



CITY OF RAPID CITY

RAPID CITY, SOUTH DAKOTA 57701-2724

Office of the Mayor

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June 23, 2016

Rapid City Common Council
300 6th Street
Rapid City, SD 57701

RE: Vision Fund Utilization

Dear Council Member:

Now that some time has passed, I've had time to evaluate the Vision Fund process and how that relates to the Rushmore Plaza Civic Center. In short, I do not believe there is a scenario, including a rebuild of the arena, which would require the use of more than 50% of available Vision Funds on an annual basis. Any debt we choose to incur over Civic Center modifications or remodeling could easily be handled without tying up the entire Vision Funds and Vision process.

Although I am grateful that the Council approved postponing the Vision process at my request, I am now asking you to partially reverse that position and approve opening up the Vision process for half of the expected annual Vision Funds. In short, I believe we should make \$6 million of the Vision Fund available annually for community projects.

If you approve this request, I will assemble a Citizen Vision Committee according to City Ordinance 3.16.090 and start the process as soon as practical.

Generally, my duty under City ordinance is to:

- Appoint a chairperson and eight (8) additional citizens to the Vision Citizen Committee.
- Solicit proposals from the public for at least thirty (30) days.
- Advertise and hold a public hearing for comment and discussion.

Following this procedure, the citizen committee will present recommendations to the City Council for approval.

Attached, you will find financial data from our last visit with our bonding agency.



EQUAL HOUSING
OPPORTUNITY

EQUAL OPPORTUNITY EMPLOYER

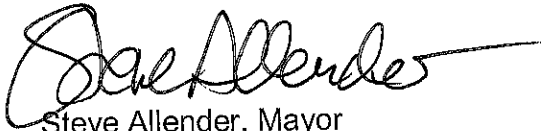
A proposed Vision process timeline could be:

- July 5, 2016 – Vision Process approved by City Council
- July 18, 2016 – City Council approval of Vision Citizen Committee
- July 19, 2016 – Solicit proposals from the public through August 31, 2016
- September 1-9, 2016 – Hold public hearing(s)
- September 19, 2016 – Vision Citizen Committee presents recommendations to the City Council

Vision projects that are awarded funds in the 2016 process will be funded with 2017 Vision Funds. This will leave approximately \$13 million available for future Rushmore Plaza Civic Center building expenses from 2016 revenues in addition to the bond proceeds received, which would be repaid using the other half of the Vision Funds beginning in 2017.

Please let me know if you have questions or concerns about this item.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Allender", with a long horizontal flourish extending to the right.

