
From: Janish, Tom
Sent: Wednesday, December 05, 2012 1:42 PM
To: Harms, Gary
Subject: Early Repayment of Wells Fargo Lease Purchase Debt

Dr. Harms,

The District has refinanced all of its higher interest rate debt the last few years with the exception of a lease purchase debt agreement with Wells Fargo. These funds were used to finance a Johnson Controls guaranteed energy project at Central High School. The original debt amount was \$325,592 and the current balance is \$233,296. The interest rate on this debt is 4.63% which is very high in the current, low interest rate, environment. Paying this debt off in advance would save approximately \$30,000 in future interest payments.

Since this debt was generated from an energy savings contract, South Dakota law allows us to re-pay the debt from energy savings in the General fund. The debt agreement also requires a 45 day written notice of pre-payment and the pre-payment must be on a regular payment date.

At the December 10 School Board meeting, I will recommend the District use General fund dollars to pre-pay the balance of the Wells Fargo lease purchase debt at the next regular payment date of January 28, 2013.

If you or the School Board have any questions, please let me know.

Tom Janish
Director of Finance
Aberdeen School District 6-1
1224 S 3 St Aberdeen, SD 57401
605.725.7103
tom.janish@k12.sd.us