



Board of County Commissioners Agenda Request

5D
Agenda Item #

Requested Meeting Date: February 13, 2018

Title of Item: Bonding Options - Paul Steinman

<input checked="" type="checkbox"/> REGULAR AGENDA <input type="checkbox"/> CONSENT AGENDA <input type="checkbox"/> INFORMATION ONLY	Action Requested: <input type="checkbox"/> Approve/Deny Motion <input type="checkbox"/> Adopt Resolution (attach draft) <i>*provide copy of hearing notice that was published</i>	<input checked="" type="checkbox"/> Direction Requested <input type="checkbox"/> Discussion Item <input type="checkbox"/> Hold Public Hearing*
Submitted by: Jessica Seibert, County Administrator		Department: Administration
Presenter (Name and Title): Jessica Seibert, County Administrator		Estimated Time Needed: 15 min.
Summary of Issue: Paul Steinman with Springsted, Inc. will discuss bonding options with the Board and request direction regarding which option to proceed with. Three scenarios for consideration are attached in addition to the bond schedule.		
Alternatives, Options, Effects on Others/Comments:		
Recommended Action/Motion: Provide direction for Springsted, Inc. to move forward with the bonding process.		
Financial Impact: Is there a cost associated with this request? <input type="checkbox"/> Yes <input type="checkbox"/> No What is the total cost, with tax and shipping? \$ Is this budgeted? <input type="checkbox"/> Yes <input type="checkbox"/> No Please Explain:		

Legally binding agreements must have County Attorney approval prior to submission.



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MEMORANDUM

TO: Aitkin County Board of Commissioners
Jessica Seibert, County Administrator

FROM: Paul T. Steinman, Vice President

DATE: February 6, 2018

SUBJECT: General Obligation Capital Improvement (CIP) Bonds 2018A

The purpose of this memo is to support a discussion of 3 bond scenarios for issuance of the County's CIP Bonds for Courthouse and Administration improvements. The maximum amount of bonds that can be issued as per the resolution approving the Capital Improvement Plan on March 28, 2017 is \$10,500,000.

Of complexity here is the issue of Bank Qualified (BQ) bonds vs. Non-Bank Qualified (NBQ) bonds. This issue can be defined simply by the fact that BQ bonds enjoy a tax advantage when purchased by commercial banks. NBQ bonds do not get the same advantage. The tax advantage by commercial banks translates into an interest rate advantage to you, the issuer, because it increases the demand for your bonds (more bidders). An entity is allowed by federal law to issue a maximum of \$10M of BQ bonds in a calendar year. Here are the challenges associated with this issue:

- Your project needs every bit of \$10.5M, otherwise you could simply reduce the amount of bonds
- BQ vs. NBQ is very difficult to pinpoint in the market right now
 - Federal tax bill recently adopted is anticipated to change the dynamics of the benefit of BQ (decrease in corporate tax rate results in less benefit of BQ for banks); more time is needed to see an actual trend
 - Limited number of municipal bond sales in January 2018, combined with market fluctuations in early February, are making it difficult to determine differences in yields between BQ and NBQ municipal bonds

Our most recent research on BQ vs. NBQ has yielded the following results:

- From the limited information available in the second half of January 2018, it appears there is little or no difference in BQ and NBQ through about 2027; marginal increase in yields for NBQ in 2028; and up to 0.30% higher yields for NBQ 2029 and thereafter, with some indication the spreads could be lower than 0.30% in 2034 through 2038.

Another important issue to understand is capitalized interest. When bonds are issued, the entity is required to make an interest payment within 1 year (bonds are typically structured for payment 2/1 and 8/1 of any given year). For bonds that are issued in spring of 2018, the entity would levy for in the fall of 2018 and the first interest payment would be 2/1/19. Fall 2018 levy dollars (in this example) aren't available to the entity until sometime after May 15, 2019, so there is no receipt of funds from that levy that would be available to make the interest payment required on 2/1/19. To address this common issue, we included capitalized interest in the principal amount of the bonds to make the first interest payment. In your case we cannot increase the par amount of bonds above \$10,500,000, so paying for capitalized interest out of the principal amount of the bonds reduces the net bond proceeds available to pay for the

Public Sector Advisors

project (a direct reduction in your project fund). Additionally, until bids have been taken on the bonds, we won't know exactly how much capitalized interest is needed to make the first payment on 2/1/19. As bond interest rates increase, the capitalized interest number will also increase causing an equal reduction in the deposit to your project construction fund.