Steve Allender, Mayor
Rapid City, South Dakota

cc: Rapid City Common Council

\$105,975,000

City of Rapid City, South Dakota

Sales Tax Revenue Bonds, Series 2016

\$6 million / 30 years Annual Debt Service / \$108,210,632.30 Construction

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Preliminary

\$105,975,000

City of Rapid City, South Dakota

Sales Tax Revenue Bonds, Series 2016

\$6 million / 30 years Annual Debt Service / \$108,210,632.30 Construction

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
12/01/2016	-	-	-	-
12/01/2017	2,280,000.00	1.000%	3,716,052.50	5,996,052.50
12/01/2018	2,305,000.00	1.200%	3,693,252.50	5,998,252.50
12/01/2019	2,330,000.00	1.400%	3,665,592.50	5,995,592.50
12/01/2020	2,365,000.00	1.550%	3,632,972.50	5,997,972.50
12/01/2021	2,400,000.00	1.750%	3,596,315.00	5,996,315.00
12/01/2022	2,445,000.00	1.950%	3,554,315.00	5,999,315.00
12/01/2023	2,490,000.00	2.200%	3,506,637.50	5,996,637.50
12/01/2024	2,545,000.00	2.350%	3,451,857.50	5,996,857.50
12/01/2025	2,605,000.00	3.000%	3,392,050.00	5,997,050.00
12/01/2026	2,685,000.00	3.000%	3,313,900.00	5,998,900.00
12/01/2027	2,765,000.00	3.000%	3,233,350.00	5,998,350.00
12/01/2028	2,845,000.00	4.000%	3,150,400.00	5,995,400.00
12/01/2029	2,960,000.00	4.000%	3,036,600.00	5,996,600.00
12/01/2030	3,080,000.00	4.000%	2,918,200.00	5,998,200.00
12/01/2031	3,200,000.00	4.000%	2,795,000.00	5,995,000.00
12/01/2032	3,330,000.00	4.000%	2,667,000.00	5,997,000.00
12/01/2033	3,465,000.00	4.000%	2,533,800.00	5,998,800.00
12/01/2034	3,600,000.00	4.000%	2,395,200.00	5,995,200.00
12/01/2035	3,745,000.00	4.000%	2,251,200.00	5,996,200.00
12/01/2036	3,895,000.00	4.000%	2,101,400.00	5,996,400.00
12/01/2037	4,050,000.00	4.000%	1,945,600.00	5,995,600.00
12/01/2038	4,215,000.00	4.000%	1,783,600.00	5,998,600.00
12/01/2039	4,380,000.00	4.000%	1,615,000.00	5,995,000.00
12/01/2040	4,560,000.00	4.000%	1,439,800.00	5,999,800.00
12/01/2041	4,740,000.00	4.000%	1,257,400.00	5,997,400.00
12/01/2042	4,930,000.00	4.000%	1,067,800.00	5,997,800.00
12/01/2043	5,125,000.00	4.000%	870,600.00	5,995,600.00
12/01/2044	5,330,000.00	4.000%	665,600.00	5,995,600.00
12/01/2045	5,545,000.00	4.000%	452,400.00	5,997,400.00
12/01/2046	5,765,000.00	4.000%	230,600.00	5,995,600.00
Total	\$105,975,000.00	-	\$73,933,495.00	\$179,908,495.00

Yield Statistics

Bond Year Dollars	\$1,914,300.00
Average Life	18.064 Years
Average Coupon	3.8621687%
Net Interest Cost (NIC)	3.7398407%
True Interest Cost (TIC)	3.6459804%
Bond Yield for Arbitrage Purposes	3.5540841%
All Inclusive Cost (AIC)	3.6538295%

IRS Form 8038

Net Interest Cost	3.5937980%
Weighted Average Maturity	18.079 Years

File | \$6 million.sf | \$6 million / 30 years | SINGLE PURPOSE | 3/9/2016 | 4:59 PM

Preliminary

\$105,975,000

City of Rapid City, South Dakota

Sales Tax Revenue Bonds, Series 2016

\$6 million / 30 years Annual Debt Service / \$108,210,632.30 Construction

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	YTM	Call Date	Call Price	Dollar Price
12/01/2017	Serial Coupon	1.000%	1.000%	2,280,000.00	100.000%	-	-	-	2,280,000.00
12/01/2018	Serial Coupon	1.200%	1.200%	2,305,000.00	100.000%	-	-	-	2,305,000.00
12/01/2019	Serial Coupon	1.400%	1.400%	2,330,000.00	100.000%	-	-	-	2,330,000.00
12/01/2020	Serial Coupon	1.550%	1.550%	2,365,000.00	100.000%	-	-	-	2,365,000.00
12/01/2021	Serial Coupon	1.750%	1.750%	2,400,000.00	100.000%	-	-	-	2,400,000.00
12/01/2022	Serial Coupon	1.950%	1.950%	2,445,000.00	100.000%	-	-	-	2,445,000.00
12/01/2023	Serial Coupon	2.200%	2.200%	2,490,000.00	100.000%	-	-	-	2,490,000.00
12/01/2024	Serial Coupon	2.350%	2.350%	2,545,000.00	100.000%	-	-	-	2,545,000.00
12/01/2025	Serial Coupon	3.000%	2.500%	2,605,000.00	104.007%	-	-	-	2,709,382.35
12/01/2026	Serial Coupon	3.000%	2.650%	2,685,000.00	103.056%	-	-	-	2,767,053.60
12/01/2027	Serial Coupon	3.000%	2.750%	2,765,000.00	102.172%	c 2.770%	12/01/2026	100.000%	2,825,055.80
12/01/2028	Serial Coupon	4.000%	2.900%	2,845,000.00	109.489%	c 3.050%	12/01/2026	100.000%	3,114,962.05
12/01/2029	Serial Coupon	4.000%	3.000%	2,960,000.00	108.584%	c 3.188%	12/01/2026	100.000%	3,214,086.40
12/01/2030	Serial Coupon	4.000%	3.100%	3,080,000.00	107.687%	c 3.309%	12/01/2026	100.000%	3,316,759.60
12/01/2031	Serial Coupon	4.000%	3.200%	3,200,000.00	106.800%	c 3.417%	12/01/2026	100.000%	3,417,600.00
12/01/2036	Term 1 Coupon	4.000%	3.500%	18,035,000.00	104.188%	c 3.702%	12/01/2026	100.000%	18,790,305.80
12/01/2041	Term 2 Coupon	4.000%	3.700%	21,945,000.00	102.488%	c 3.844%	12/01/2026	100.000%	22,490,991.60
12/01/2046	Term 3 Coupon	4.000%	3.750%	26,695,000.00	102.068%	c 3.883%	12/01/2026	100.000%	27,247,052.60
Total		-	-	\$105,975,000.00	-	-	-	-	\$109,053,249.80

