

**Lakeville School District No. 194**  
**August 20, 2015**

**Discussion on Upcoming Refunding Opportunities**

**Review of Existing Debt**

- Attached two-page table shows annual payments on all of the district's outstanding bonds
- Payments that can be affected through a refunding (callable bonds) are highlighted in yellow

**Refunding of 2006D Issue**

- The “call date” (the first date the bonds can be pre-paid) is August 1, 2016
- The 2006D issue was an advance refunding; federal rules only allow one tax-exempt refunding on an issue, but we can do a “current refunding” if it closes no earlier than May 3, 2016 (90 days before the call date); so the earliest we would recommend selling a refunding issue would be late March or early April of 2016
- This is a large issue with relatively high interest rates (4.125% to 5.0%), and 7.5 years from the call date to the last maturity, so the potential savings are significant; this is a similar opportunity to the refunding we sold in the fall of 2012, and we talked about this opportunity in the planning leading up to that bond sale
- Attached estimates (based on current market conditions) show estimated savings of \$6.25 million, based on level annual savings over the life of the issue
- As with the 2012 refunding issue, this will be an opportunity to consider structuring the issue to change the overall debt payments and tax levies of the district. Could consider:
  - Greater savings in some years than others
  - Either shortening or extending the term of the payments
  - We are not prepared to discuss these options in detail today
- Suggested timetable and process
  - September 2015 – begin discussing this opportunity publicly with the Board
  - October 2015 – February 2016 – review structuring options with the Board (or a committee)
  - March 2016 – Board agrees on a planned debt structure and adopts a resolution authorizing sale of refunding bonds
  - April 2016 – Sale of bonds
  - May 2016 – Closing (funds are received by District)
  - August 1, 2016 – remaining maturities of existing bonds are prepaid

## Refunding of 2008A Bonds

- The “call date” (the first date the bonds can be pre-paid) is February 1, 2016
- The 2006D issue could have been refunded with an advance refunding, but the projected savings have never been significant enough to consider it
- The best opportunity to maximize savings from a refunding would be to conduct a current refunding this fall, with closing on or after November 4
- This is a much smaller issue, with lower interest rates than the 2006D issue (4.0% to 4.25%), so the potential savings are much less
- Attached estimates (based on current market conditions) show estimated savings of \$206,000, based on level annual savings over the life of the issue
- This is not large enough to significantly change the district’s debt profile or to produce significant tax savings, but it is still worth pursuing, and shows the Board’s continued commitment to reduce taxes through refunding opportunities
- Suggested timetable and process
  - September 2015 – Board adopts a resolution authorizing sale of refunding bonds
  - October 2015 – Sale of bonds
  - November 2015 – Closing (funds are received by District)
  - February 1, 2016 – remaining maturities of existing bonds are prepaid

**INDEPENDENT SCHOOL DISTRICT NO. 194 (LAKEVILLE), MINNESOTA**

**Schedule of Bonded Indebtedness**

**General Obligation Debt Being Paid From Taxes**

(As of 12/31/14)

**FISCAL YEAR BASIS**

**"Callable Debt" (eligible to be prepaid through refunding) highlighted**

Dated Amount Call Date Maturity	Refunding 2) Series 2006D Voter-Approved		Alt. Facilities Series 2008A Alt. Facilities		Refunding 3) Series 2008B Voter-Approved		Taxable QSCBs Series 2010A Alt. Facilities		Alt. Facilities Series 2012B Alt. Facilities		Refunding 5) Series 2012C Voter-Approved	
	12/20/06 \$72,415,000 8/1/2016 2/01		4/15/08 \$4,000,000 2/1/2016 2/01		11/20/08 \$15,885,000 Not callable 2/01		6/16/10 \$8,800,000 Not callable 6/01		5/17/12 \$7,720,000 2/1/2022 2/01		5/17/12 \$10,865,000 Not callable 2/01	
Fiscal Year	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest 4)	Principal	Interest	Principal	Interest
2015	3,510,000	3,037,858	200,000	141,250	470,000	687,300	0	0	0	231,600	3,675,000	147,000
2016	4,050,000	2,897,458	350,000	134,250	5,405,000	668,500	0	0	0	231,600		
2017	4,655,000	2,694,958	450,000	120,250	5,750,000	398,250	0	0	0	231,600		
2018	5,305,000	2,462,208	500,000	102,250	2,215,000	110,750	0	0	0	231,600		
2019	5,935,000	2,196,958	500,000	82,250			0	0	0	231,600		
2020	7,290,000	1,947,688	500,000	62,250			0	0	0	231,600		
2021	8,140,000	1,628,750	500,000	42,250			0	0	0	231,600		
2022	9,745,000	1,272,625	500,000	21,250			0	0	0	231,600		
2023	10,175,000	870,644					0	0	1,880,000	231,600		
2024	10,610,000	450,925					0	0	1,415,000	175,200		
2025							4,400,000	0	4,425,000	132,750		
2026							4,400,000	0				
	69,415,000	19,460,069	3,500,000	706,000	13,840,000	1,864,800	8,800,000	0	7,720,000	2,392,350	3,675,000	147,000