Over the past couple months, we have structured 3 bond scenarios to compare them side by side to assist you in determining the best and most efficient approach for Aitkin County. The assumptions we used for these scenarios are as follows:

1. Interest rates are estimates only, spread to current market rates; changes in rates may cause significant alterations to this analysis.
2. The project fund amount is based on a projected draw schedule provided by Contegrity Group; then adjusted (reduced) monthly on a pro rata basis to equal the estimated net proceeds that will be generated from a total principal borrowing of \$10,500,000.
3. Capitalized interest will make the first interest payment due on February 1, 2019 on the 2018 series of bonds in Scenario 1.
4. Capitalized interest will make the first interest payment due on February 1, 2019 for Scenario 2 Series 2018 and on February 1, 2020 for Series 2019.
5. In scenario 3, Aitkin county is assumed to use cash to make the first interest payment due on February 1, 2019.
6. Costs of issuance includes Municipal Advisor, Bond Counsel, Registrar, rating, and Official Statement posting and printing.
7. Total interest cost is based on all issues structured with principal payments due February 1, 2020 through 2039 to result in approximately level annual levies.
8. Investment earnings on the project fund are based on an assumed investment rate of 1.20%. Investment earnings are gross funded, meaning they are not used to reduce the borrowing amount, but would be available to fund additional project costs or for deposit into the debt service fund upon completion of construction.
9. For purposes of these analyses we assumed all the bond structures would have the same interest rates. Interest rates today are currently about 35bps (0.35%) higher than they were in early January when this analysis was prepared. The actual rates for Scenario 2 will be dependent on market conditions at the time of sale (January 2019).

These are the 3 scenarios:

Scenario 1) One series of bonds issued March/April 2018 in the par amount of \$10.5M

- NBQ with capitalized interest
- First levy 2018, collect 2019
- Average levy \$752,454
- Deposit to project fund \$10,024,420
- Total interest paid \$4,105,527

Scenario 2) Two series of bonds issued March/April 2018 and Jan/Feb 2019 in the par amount of \$10.5M

- Both issues BQ because each is under \$10M and issued in different years
- Capitalized interest on both issues
- First levy 2018, collect 2019 \$482,281
- First levy 2019, collect 2020 \$279,300
- Average levy \$762,895
- Deposit to project fund total \$9,972,296
- Total interest paid \$4,035,537

Scenario 3) One series of bonds issued March/April 2018 in the par amount of \$10.5M

- NBQ
- County cash in place of Capitalized Interest (estimate \$258,388)
- Levy 18, collect 19 \$439,488
- Levy 19, collect 20 \$752,230
- Average levy \$736,072

- Deposit to project fund total \$10,279,577
- Total interest paid \$4,479,828
 - More interest vs. scenario 1 due to the step levy increase

	Scenario 1	Scenario 2			Scenario 3
	Series 2018	Series 2018	Series 2019	Total	Series 2018
First Levy/Collection	2018/2019	2018/2019	2019/2020		2018/2019
County Cash Contribution	None	None	None		\$258,388
First Levy	\$731,495	\$482,281	\$279,300		\$439,488
Average Levy at 105%	\$752,454	\$481,664	\$281,231	\$762,895	\$736,072
Bond Sale/Receipt of Proceeds	March/April 2018	March/April 2018	Jan/Feb 2019	10 month time difference	March/April 2018
Interest Rate Assumption	0.25% over current	0.25% over current	0.25% over current		0.25% over current
Bank Qualified	No	Yes	Yes		No
Deposit to Project Fund	\$10,024,420	\$6,395,062	\$3,577,233	\$9,972,296	\$10,279,577
Principal	\$10,500,000	\$6,710,000	\$3,790,000	\$10,500,000	\$10,500,000
Capitalized interest	\$252,915	\$161,667	\$110,383	\$272,050	None
Costs of Issuance	\$62,100	\$51,815	\$44,140	\$95,955	\$62,100
Total Interest Cost	\$4,105,527	\$2,626,217	\$1,409,321	\$4,035,537	\$4,479,828
Investment Earnings on Project Fund	\$82,749	\$30,369	\$16,311	\$46,680	\$84,856

Observations

- Scenario 1 and 3 have the lowest interest rate risk since they are being issued shortly
- Scenario 2 has the lowest projection of total interest cost by \$69,990
 - An estimated increase of 15bps over the rates used in the 2nd series in scenario 2 would approximately equal the amount of the interest cost savings over scenario 1
- Scenario 2 has the highest interest rate risk due to the 2nd tranche issued in 2019
- Using cash in place of capitalized interest increases the bond proceeds deposited to the project fund
- Stepping up your levy in scenario 3 increases total interest because approximately \$300k of principal now must be spread out into the remaining years of the term
 - Levy 18 for collect 19 estimated \$439,488
 - Levy 19 for collect 20 estimated \$752,230

Using additional cash opens another option to allay concerns about NBQ rates. This option slightly modifies scenario 3, whereby the County is already putting in \$258,388. The bonds would be structured at \$10M par (BQ) and would require the County to provide an additional (approximately) \$500,000 cash to get your project fund to the same level as scenario 3, which is \$10,279,577. Total County cash in for this structure would be \$258,388 plus approximately \$500,000.