Bid Information

Par Amount of Bonds	\$105,975,000.00
Reoffering Premium or (Discount)	3,078,249.80
Gross Production	\$109,053,249.80
Total Underwriter's Discount (0.695%)	\$(736,526.25)
Bid (102.210%)	108,316,723.55
Total Purchase Price	\$108,316,723.55
Bond Year Dollars	\$1,914,300.00
Average Life	18.064 Years
Average Coupon	3.8621687%
Net Interest Cost (NIC)	3.7398407%
True Interest Cost (TIC)	3.6459804%

File | \$6 million.sf | \$6 million / 30 years | SINGLE PURPOSE | 3/9/2016 | 4:59 PM

Preliminary

\$105,975,000

City of Rapid City, South Dakota

Sales Tax Revenue Bonds, Series 2016

\$6 million / 30 years Annual Debt Service / \$108,210,632.30 Construction

Sources & Uses

Dated 12/01/2016 | Delivered 12/01/2016

SOURCES OF FUNDS

Par Amount of Bonds	\$105,975,000.00
Reoffering Premium	3,078,249.80
TOTAL SOURCES	\$109,053,249.80

USES OF FUNDS

Net Deposit to Construction Fund	108,210,632.30
Total Underwriter's Discount (0.695%)	736,526.25
Costs of Issuance	106,091.25
TOTAL USES	\$109,053,249.80

\$96,450,000

City of Rapid City, South Dakota

Sales Tax Revenue Bonds, Series 2016

\$6 million / 25 years Annual Debt Service / \$98,750,587.30 Construction

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\$96,450,000

City of Rapid City, South Dakota

Sales Tax Revenue Bonds, Series 2016

\$6 million / 25 years Annual Debt Service / \$98,750,587.30 Construction

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
12/01/2016	-	-	-	-
12/01/2017	2,775,000.00	1.000%	3,221,870.00	5,996,870.00
12/01/2018	2,805,000.00	1.200%	3,194,120.00	5,999,120.00
12/01/2019	2,835,000.00	1.400%	3,160,460.00	5,995,460.00
12/01/2020	2,875,000.00	1.550%	3,120,770.00	5,995,770.00
12/01/2021	2,920,000.00	1.750%	3,076,207.50	5,996,207.50
12/01/2022	2,970,000.00	1.950%	3,025,107.50	5,995,107.50
12/01/2023	3,030,000.00	2.200%	2,967,192.50	5,997,192.50
12/01/2024	3,095,000.00	2.350%	2,900,532.50	5,995,532.50
12/01/2025	3,170,000.00	3.000%	2,827,800.00	5,997,800.00
12/01/2026	3,265,000.00	3.000%	2,732,700.00	5,997,700.00
12/01/2027	3,365,000.00	3.000%	2,634,750.00	5,999,750.00
12/01/2028	3,465,000.00	4.000%	2,533,800.00	5,998,800.00
12/01/2029	3,600,000.00	4.000%	2,395,200.00	5,995,200.00
12/01/2030	3,745,000.00	4.000%	2,251,200.00	5,996,200.00
12/01/2031	3,895,000.00	4.000%	2,101,400.00	5,996,400.00
12/01/2032	4,050,000.00	4.000%	1,945,600.00	5,995,600.00
12/01/2033	4,215,000.00	4.000%	1,783,600.00	5,998,600.00
12/01/2034	4,380,000.00	4.000%	1,615,000.00	5,995,000.00
12/01/2035	4,560,000.00	4.000%	1,439,800.00	5,999,800.00
12/01/2036	4,740,000.00	4.000%	1,257,400.00	5,997,400.00
12/01/2037	4,930,000.00	4.000%	1,067,800.00	5,997,800.00
12/01/2038	5,125,000.00	4.000%	870,600.00	5,995,600.00
12/01/2039	5,330,000.00	4.000%	665,600.00	5,995,600.00
12/01/2040	5,545,000.00	4.000%	452,400.00	5,997,400.00
12/01/2041	5,765,000.00	4.000%	230,600.00	5,995,600.00
Total	\$96,450,000.00	-	\$53,471,510.00	\$149,921,510.00