2) This issue refunded the 2021 through 2024 maturities of the District's \$34,900,000 General Obligation School Building Bonds, Series 2002A, dated July 1, 2002, and the 2014 through 2021 maturities of the District's \$39,999,768.05 General Obligation School Building Bonds, Series 2002B (Capital Appreciation Bonds), dated July 3, 2002. The District is responsible for paying the debt service on the Series 2002A and Series 2002B bonds through February 1, 2013. The escrow account is responsible for the payment of the debt service on the Series 2006D bonds through February 1, 2013; thereafter, the District will be responsible for payment of debt service.

3) This issue refunded the 2010 through 2018 maturities of the District's \$18,630,000 General Obligation School Building Refunding Bonds, Series 1998, dated March 11, 1998.

4) Net amount after federal subsidy payment. Assumes full subsidy planned when bonds were sold. Actual subsidies in recent years are slightly less.

5) This issue refunded the 2013 through 2015 maturities of the District's \$19,070,000 General Obligation School Building Refunding Bonds, Series 2002C, dated November 6, 2002.

6) This issue refunded the 2014 through 2022 maturities of the District's \$53,905,000 General Obligation School Building Refunding Bonds, Series 2005A, dated March 17, 2005 and the 2014 through 2016 maturities of the District's \$4,350,000 General Obligation Alternative Facilities Bonds, Series 2006A, dated January 1, 2006.

<b>Refunding 6) Series 2012D Voter-Approved Portion</b>		<b>Refunding 6) Series 2012D Alt.Fac. Portion</b>		<b>Alt. Facilities Series 2014A Alt. Facilities</b>								
11/06/12 \$43,885,000 Not callable 2/01		11/06/12 \$43,885,000 Not callable 2/01		6/25/14 \$5,065,000 2/1/2023 2/01						<b>Required Debt Service Levies (105%)</b>		
Principal	Interest	Principal	Interest	Principal	Interest	Total Principal	Total Interest	Total P & I	Fiscal Year Ending	Voter Approved	Alt Fac	Total
720,000	2,105,000	580,000	27,850	0	75,975	9,155,000	6,453,833	15,608,833	<b>2015</b>	15,069,765	1,319,509	16,389,274
80,000	2,076,200	155,000	4,650	0	126,625	10,040,000	6,139,283	16,179,283	<b>2016</b>	15,936,015	1,052,231	16,988,247
295,000	2,073,800			0	126,625	11,150,000	5,645,483	16,795,483	<b>2017</b>	16,660,358	974,899	17,635,257
5,185,000	2,062,000			0	126,625	13,205,000	5,095,433	18,300,433	<b>2018</b>	18,206,955	1,008,499	19,215,454
8,315,000	1,802,750			0	126,625	14,750,000	4,440,183	19,190,183	<b>2019</b>	19,162,193	987,499	20,149,692
8,570,000	1,387,000			0	126,625	16,360,000	3,755,163	20,115,163	<b>2020</b>	20,154,422	966,499	21,120,921
9,450,000	958,500			0	126,625	18,090,000	2,987,725	21,077,725	<b>2021</b>	21,186,113	945,499	22,131,611
9,720,000	486,000			0	126,625	19,965,000	2,138,100	22,103,100	<b>2022</b>	22,284,806	923,449	23,208,255
				0	126,625	12,055,000	1,228,869	13,283,869	<b>2023</b>	11,597,926	2,350,136	13,948,062
				0	126,625	12,025,000	752,750	12,777,750	<b>2024</b>	11,613,971	1,802,666	13,416,638
				2,440,000	126,625	11,265,000	259,375	11,524,375	<b>2025</b>	0	12,100,594	12,100,594
				2,625,000	65,625	7,025,000	65,625	7,090,625	<b>2026</b>	0	7,445,156	7,445,156
42,335,000	12,951,250	735,000	32,500	5,065,000	1,205,250	155,085,000	38,961,819	194,046,819				