Lastly, on a cautionary note, all the scenarios shown here are still valid for making side by side comparisons and discussing the impacts shown to your project fund, the impact of paying cash in place of capitalized interest and making other comparisons. But as was mentioned earlier in this memo, the market is up about .35% over January 9 when these scenarios were structured. If the market holds, the numbers most impacted (regardless of the scenario chosen) will be the capitalized interest (which negatively affects the project fund except where the County substitutes cash for capitalized interest) and the resulting levy estimates. I will revise Scenario 3 for the meeting on the 13th with rates updated from this week's comparable sales so that we can discuss the impact. Rates shown in any of these structures are not an indication or projection of future rates, they simply use rates from comparable (size and credit rating) sales. Actual rates will be entirely dependent upon market conditions on the day of the sale.

I will be present at the Board meeting on February 13 to present this information and address any questions. Thank you.

SCENARIO 1

\$10,500,000

Aitkin County, Minnesota

General Obligation Capital Improvement Plan Bonds, Series 2018

Non-Bank Qualified

Sources & Uses

Dated 04/09/2018 | Delivered 04/09/2018

Sources Of Funds

Par Amount of Bonds..... \$10,500,000.00

Total Sources..... \$10,500,000.00

Uses Of Funds

Deposit to Project Construction Fund..... 10,024,419.57

Deposit to Capitalized Interest (CIF) Fund..... 252,914.58

Total Underwriter's Discount (1.500%)..... 157,500.00

Costs of Issuance..... 62,100.00

Rounding Amount..... 3,065.85

Total Uses..... \$10,500,000.00

\$10,500,000

Aitkin County, Minnesota

General Obligation Capital Improvement Plan Bonds, Series 2018

Non-Bank Qualified

NET DEBT SERVICE SCHEDULE

	Principal	Coupon	Interest	Total P+I	CIF	Net New D/S	105% Overlevy	Fiscal Total
02/01/2019	-	-	252,914.58	252,914.58	(252,914.58)	-	-	-
08/01/2019	-	-	155,906.25	155,906.25	-	155,906.25	163,701.56	-
02/01/2020	405,000.00	2.150%	155,906.25	560,906.25	-	560,906.25	588,951.56	731,494.69
08/01/2020	-	-	151,552.50	151,552.50	-	151,552.50	159,130.13	-
02/01/2021	415,000.00	2.200%	151,552.50	566,552.50	-	566,552.50	594,880.13	754,010.25
08/01/2021	-	-	146,987.50	146,987.50	-	146,987.50	154,336.88	-
02/01/2022	425,000.00	2.250%	146,987.50	571,987.50	-	571,987.50	600,586.88	754,923.75
08/01/2022	-	-	142,206.25	142,206.25	-	142,206.25	149,316.56	-
02/01/2023	435,000.00	2.300%	142,206.25	577,206.25	-	577,206.25	606,066.56	755,383.13
08/01/2023	-	-	137,203.75	137,203.75	-	137,203.75	144,063.94	-
02/01/2024	445,000.00	2.400%	137,203.75	582,203.75	-	582,203.75	611,313.94	755,377.88
08/01/2024	-	-	131,863.75	131,863.75	-	131,863.75	138,456.94	-
02/01/2025	455,000.00	2.500%	131,863.75	586,863.75	-	586,863.75	616,206.94	754,663.88
08/01/2025	-	-	126,176.25	126,176.25	-	126,176.25	132,485.06	-
02/01/2026	465,000.00	2.600%	126,176.25	591,176.25	-	591,176.25	620,735.06	753,220.13
08/01/2026	-	-	120,131.25	120,131.25	-	120,131.25	126,137.81	-
02/01/2027	475,000.00	2.650%	120,131.25	595,131.25	-	595,131.25	624,887.81	751,025.63
08/01/2027	-	-	113,837.50	113,837.50	-	113,837.50	119,529.38	-
02/01/2028	490,000.00	2.750%	113,837.50	603,837.50	-	603,837.50	634,029.38	753,558.75
08/01/2028	-	-	107,100.00	107,100.00	-	107,100.00	112,455.00	-
02/01/2029	505,000.00	2.850%	107,100.00	612,100.00	-	612,100.00	642,705.00	755,160.00
08/01/2029	-	-	99,903.75	99,903.75	-	99,903.75	104,898.94	-
02/01/2030	515,000.00	2.950%	99,903.75	614,903.75	-	614,903.75	645,648.94	750,547.88
08/01/2030	-	-	92,307.50	92,307.50	-	92,307.50	96,922.88	-
02/01/2031	530,000.00	3.050%	92,307.50	622,307.50	-	622,307.50	653,422.88	750,345.75
08/01/2031	-	-	84,225.00	84,225.00	-	84,225.00	88,436.25	-
02/01/2032	550,000.00	3.150%	84,225.00	634,225.00	-	634,225.00	665,936.25	754,372.50
08/01/2032	-	-	75,562.50	75,562.50	-	75,562.50	79,340.63	-
02/01/2033	565,000.00	3.250%	75,562.50	640,562.50	-	640,562.50	672,590.63	751,931.25
08/01/2033	-	-	66,381.25	66,381.25	-	66,381.25	69,700.31	-
02/01/2034	585,000.00	3.350%	66,381.25	651,381.25	-	651,381.25	683,950.31	753,650.63
08/01/2034	-	-	56,582.50	56,582.50	-	56,582.50	59,411.63	-
02/01/2035	605,000.00	3.400%	56,582.50	661,582.50	-	661,582.50	694,661.63	754,073.25
08/01/2035	-	-	46,297.50	46,297.50	-	46,297.50	48,612.38	-
02/01/2036	625,000.00	3.450%	46,297.50	671,297.50	-	671,297.50	704,862.38	753,474.75
08/01/2036	-	-	35,516.25	35,516.25	-	35,516.25	37,292.06	-
02/01/2037	645,000.00	3.500%	35,516.25	680,516.25	-	680,516.25	714,542.06	751,834.13
08/01/2037	-	-	24,228.75	24,228.75	-	24,228.75	25,440.19	-
02/01/2038	670,000.00	3.550%	24,228.75	694,228.75	-	694,228.75	728,940.19	754,380.38
08/01/2038	-	-	12,336.25	12,336.25	-	12,336.25	12,953.06	-
02/01/2039	695,000.00	3.550%	12,336.25	707,336.25	-	707,336.25	742,703.06	755,656.13
Total	\$10,500,000.00	-	\$4,105,527.08	\$14,605,527.08	(252,914.58)	\$14,269,863.11	\$14,983,356.27	

