



Client Case Studies: Collaborative Pathways to Success!

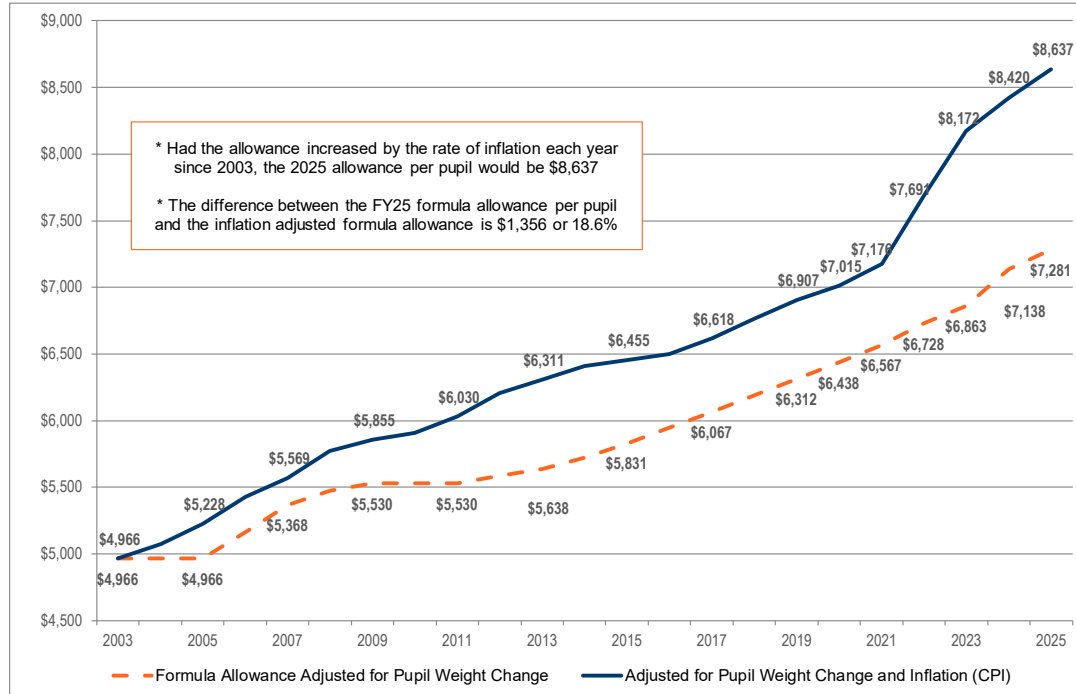
Ehlers' 2024 School Finance Seminar

Our Holistic Approach to Advising Clients



General Education Funding

General Education Formula Allowance, 2003-2025
Adjusted for Pupil Weight Change and Inflation (CPI)



Source: MDE June 2023 Inflation Estimates and Minnesota Laws 2023



Operating Referendum, Budget Projection Model & Bond Refunding

HOWARD LAKE-WAVERLY- WINSTEAD PUBLIC SCHOOLS, ISD NO. 2687

Overview of District

- Needed additional operating revenue
- Recent history of failed referendums
- Largely residential with mix of commercial & agricultural property
- No existing operating referendum or capital project levy



