Price Bonds (tentative)
- October 16th – School Board takes action on Ratifying Resolution
- November 6th – Closing
- February 1, 2019 – Payoff of 2009A and 2010C Issues

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