SIGNIFICANT DATES

Dated Date.....	4/09/2018
Delivery Date.....	4/09/2018
First Coupon Date.....	2/01/2019

Yield Statistics

Bond Year Dollars.....	\$128,641.67
Average Life.....	12.252 Years
Average Coupon.....	3.1914443%
Net Interest Cost (NIC).....	3.3138774%
True Interest Cost (TIC).....	3.3174380%
Bond Yield for Arbitrage Purposes.....	3.1630454%
All Inclusive Cost (AIC).....	3.3792185%

IRS Form 8038

Net Interest Cost.....	3.1914443%
Weighted Average Maturity.....	12.252 Years

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\$10,500,000

Aitkin County, Minnesota

General Obligation Capital Improvement Plan Bonds, Series 2018

Non-Bank Qualified

Operation Of Project Construction Fund

	Principal	Rate	Interest	-Transfers	Receipts	Disbursements	Cash Balance
05/01/2018	631,122.24	1.2000000%	-	-	631,122.24	631,122.24	
06/01/2018	161,149.60	1.2000000%	7,495.17	(7,495.17)	161,149.60	161,149.60	
07/01/2018	378,644.50	1.2000000%	9,209.15	(9,209.15)	378,644.50	378,644.50	
08/01/2018	572,498.65	1.2000000%	8,831.45	(8,831.45)	572,498.65	572,498.65	
09/01/2018	761,624.65	1.2000000%	8,260.38	(8,260.38)	761,624.65	761,624.65	
10/01/2018	912,925.45	1.2000000%	7,500.65	(7,500.65)	912,925.45	912,925.45	
11/01/2018	941,294.35	1.2000000%	6,590.00	(6,590.00)	941,294.35	941,294.35	
12/01/2018	794,721.70	1.2000000%	5,651.05	(5,651.05)	794,721.70	794,721.70	
01/01/2019	657,605.35	1.2000000%	4,858.31	(4,858.31)	657,605.35	657,605.35	
02/01/2019	586,683.10	1.2000000%	4,202.34	(4,202.34)	586,683.10	586,683.10	
03/01/2019	501,576.40	1.2000000%	3,617.12	(3,617.12)	501,576.40	501,576.40	
04/01/2019	449,566.75	1.2000000%	3,116.79	(3,116.79)	449,566.75	449,566.75	
05/01/2019	350,275.60	1.2000000%	2,668.34	(2,668.34)	350,275.60	350,275.60	
06/01/2019	326,634.85	1.2000000%	2,318.94	(2,318.94)	326,634.85	326,634.85	
07/01/2019	182,201.15	1.2000000%	1,993.12	(1,993.12)	182,201.15	182,201.15	
08/01/2019	222,615.55	1.2000000%	1,811.37	(1,811.37)	222,615.55	222,615.55	
09/01/2019	317,178.55	1.2000000%	1,589.31	(1,589.31)	317,178.55	317,178.55	
10/01/2019	340,819.30	1.2000000%	1,272.92	(1,272.92)	340,819.30	340,819.30	
11/01/2019	364,460.05	1.2000000%	932.95	(932.95)	364,460.05	364,460.05	
12/01/2019	309,613.39	1.2000000%	569.40	(569.40)	309,613.39	309,613.39	
01/01/2020	261,208.39	1.2000000%	260.56	(260.63)	261,208.39	261,208.39	
Total	\$10,024,419.57		\$82,749.32	(82,749.39)	\$10,024,419.57	\$10,024,419.50	