Process / Outcome

Declining Financial Condition

- Communication with community & School Board
- Budget Projection Model

Operating Referendum

- Communication strategies
- Successful campaign

| RESERVES - PROJECTED FUND BALANCE | | Sample Public School District | | | FUND BALANCE PROJECTION | |
|--|-------------------------------|-------------------------------|---------------|---------------|-------------------------|---------------|
| | | 2022-2023 | 2023-2024 | 2024-2025 | 2025-2026 | 2026-2027 |
| TOTAL BEGINNING FUND BALANCE | | \$1,605,511 | \$887,653 | \$339,623 | (\$1,296,166) | (\$3,706,964) |
| | Estimated Revenues | \$16,183,509 | \$16,052,160 | \$15,745,203 | \$15,822,823 | \$15,910,414 |
| | Estimated Expenditures | \$16,901,367 | \$16,600,189 | \$17,380,992 | \$18,233,622 | \$18,946,721 |
| | Revenues - Expenditures | (\$717,858) | (\$548,029) | (\$1,635,789) | (\$2,410,799) | (\$3,036,308) |
| TOTAL ENDING FUND BALANCE | | \$887,653 | \$339,623 | (\$1,296,166) | (\$3,706,964) | (\$6,743,272) |
| NON-SPENDABLE AMOUNTS | | | | | | |
| | 460 Inventory & Prepaid | \$0 | \$0 | \$0 | \$0 | \$0 |
| TOTAL NON-SPENDABLE AMOUNTS | | \$0 | \$0 | \$0 | \$0 | \$0 |
| RESTRICTED AMOUNTS | | | | | | |
| | 401 Student Activities | \$54,193 | \$54,193 | \$54,193 | \$54,193 | \$54,193 |
| | 403 Staff Development | \$0 | \$0 | \$0 | \$0 | \$0 |
| | 402 Scholarships | \$42,457 | \$42,457 | \$42,457 | \$42,457 | \$42,457 |
| | 438 Gifted and Talented | \$22,431 | \$22,431 | \$22,431 | \$22,431 | \$22,431 |
| | 448 Achievement & Integration | \$17,874 | \$17,874 | \$17,874 | \$17,874 | \$17,874 |
| | 464 Donations and Grants | \$0 | \$0 | \$0 | \$0 | \$0 |
| TOTAL RESTRICTED AMOUNTS | | \$136,955 | \$136,955 | \$136,955 | \$136,955 | \$136,955 |
| ASSIGNED/COMMITTED AMOUNTS | | | | | | |
| | 461 Committed Fund Balance | \$70,486 | \$70,486 | \$70,486 | \$70,486 | \$70,486 |
| TOTAL ASSIGNED AMOUNTS | | \$70,486 | \$70,486 | \$70,486 | \$70,486 | \$70,486 |
| UNASSIGNED FUND BALANCE | | \$680,212 | \$132,182 | (\$1,503,607) | (\$3,914,405) | (\$6,950,713) |
| TOTAL ENDING FUND BALANCE | | \$887,653 | \$339,623 | (\$1,296,166) | (\$3,706,964) | (\$6,743,272) |
| UNASSIGNED FUND BALANCE | | 4.02% | 0.80% | -8.65% | -21.47% | -36.69% |
| 10 % | PERCENT | \$1,690,137 | \$1,660,019 | \$1,738,099 | \$1,823,362 | \$1,894,672 |
| | IS GOAL ACHIEVED? | NO | NO | NO | NO | NO |
| EXPENDITURE CHANGES TO ACHIEVE GOAL | | (\$1,009,925) | (\$1,527,836) | (\$3,241,709) | (\$5,737,768) | (\$6,845,385) |

Budget Projection Model

Sample Public School District

GENERAL FUND
REVENUE PROJECTION MODEL



- GO TO EXPENSES
- GO TO RESERVES
- GO TO BASIC SETUP

| ENROLLMENT |
|--|
| Adj. Average Daily Membership (ADM) |
| Adj. Marginal Cost Pupil Units (AMCPU's) |
| Extended Time Pupil Units |
| EL Students ADM's - Funded |
| ADM'S Served |

| Budget 2023-2024 | | Projected 2024-2025 | | Projected 2025-2026 | | Projected 2026-2027 | |
|---------------------|--------|------------------------|--------|------------------------|--------|------------------------|--------|
| | 820.00 | | 796.32 | | 775.46 | | 755.38 |
| | 893.80 | | 868.53 | | 845.35 | | 822.04 |
| | 0.00 | | 0.00 | | 0.00 | | 0.00 |
| | 0.00 | | 0.00 | | 0.00 | | 0.00 |
| | 831.03 | | 831.03 | | 831.03 | | 831.03 |

| REFERENDUM REVENUE & SIMULATION AREA |
|--|
| Referendum Revenue Voter Approved |
| New Referendum or Renewal - Non Inflation |
| New Referendum or Renewal - Inflation |
| Referendum Inflation Adjustment? (Yes =1) |
| Inflationary Estimate for New Referendum |
| Inflationary Adjustment on New Referendum |
| TOTAL VOTER APPROVED OPERATING REFERENDUM |

| \$ Pupil | | \$ Pupil | | \$ Pupil | | \$ Pupil | |
|----------|-----|----------|-----|----------|-----|----------|-----|
| \$0.00 | \$0 | \$0.00 | \$0 | \$0.00 | \$0 | \$0.00 | \$0 |
| | | \$0.00 | \$0 | \$0.00 | \$0 | \$0.00 | \$0 |
| | | \$0.00 | \$0 | \$0.00 | \$0 | \$0.00 | \$0 |
| | | | | 0 | | 0 | |
| | | | | 2.17% | | 2.14% | |
| | | | | \$0.00 | \$0 | \$0.00 | \$0 |
| \$0.00 | \$0 | \$0.00 | \$0 | \$0.00 | \$0 | \$0.00 | \$0 |