Yield Statistics

Bond Year Dollars	\$1,417,020.00
Average Life	14.692 Years
Average Coupon	3.7735184%
Net Interest Cost (NIC)	3.6039128%
True Interest Cost (TIC)	3.4995412%
Bond Yield for Arbitrage Purposes	3.3521499%
All Inclusive Cost (AIC)	3.5090685%

IRS Form 8038

Net Interest Cost	3.4333895%
Weighted Average Maturity	14.749 Years

Preliminary

\$96,450,000

City of Rapid City, South Dakota

Sales Tax Revenue Bonds, Series 2016

\$6 million / 25 years Annual Debt Service / \$98,750,587.30 Construction

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	YTM	Call Date	Call Price	Dollar Price
12/01/2017	Serial Coupon	1.000%	1.000%	2,775,000.00	100.000%	-	-	-	2,775,000.00
12/01/2018	Serial Coupon	1.200%	1.200%	2,805,000.00	100.000%	-	-	-	2,805,000.00
12/01/2019	Serial Coupon	1.400%	1.400%	2,835,000.00	100.000%	-	-	-	2,835,000.00
12/01/2020	Serial Coupon	1.550%	1.550%	2,875,000.00	100.000%	-	-	-	2,875,000.00
12/01/2021	Serial Coupon	1.750%	1.750%	2,920,000.00	100.000%	-	-	-	2,920,000.00
12/01/2022	Serial Coupon	1.950%	1.950%	2,970,000.00	100.000%	-	-	-	2,970,000.00
12/01/2023	Serial Coupon	2.200%	2.200%	3,030,000.00	100.000%	-	-	-	3,030,000.00
12/01/2024	Serial Coupon	2.350%	2.350%	3,095,000.00	100.000%	-	-	-	3,095,000.00
12/01/2025	Serial Coupon	3.000%	2.500%	3,170,000.00	104.007%	-	-	-	3,297,021.90
12/01/2026	Serial Coupon	3.000%	2.650%	3,265,000.00	103.056%	-	-	-	3,364,778.40
12/01/2027	Serial Coupon	3.000%	2.750%	3,365,000.00	102.172%	c 2.770%	12/01/2026	100.000%	3,438,087.80
12/01/2028	Serial Coupon	4.000%	2.900%	3,465,000.00	109.489%	c 3.050%	12/01/2026	100.000%	3,793,793.85
12/01/2029	Serial Coupon	4.000%	3.000%	3,600,000.00	108.584%	c 3.188%	12/01/2026	100.000%	3,909,024.00
12/01/2030	Serial Coupon	4.000%	3.100%	3,745,000.00	107.687%	c 3.309%	12/01/2026	100.000%	4,032,878.15
12/01/2031	Serial Coupon	4.000%	3.200%	3,895,000.00	106.800%	c 3.417%	12/01/2026	100.000%	4,159,860.00
12/01/2036	Term 1 Coupon	4.000%	3.500%	21,945,000.00	104.188%	c 3.702%	12/01/2026	100.000%	22,864,056.60
12/01/2041	Term 2 Coupon	4.000%	3.700%	26,695,000.00	102.488%	c 3.844%	12/01/2026	100.000%	27,359,171.60
Total	-	-	-	\$96,450,000.00	-	-	-	-	\$99,523,672.30