Investment Parameters

Investment Model [PV, GIC, or Securities].....	GIC
Default investment yield target.....	Unrestricted
Cost of Investments Purchased with Bond Proceeds.....	10,024,419.57
Total Cost of Investments.....	\$10,024,419.57
Target Cost of Investments at bond yield.....	\$9,810,780.62
Yield to Receipt.....	1.1999999%
Yield for Arbitrage Purposes.....	3.1630454%

SCENARIO 2, TRANCHE 1

\$6,710,000

Aitkin County, Minnesota

General Obligation Capital Improvement Plan Bonds, Series 2018

Bank Qualified

Sources & Uses

Dated 04/09/2018 | Delivered 04/09/2018

Sources Of Funds

Par Amount of Bonds..... \$6,710,000.00

Total Sources..... \$6,710,000.00

Uses Of Funds

Deposit to Project Construction Fund..... 6,395,062.41

Deposit to Capitalized Interest (CIF) Fund..... 161,666.61

Total Underwriter's Discount (1.500%)..... 100,650.00

Costs of Issuance..... 51,815.00

Rounding Amount..... 805.98

Total Uses..... \$6,710,000.00

\$6,710,000

Aitkin County, Minnesota

General Obligation Capital Improvement Plan Bonds, Series 2018

Bank Qualified

NET DEBT SERVICE SCHEDULE

Table with columns: Date, Principal, Coupon, Interest, Total P+I, CIF, Net New D/S, 105% Overlevy, Fiscal Total. Rows include dates from 02/01/2019 to 02/01/2039 and a Total row.

SIGNIFICANT DATES

Dated Date..... 4/09/2018
Delivery Date..... 4/09/2018
First Coupon Date..... 2/01/2019

Yield Statistics

Bond Year Dollars..... \$82,272.56
Average Life..... 12.261 Years
Average Coupon..... 3.1920931%
Net Interest Cost (NIC)..... 3.3144304%
True Interest Cost (TIC)..... 3.3180139%
Bond Yield for Arbitrage Purposes..... 3.1637143%
All Inclusive Cost (AIC)..... 3.3987336%

IRS Form 8038

Net Interest Cost..... 3.1920931%
Weighted Average Maturity..... 12.261 Years

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\$6,710,000

Aitkin County, Minnesota
General Obligation Capital Improvement Plan Bonds, Series 2018
Bank Qualified

Operation Of Project Construction Fund

Date	Principal	Rate	Interest	-Transfers	Receipts	Disbursements	Cash Balance
05/01/2018	791,874.71	1.2000000%	4,216.03	(4,216.03)	791,874.71	791,874.71	-
06/01/2018	378,454.70	1.2000000%	5,589.23	(5,589.23)	378,454.70	378,454.70	-
07/01/2018	572,211.68	1.2000000%	5,211.72	(5,211.72)	572,211.68	572,211.68	-
08/01/2018	761,242.88	1.2000000%	4,640.93	(4,640.93)	761,242.88	761,242.88	-
09/01/2018	912,467.84	1.2000000%	3,881.59	(3,881.59)	912,467.84	912,467.84	-
10/01/2018	940,822.52	1.2000000%	2,971.39	(2,971.39)	940,822.52	940,822.52	-
11/01/2018	794,323.34	1.2000000%	2,032.91	(2,032.91)	794,323.34	794,323.34	-
12/01/2018	657,275.72	1.2000000%	1,240.57	(1,240.57)	657,275.72	657,275.72	0.01
01/01/2019	586,389.02	1.2000000%	584.93	(584.94)	586,389.02	586,389.02	-
Total	\$6,395,062.41		\$30,369.30	(30,369.31)	\$6,395,062.41	\$6,395,062.40	-