Budget Projection Model

Sample Public School District BUDGET REDUCTIONS

0 = One Time Reduction
1 = Continuing Reduction



| ADJUSTMENT EXPLANATION | | 2023-2024 | 2024-2025 | 2025-2026 | 2026-2027 |
|--------------------------------|---|-----------|----------------|----------------|----------------|
| | 0 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Reduce 6 FTE's 2024-25 | 1 | \$0.00 | \$600,000.00 | \$600,000.00 | \$600,000.00 |
| Other Reductions 2024-25 | 1 | \$0.00 | \$500,000.00 | \$500,000.00 | \$500,000.00 |
| Reductions 2025-26 | 1 | \$0.00 | \$0.00 | \$500,000.00 | \$500,000.00 |
| Reductions 2026-27 | 1 | \$0.00 | \$0.00 | \$0.00 | \$250,000.00 |
| | 0 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| | 0 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| | 0 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| | 0 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| | 0 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| TOTAL BUDGET REDUCTIONS | | \$0.00 | \$1,100,000.00 | \$1,600,000.00 | \$1,850,000.00 |

Budget Projection Model

Sample Public School District

GENERAL FUND

REVENUE PROJECTION MODEL



- GO TO EXPENSES
- GO TO RESERVES
- GO TO BASIC SETUP

| ENROLLMENT |
|--|
| Adj. Average Daily Membership (ADM) |
| Adj. Marginal Cost Pupil Units (AMCPU's) |
| Extended Time Pupil Units |
| EL Students ADM's - Funded |
| ADM'S Served |

| Budget 2023-2024 | Projected 2024-2025 | Projected 2025-2026 | Projected 2026-2027 |
|---------------------|------------------------|------------------------|------------------------|
| 820.00 | 796.32 | 775.46 | 755.38 |
| 893.80 | 868.53 | 845.35 | 822.04 |
| 0.00 | 0.00 | 0.00 | 0.00 |
| 0.00 | 0.00 | 0.00 | 0.00 |
| 831.03 | 831.03 | 831.03 | 831.03 |

| REFERENDUM REVENUE & SIMULATION AREA |
|--|
| Referendum Revenue Voter Approved |
| New Referendum or Renewal - Non Inflation |
| New Referendum or Renewal - Inflation |
| Referendum Inflation Adjustment? (Yes =1) |
| Inflationary Estimate for New Referendum |
| Inflationary Adjustment on New Referendum |
| TOTAL VOTER APPROVED OPERATING REFERENDUM |

| \$ Pupil | | \$ Pupil | | \$ Pupil | | \$ Pupil | |
|----------|-----|----------|-----|----------|-----------|----------|-----------|
| \$0.00 | \$0 | \$0.00 | \$0 | \$0.00 | \$0 | \$0.00 | \$0 |
| | | \$0.00 | \$0 | \$0.00 | \$0 | \$0.00 | \$0 |
| | | \$0.00 | \$0 | \$500.00 | \$422,675 | \$500.00 | \$411,020 |
| | | | | 1 | | 1 | |
| | | | | 2.17% | | 2.14% | |
| | | | | \$0.00 | \$0 | \$10.70 | \$8,796 |
| \$0.00 | \$0 | \$0.00 | \$0 | \$500.00 | \$422,675 | \$510.70 | \$419,816 |



| RESERVES - PROJECTED FUND BALANCE | | Sample Public School District | | | | |
|-------------------------------------|-------------------------------------|-------------------------------|--------------|--------------|--------------|--------------|
| | | FUND BALANCE PROJECTION | | | | |
| | | 2022-2023 | 2023-2024 | 2024-2025 | 2025-2026 | 2026-2027 |
| TOTAL BEGINNING FUND BALANCE | | \$2,609,981 | \$1,892,123 | \$1,344,093 | \$1,105,516 | \$1,246,348 |
| | Estimated Revenues | \$16,183,509 | \$16,052,160 | \$15,833,497 | \$16,335,146 | \$16,421,432 |
| | Estimated Expenditures | \$16,901,367 | \$16,600,189 | \$16,072,074 | \$16,194,315 | \$16,411,651 |
| | Revenues - Expenditures | (\$717,858) | (\$548,029) | (\$238,577) | \$140,831 | \$9,781 |
| TOTAL ENDING FUND BALANCE | | \$1,892,123 | \$1,344,093 | \$1,105,516 | \$1,246,348 | \$1,256,129 |
| NON-SPENDABLE AMOUNTS | | | | | | |
| | 460 Inventory & Prepaid | \$0 | \$0 | \$0 | \$0 | \$0 |
| TOTAL NON-SPENDABLE AMOUNTS | | \$0 | \$0 | \$0 | \$0 | \$0 |
| RESTRICTED AMOUNTS | | | | | | |
| | 401 Student Activities | \$54,193 | \$54,193 | \$54,193 | \$54,193 | \$54,193 |
| | 403 Staff Development | \$0 | \$0 | \$0 | \$0 | \$0 |
| | 402 Scholarships | \$42,457 | \$42,457 | \$42,457 | \$42,457 | \$42,457 |
| | 438 Gifted and Talented | \$22,431 | \$22,431 | \$22,431 | \$22,431 | \$22,431 |
| | 448 Achievement & Integration | \$17,874 | \$17,874 | \$17,874 | \$17,874 | \$17,874 |
| | 464 Donations and Grants | \$0 | \$0 | \$0 | \$0 | \$0 |
| TOTAL RESTRICTED AMOUNTS | | \$136,955 | \$136,955 | \$136,955 | \$136,955 | \$136,955 |
| ASSIGNED/COMMITTED AMOUNTS | | | | | | |
| | 461 Committed Fund Balance | \$70,486 | \$70,486 | \$70,486 | \$70,486 | \$70,486 |
| TOTAL ASSIGNED AMOUNTS | | \$70,486 | \$70,486 | \$70,486 | \$70,486 | \$70,486 |
| UNASSIGNED FUND BALANCE | | \$1,684,682 | \$1,136,652 | \$898,075 | \$1,038,907 | \$1,048,688 |
| TOTAL ENDING FUND BALANCE | | \$1,892,123 | \$1,344,093 | \$1,105,516 | \$1,246,348 | \$1,256,129 |
| UNASSIGNED FUND BALANCE | | 9.97% | 6.85% | 5.59% | 6.42% | 6.39% |
| 5 % | PERCENT | \$845,068 | \$830,009 | \$803,604 | \$809,716 | \$820,583 |
| | IS GOAL ACHIEVED? | YES | YES | YES | YES | YES |
| | EXPENDITURE CHANGES TO ACHIEVE GOAL | \$0 | \$0 | \$0 | \$0 | \$0 |