Bid Information

Par Amount of Bonds	\$96,450,000.00
Reoffering Premium or (Discount)	3,073,672.30
Gross Production	\$99,523,672.30
Total Underwriter's Discount (0.695%)	\$(670,327.50)
Bid (102.492%)	98,853,344.80
Total Purchase Price	\$98,853,344.80
Bond Year Dollars	\$1,417,020.00
Average Life	14.692 Years
Average Coupon	3.7735184%
Net Interest Cost (NIC)	3.6039128%
True Interest Cost (TIC)	3.4995412%

Preliminary

\$96,450,000

City of Rapid City, South Dakota

Sales Tax Revenue Bonds, Series 2016

\$6 million / 25 years Annual Debt Service / \$98,750,587.30 Construction

Sources & Uses

Dated 12/01/2016 | Delivered 12/01/2016

SOURCES OF FUNDS

Par Amount of Bonds	\$96,450,000.00
Reoffering Premium	3,073,672.30
TOTAL SOURCES	\$99,523,672.30

USES OF FUNDS

Net Deposit to Construction Fund	98,750,587.30
Total Underwriter's Discount (0.695%)	670,327.50
Costs of Issuance	102,757.50
TOTAL USES	\$99,523,672.30

\$84,865,000

City of Rapid City, South Dakota

Sales Tax Revenue Bonds, Series 2016

\$6 million / 20 years Annual Debt Service / \$87,107,887.70 Construction

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Preliminary

\$84,865,000

City of Rapid City, South Dakota

Sales Tax Revenue Bonds, Series 2016

\$6 million / 20 years Annual Debt Service / \$87,107,887.70 Construction

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
12/01/2016	-	-	-	-
12/01/2017	3,375,000.00	1.000%	2,620,640.00	5,995,640.00
12/01/2018	3,410,000.00	1.200%	2,586,890.00	5,996,890.00
12/01/2019	3,450,000.00	1.400%	2,545,970.00	5,995,970.00
12/01/2020	3,500,000.00	1.550%	2,497,670.00	5,997,670.00
12/01/2021	3,555,000.00	1.750%	2,443,420.00	5,998,420.00
12/01/2022	3,615,000.00	1.950%	2,381,207.50	5,996,207.50
12/01/2023	3,685,000.00	2.200%	2,310,715.00	5,995,715.00
12/01/2024	3,770,000.00	2.350%	2,229,645.00	5,999,645.00
12/01/2025	3,855,000.00	3.000%	2,141,050.00	5,996,050.00
12/01/2026	3,970,000.00	3.000%	2,025,400.00	5,995,400.00
12/01/2027	4,090,000.00	3.000%	1,906,300.00	5,996,300.00
12/01/2028	4,215,000.00	4.000%	1,783,600.00	5,998,600.00
12/01/2029	4,380,000.00	4.000%	1,615,000.00	5,995,000.00
12/01/2030	4,560,000.00	4.000%	1,439,800.00	5,999,800.00
12/01/2031	4,740,000.00	4.000%	1,257,400.00	5,997,400.00
12/01/2032	4,930,000.00	4.000%	1,067,800.00	5,997,800.00
12/01/2033	5,125,000.00	4.000%	870,600.00	5,995,600.00
12/01/2034	5,330,000.00	4.000%	665,600.00	5,995,600.00
12/01/2035	5,545,000.00	4.000%	452,400.00	5,997,400.00
12/01/2036	5,765,000.00	4.000%	230,600.00	5,995,600.00
Total	\$84,865,000.00	-	\$35,071,707.50	\$119,936,707.50

Yield Statistics

Bond Year Dollars	\$974,410.00
Average Life	11.482 Years
Average Coupon	3.5992762%
Net Interest Cost (NIC)	3.3589677%
True Interest Cost (TIC)	3.2494166%
Bond Yield for Arbitrage Purposes	2.9347742%
All Inclusive Cost (AIC)	3.2617273%