Investment Parameters

Investment Model [PV, GIC, or Securities].....	GIC
Default investment yield target.....	Unrestricted
Cost of Investments Purchased with Bond Proceeds.....	6,395,062.41
Total Cost of Investments.....	\$6,395,062.41
Target Cost of Investments at bond yield.....	\$6,316,060.55
Yield to Receipt.....	1.2000001%
Yield for Arbitrage Purposes.....	3.1637143%

SCENARIO 2, TRANCHE 2

\$3,790,000

Aitkin County, Minnesota

General Obligation Capital Improvement Plan Bonds, Series 2019

Bank Qualified

Sources & Uses

Dated 02/03/2019 | Delivered 02/03/2019

Sources Of Funds

Par Amount of Bonds..... \$3,790,000.00

Total Sources..... \$3,790,000.00

Uses Of Funds

Deposit to Project Construction Fund..... 3,577,233.28

Deposit to Capitalized Interest (CIF) Fund..... 110,383.33

Total Underwriter's Discount (1.500%)..... 56,850.00

Costs of Issuance..... 44,140.00

Rounding Amount..... 1,393.39

Total Uses..... \$3,790,000.00

\$3,790,000

Aitkin County, Minnesota

General Obligation Capital Improvement Plan Bonds, Series 2019

Bank Qualified

NET DEBT SERVICE SCHEDULE

Table with 9 columns: Date, Principal, Coupon, Interest, Total P+I, CIF, Net New D/S, 105% Overlevy, Fiscal Total. Rows include dates from 08/01/2019 to 02/01/2039 and a Total row.

SIGNIFICANT DATES

Dated Date..... 2/03/2019
Delivery Date..... 2/03/2019
First Coupon Date..... 8/01/2019

Yield Statistics

Bond Year Dollars..... \$44,843.94
Average Life..... 11.832 Years
Average Coupon..... 3.1427227%
Net Interest Cost (NIC)..... 3.2694957%
True Interest Cost (TIC)..... 3.2748088%
Bond Yield for Arbitrage Purposes..... 3.1166723%
All Inclusive Cost (AIC)..... 3.3999086%

IRS Form 8038

Net Interest Cost..... 3.1427227%
Weighted Average Maturity..... 11.832 Years

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\$3,790,000

Aitkin County, Minnesota
General Obligation Capital Improvement Plan Bonds, Series 2019
Bank Qualified

Operation Of Project Construction Fund

Date	Principal	Rate	Interest	-Transfers	Receipts	Disbursements	Cash Balance
03/01/2019	494,810.14	1.2000000%	-	-	494,810.14	494,810.14	-
04/01/2019	443,502.10	1.2000000%	3,074.75	(3,074.75)	443,502.10	443,502.10	-
05/01/2019	345,550.39	1.2000000%	2,632.35	(2,632.35)	345,550.39	345,550.39	-
06/01/2019	322,228.55	1.2000000%	2,287.66	(2,287.66)	322,228.55	322,228.55	-
07/01/2019	179,743.25	1.2000000%	1,966.23	(1,966.23)	179,743.25	179,743.25	-
08/01/2019	219,612.47	1.2000000%	1,786.94	(1,786.94)	219,612.47	219,612.47	-
09/01/2019	312,899.81	1.2000000%	1,567.87	(1,567.87)	312,899.81	312,899.81	-
10/01/2019	336,221.65	1.2000000%	1,255.75	(1,255.75)	336,221.65	336,221.65	-
11/01/2019	359,543.49	1.2000000%	920.37	(920.37)	359,543.49	359,543.49	-
12/01/2019	305,436.72	1.2000000%	561.72	(561.72)	305,436.72	305,436.72	-
01/01/2020	257,684.71	1.2000000%	257.04	(257.05)	257,684.71	257,684.71	-
Total	\$3,577,233.28	-	\$16,310.68	(16,310.69)	\$3,577,233.28	\$3,577,233.27	-

Investment Parameters

Investment Model [PV, GIC, or Securities].....	GIC
Default investment yield target.....	Unrestricted
Cost of Investments Purchased with Bond Proceeds.....	3,577,233.28
Total Cost of Investments.....	\$3,577,233.28
Target Cost of Investments at bond yield.....	\$3,535,469.69
Yield to Receipt.....	1.2000007%
Yield for Arbitrage Purposes.....	3.1166723%

SCENARIO 3

\$10,500,000

Aitkin County, Minnesota

General Obligation Capital Improvement Plan Bonds, Series 2018

Current Rates Plus 0.25%, Cash Contribution

Sources & Uses

Dated 04/09/2018 | Delivered 04/09/2018

Sources Of Funds

Par Amount of Bonds.....	\$10,500,000.00
County Cash Contribution for 1st Interest Payment.....	258,387.56