# I.S.D. No. 194 (Lakeville), MN

\$60,685,000 G.O. School Building Refunding Bonds, Dated June 1, 2016

Proposed Current Refunding of Series 2006D

Assuming Current GO Non-BQ "Aa3" Market Rates

## Debt Service Comparison

Date	Total P+	Net New D/S	Old Net D/S	Savings	Fiscal Total
06/01/2016	-	-	-	-	-
02/01/2017	5,998,733.33	5,998,733.33	6,002,478.75	3,745.42	3,745.42
08/01/2017	653,450.00	653,450.00	1,231,103.75	577,653.75	-
02/01/2018	6,223,450.00	6,223,450.00	6,536,103.75	312,653.75	890,307.50
08/01/2018	597,750.00	597,750.00	1,098,478.75	500,728.75	-
02/01/2019	6,642,750.00	6,642,750.00	7,033,478.75	390,728.75	891,457.50
08/01/2019	537,300.00	537,300.00	973,843.75	436,543.75	-
02/01/2020	7,807,300.00	7,807,300.00	8,263,843.75	456,543.75	893,087.50
08/01/2020	464,600.00	464,600.00	814,375.00	349,775.00	-
02/01/2021	8,409,600.00	8,409,600.00	8,954,375.00	544,775.00	894,550.00
08/01/2021	385,150.00	385,150.00	636,312.50	251,162.50	-
02/01/2022	9,740,150.00	9,740,150.00	10,381,312.50	641,162.50	892,325.00
08/01/2022	291,600.00	291,600.00	435,321.88	143,721.88	-
02/01/2023	9,861,600.00	9,861,600.00	10,610,321.88	748,721.88	892,443.76
08/01/2023	148,050.00	148,050.00	225,462.50	77,412.50	-
02/01/2024	10,018,050.00	10,018,050.00	10,835,462.50	817,412.50	894,825.00
<b>Total</b>	<b>\$67,779,533.33</b>	<b>\$67,779,533.33</b>	<b>\$74,032,275.01</b>	<b>\$6,252,741.68</b>	<b>-</b>

## PV Analysis Summary (Net to Net)

Gross PV Debt Service Savings.....	5,756,055.28
Net PV Cashflow Savings @ 1.874%(Bond Yield)....	5,756,055.28
Contingency or Rounding Amount.....	4,214.00
Net Present Value Benefit	\$5,760,269.28
Net PV Benefit / \$61,855,000 Refunded Principal...	9.313%
Net PV Benefit / \$60,685,000 Refunding Principal..	9.492%
Net PV Benefit / \$68,078,694.28 PV Refunded Debt Service	8.461%
Average Annual Cash Flow Savings.....	781,592.71

## Refunding Bond Information

Refunding Dated Date	6/01/2016
Refunding Delivery Date	6/01/2016

# I.S.D. No. 194 (Lakeville), MN

\$2,960,000 G.O. Alternative Facilities Refunding Bonds, Dated December 1, 2015

Proposed Current Refunding of Series 2008A

Assuming Current GO BQ "Aa3" Market Rates

## Debt Service Comparison

Date	Total P+I	Net New D/S	Old Net D/S	Savings	Fiscal Total
12/01/2015	-	(1,831.65)	-	1,831.65	-
02/01/2016	-	-	-	-	1,831.65
08/01/2016	39,466.67	39,466.67	60,125.00	20,658.33	-
02/01/2017	494,600.00	494,600.00	510,125.00	15,525.00	36,183.33
08/01/2017	24,950.00	24,950.00	51,125.00	26,175.00	-
02/01/2018	544,950.00	544,950.00	551,125.00	6,175.00	32,350.00
08/01/2018	19,750.00	19,750.00	41,125.00	21,375.00	-
02/01/2019	529,750.00	529,750.00	541,125.00	11,375.00	32,750.00
08/01/2019	14,650.00	14,650.00	31,125.00	16,475.00	-
02/01/2020	514,650.00	514,650.00	531,125.00	16,475.00	32,950.00
08/01/2020	9,650.00	9,650.00	21,125.00	11,475.00	-
02/01/2021	499,650.00	499,650.00	521,125.00	21,475.00	32,950.00
08/01/2021	4,750.00	4,750.00	10,625.00	5,875.00	-
02/01/2022	479,750.00	479,750.00	510,625.00	30,875.00	36,750.00
<b>Total</b>	<b>\$3,176,566.67</b>	<b>\$3,174,735.02</b>	<b>\$3,380,500.00</b>	<b>\$205,764.98</b>	<b>-</b>

## PV Analysis Summary (Net to Net)

Gross PV Debt Service Savings.....	190,113.98
Net PV Cashflow Savings @ 2.079%(AIC).....	190,113.98
Contingency or Rounding Amount.....	1,831.65
Net Present Value Benefit	\$191,945.63
Net PV Benefit / \$2,950,000 Refunded Principal...	6.507%
Net PV Benefit / \$2,960,000 Refunding Principal..	6.485%
Net PV Benefit / \$3,213,701.45 PV Refunded Debt Service	5.973%
Average Annual Cash Flow Savings.....	29,395.00

## Refunding Bond Information

Refunding Dated Date	12/01/2015
Refunding Delivery Date	12/01/2015