IRS Form 8038

Net Interest Cost	3.1583446%
Weighted Average Maturity	11.591 Years

Preliminary

\$84,865,000

City of Rapid City, South Dakota

Sales Tax Revenue Bonds, Series 2016

\$6 million / 20 years Annual Debt Service / \$87,107,887.70 Construction

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	YTM	Call Date	Call Price	Dollar Price
12/01/2017	Serial Coupon	1.000%	1.000%	3,375,000.00	100.000%	-	-	-	3,375,000.00
12/01/2018	Serial Coupon	1.200%	1.200%	3,410,000.00	100.000%	-	-	-	3,410,000.00
12/01/2019	Serial Coupon	1.400%	1.400%	3,450,000.00	100.000%	-	-	-	3,450,000.00
12/01/2020	Serial Coupon	1.550%	1.550%	3,500,000.00	100.000%	-	-	-	3,500,000.00
12/01/2021	Serial Coupon	1.750%	1.750%	3,555,000.00	100.000%	-	-	-	3,555,000.00
12/01/2022	Serial Coupon	1.950%	1.950%	3,615,000.00	100.000%	-	-	-	3,615,000.00
12/01/2023	Serial Coupon	2.200%	2.200%	3,685,000.00	100.000%	-	-	-	3,685,000.00
12/01/2024	Serial Coupon	2.350%	2.350%	3,770,000.00	100.000%	-	-	-	3,770,000.00
12/01/2025	Serial Coupon	3.000%	2.500%	3,855,000.00	104.007%	-	-	-	4,009,469.85
12/01/2026	Serial Coupon	3.000%	2.650%	3,970,000.00	103.056%	-	-	-	4,091,323.20
12/01/2027	Serial Coupon	3.000%	2.750%	4,090,000.00	102.172%	c 2.770%	12/01/2026	100.000%	4,178,834.80
12/01/2028	Serial Coupon	4.000%	2.900%	4,215,000.00	109.489%	c 3.050%	12/01/2026	100.000%	4,614,961.35
12/01/2029	Serial Coupon	4.000%	3.000%	4,380,000.00	108.584%	c 3.188%	12/01/2026	100.000%	4,755,979.20
12/01/2030	Serial Coupon	4.000%	3.100%	4,560,000.00	107.687%	c 3.309%	12/01/2026	100.000%	4,910,527.20
12/01/2031	Serial Coupon	4.000%	3.200%	4,740,000.00	106.800%	c 3.417%	12/01/2026	100.000%	5,062,320.00
12/01/2036	Term 1 Coupon	4.000%	3.500%	26,695,000.00	104.188%	c 3.702%	12/01/2026	100.000%	27,812,986.60
Total	-	-	-	\$84,865,000.00	-	-	-	-	\$87,796,402.20

Bid Information

Par Amount of Bonds	\$84,865,000.00
Reoffering Premium or (Discount)	2,931,402.20
Gross Production	\$87,796,402.20
Total Underwriter's Discount (0.695%)	\$(589,811.75)
Bid (102.759%)	87,206,590.45
Total Purchase Price	\$87,206,590.45
Bond Year Dollars	\$974,410.00
Average Life	11.482 Years
Average Coupon	3.5992762%
Net Interest Cost (NIC)	3.3589677%
True Interest Cost (TIC)	3.2494166%

Preliminary

\$84,865,000

City of Rapid City, South Dakota

Sales Tax Revenue Bonds, Series 2016

\$6 million / 20 years Annual Debt Service / \$87,107,887.70 Construction

Sources & Uses

Dated 12/01/2016 | Delivered 12/01/2016

SOURCES OF FUNDS

Par Amount of Bonds	\$84,865,000.00
Reoffering Premium	2,931,402.20
TOTAL SOURCES	\$87,796,402.20

USES OF FUNDS

Net Deposit to Construction Fund	87,107,887.70
Total Underwriter's Discount (0.695%)	589,811.75
Costs of Issuance	98,702.75
TOTAL USES	\$87,796,402.20