Total Sources..... \$10,758,387.56

Uses Of Funds

Deposit to Project Construction Fund.....	10,279,577.00
Deposit to First Interest Payment.....	258,387.56
Total Underwriter's Discount (1.500%).....	157,500.00
Costs of Issuance.....	62,100.00
Rounding Amount.....	823.00

Total Uses..... \$10,758,387.56

\$10,500,000

Aitkin County, Minnesota

General Obligation Capital Improvement Plan Bonds, Series 2018

Current Rates Plus 0.25%, Cash Contribution

NET DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I	Cash	Net New D/S	105% Overlevy	Fiscal Total
02/01/2019	-	-	258,387.56	258,387.56	(258,387.56)	-	-	-
08/01/2019	-	-	159,280.00	159,280.00	-	159,280.00	167,244.00	-
02/01/2020	100,000.00	2.150%	159,280.00	259,280.00	-	259,280.00	272,244.00	439,488.00
08/01/2020	-	-	158,205.00	158,205.00	-	158,205.00	166,115.25	-
02/01/2021	400,000.00	2.200%	158,205.00	558,205.00	-	558,205.00	586,115.25	752,230.50
08/01/2021	-	-	153,805.00	153,805.00	-	153,805.00	161,495.25	-
02/01/2022	410,000.00	2.250%	153,805.00	563,805.00	-	563,805.00	591,995.25	753,490.50
08/01/2022	-	-	149,192.50	149,192.50	-	149,192.50	156,652.13	-
02/01/2023	415,000.00	2.300%	149,192.50	564,192.50	-	564,192.50	592,402.13	749,054.25
08/01/2023	-	-	144,420.00	144,420.00	-	144,420.00	151,641.00	-
02/01/2024	425,000.00	2.400%	144,420.00	569,420.00	-	569,420.00	597,891.00	749,532.00
08/01/2024	-	-	139,320.00	139,320.00	-	139,320.00	146,286.00	-
02/01/2025	435,000.00	2.500%	139,320.00	574,320.00	-	574,320.00	603,036.00	749,322.00
08/01/2025	-	-	133,882.50	133,882.50	-	133,882.50	140,576.63	-
02/01/2026	445,000.00	2.600%	133,882.50	578,882.50	-	578,882.50	607,826.63	748,403.25
08/01/2026	-	-	128,097.50	128,097.50	-	128,097.50	134,502.38	-
02/01/2027	460,000.00	2.650%	128,097.50	588,097.50	-	588,097.50	617,502.38	752,004.75
08/01/2027	-	-	122,002.50	122,002.50	-	122,002.50	128,102.63	-
02/01/2028	470,000.00	2.750%	122,002.50	592,002.50	-	592,002.50	621,602.63	749,705.25
08/01/2028	-	-	115,540.00	115,540.00	-	115,540.00	121,317.00	-
02/01/2029	485,000.00	2.850%	115,540.00	600,540.00	-	600,540.00	630,567.00	751,884.00
08/01/2029	-	-	108,628.75	108,628.75	-	108,628.75	114,060.19	-
02/01/2030	500,000.00	2.950%	108,628.75	608,628.75	-	608,628.75	639,060.19	753,120.38
08/01/2030	-	-	101,253.75	101,253.75	-	101,253.75	106,316.44	-
02/01/2031	515,000.00	3.050%	101,253.75	616,253.75	-	616,253.75	647,066.44	753,382.88
08/01/2031	-	-	93,400.00	93,400.00	-	93,400.00	98,070.00	-
02/01/2032	530,000.00	3.150%	93,400.00	623,400.00	-	623,400.00	654,570.00	752,640.00
08/01/2032	-	-	85,052.50	85,052.50	-	85,052.50	89,305.13	-
02/01/2033	545,000.00	3.250%	85,052.50	630,052.50	-	630,052.50	661,555.13	750,860.25
08/01/2033	-	-	76,196.25	76,196.25	-	76,196.25	80,006.06	-
02/01/2034	565,000.00	3.350%	76,196.25	641,196.25	-	641,196.25	673,256.06	753,262.13
08/01/2034	-	-	66,732.50	66,732.50	-	66,732.50	70,069.13	-
02/01/2035	580,000.00	3.400%	66,732.50	646,732.50	-	646,732.50	679,069.13	749,138.25
08/01/2035	-	-	56,872.50	56,872.50	-	56,872.50	59,716.13	-
02/01/2036	600,000.00	3.450%	56,872.50	656,872.50	-	656,872.50	689,716.13	749,432.25
08/01/2036	-	-	46,522.50	46,522.50	-	46,522.50	48,848.63	-
02/01/2037	620,000.00	3.500%	46,522.50	666,522.50	-	666,522.50	699,848.63	748,697.25
08/01/2037	-	-	35,672.50	35,672.50	-	35,672.50	37,456.13	-
02/01/2038	645,000.00	3.550%	35,672.50	680,672.50	-	680,672.50	714,706.13	752,162.25
08/01/2038	-	-	24,223.75	24,223.75	-	24,223.75	25,434.94	-
02/01/2039	665,000.00	3.550%	24,223.75	689,223.75	-	689,223.75	723,684.94	749,119.88
08/01/2039	-	-	12,420.00	12,420.00	-	12,420.00	13,041.00	-
02/01/2040	690,000.00	3.600%	12,420.00	702,420.00	-	702,420.00	737,541.00	750,582.00
Total	\$10,500,000.00	-	\$4,479,827.56	\$14,979,827.56	(258,387.56)	\$14,636,584.42	\$15,457,512.00	-

SIGNIFICANT DATES

\$736,072.00

Dated Date.....	4/09/2018
Delivery Date.....	4/09/2018
First Coupon Date.....	2/01/2019

Yield Statistics

Bond Year Dollars.....	\$138,276.67
Average Life.....	13.169 Years
Average Coupon.....	3.2397567%
Net Interest Cost (NIC).....	3.3536588%
True Interest Cost (TIC).....	3.3564505%
Bond Yield for Arbitrage Purposes.....	3.2107193%
All Inclusive Cost (AIC).....	3.4147529%

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Net Interest Cost.....	3.2397567%
Weighted Average Maturity.....	13.169 Years

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\$10,500,000

Aitkin County, Minnesota

General Obligation Capital Improvement Plan Bonds, Series 2018
Current Rates Plus 0.25%, Cash Contribution

Operation Of Project Construction Fund

Date	Principal	Rate	Interest	-Transfers	Receipts	Disbursements	Cash Balance
05/01/2018	647,187.00	1.2000000%	-	-	647,187.00	647,187.00	-
06/01/2018	165,251.00	1.2000000%	7,685.95	(7,685.95)	165,251.00	165,251.00	-
07/01/2018	388,282.00	1.2000000%	9,443.56	(9,443.56)	388,282.00	388,282.00	-
08/01/2018	587,071.00	1.2000000%	9,056.24	(9,056.24)	587,071.00	587,071.00	-
09/01/2018	781,011.00	1.2000000%	8,470.63	(8,470.63)	781,011.00	781,011.00	-
10/01/2018	936,163.00	1.2000000%	7,691.57	(7,691.57)	936,163.00	936,163.00	-
11/01/2018	965,254.00	1.2000000%	6,757.74	(6,757.74)	965,254.00	965,254.00	-
12/01/2018	814,950.00	1.2000000%	5,794.89	(5,794.89)	814,950.00	814,950.00	-
01/01/2019	674,344.00	1.2000000%	4,981.97	(4,981.97)	674,344.00	674,344.00	-
02/01/2019	601,616.00	1.2000000%	4,309.30	(4,309.30)	601,616.00	601,616.00	-
03/01/2019	514,343.00	1.2000000%	3,709.19	(3,709.19)	514,343.00	514,343.00	-
04/01/2019	461,010.00	1.2000000%	3,196.12	(3,196.12)	461,010.00	461,010.00	-
05/01/2019	359,191.00	1.2000000%	2,736.26	(2,736.26)	359,191.00	359,191.00	-
06/01/2019	334,949.00	1.2000000%	2,377.97	(2,377.97)	334,949.00	334,949.00	-
07/01/2019	186,839.00	1.2000000%	2,043.85	(2,043.85)	186,839.00	186,839.00	-
08/01/2019	228,282.00	1.2000000%	1,857.48	(1,857.48)	228,282.00	228,282.00	-
09/01/2019	325,252.00	1.2000000%	1,629.76	(1,629.76)	325,252.00	325,252.00	-
10/01/2019	349,494.00	1.2000000%	1,305.32	(1,305.32)	349,494.00	349,494.00	-
11/01/2019	373,737.00	1.2000000%	956.70	(956.70)	373,737.00	373,737.00	-
12/01/2019	317,494.00	1.2000000%	583.89	(583.89)	317,494.00	317,494.00	-
01/01/2020	267,857.00	1.2000000%	267.19	(267.19)	267,857.00	267,857.00	-
Total	\$10,279,577.00	-	\$84,855.58	(84,855.58)	\$10,279,577.00	\$10,279,577.00	-

Investment Parameters

Investment Model [PV, GIC, or Securities].....	GIC
Default investment yield target.....	Unrestricted
Cost of Investments Purchased with Bond Proceeds.....	10,279,577.00
Total Cost of Investments.....	\$10,279,577.00
Target Cost of Investments at bond yield.....	\$10,057,275.31
Yield to Receipt.....	1.1999999%
Yield for Arbitrage Purposes.....	3.2107193%