Clarity Creates Success

The Need

- Increasing costs
- ESSER Funds ending
- List of budget cuts

The Ask

- \$600 per student or approximately \$800,000 in new revenue
- Authority tied to inflation

Property Tax Base

Assessment Year 2022 (Taxes Payable 2023) Tax Base by Property Type

| | Market Value | Percent of Total | Referendum Market Value | Percent of Total | Net Tax Capacity* | Percent of Total |
|-----------------------------|----------------------|------------------|-------------------------|------------------|-------------------|------------------|
| Totals | 1,505,623,323 | 100.0% | 1,142,675,007 | 100.0% | 14,401,458 | 100.0% |
| Residential Homestead | 802,162,500 | 53.3% | 795,635,192 | 69.6% | 7,663,904 | 53.2% |
| Other Residential | 124,664,848 | 8.3% | 123,889,673 | 10.8% | 1,329,357 | 9.2% |
| Commercial / Industrial | 126,977,300 | 8.4% | 126,977,300 | 11.1% | 2,402,346 | 16.7% |
| Non Qualifying Agricultural | 94,235,100 | 6.3% | 93,265,443 | 8.2% | 896,242 | 6.2% |
| Qualifying Agriculture | 314,051,875 | 20.9% | - | 0.0% | 2,102,202 | 14.6% |
| Seasonal Recreational | 43,531,700 | 2.9% | 2,907,400 | 0.3% | 434,372 | 3.0% |
| TIF & FD | | | | | -426,964 | -3.0% |

*Totals include TIF & Fiscal Disparities adjustments

- Operating Referendum
 - Local Optional Revenue
 - and Equity

All other school taxes
 including building bonds

Operating Referendum

November election ballot question, stated per pupil, estimated cap for Taxes Payable 2024 / Fiscal Year 2024-25 is \$2,202.89

(no cap for sparsity districts)

Allows districts to generate additional general education revenue

Revenue can be a combination of local property tax levies & state aid

Annual levy, maximum length of 10 years

Board can approve 1 time with same terms

Taxes spread on Referendum Market Value

(most property types pay same taxes per dollar of property value)

Revenue may be used for any operating or capital expenses

(e.g. staff salaries & benefits, utilities, supplies, technology)

Capital Project Levy Referendum

Election ballot question,
stated tax rate

Allows districts to
generate additional
revenue for technology
and capital projects

Revenue provided
through local property
tax levies

Annual levy, maximum
length of 10 years

Taxes spread on Net Tax
Capacity

(All taxpayers pay, but may pay
different amounts based on the
type of property)

Revenue may be used
for items consistent with
the ballot language

Operating Referendum & Capital Project Levy

| | Operating Referendum | Capital Project Levy |
|----------------------------|---------------------------|-----------------------------|
| Tax Levy Based On | Referendum Market Value | Net Tax Capacity |
| Funding Source | Tax Levy / State Aid | Tax Levy |
| Authority | Per Pupil | Tax Rate |
| Inflationary Factor | Optional / CPI | No / Changes with Tax Base |
| Maximum Amount | \$2,203 per pupil | No maximum |
| Allowable Uses | Any Operating Expenditure | Tech / Capital Expenditures |
| Election Dates | November | Feb, Apr, May, Aug, Nov |
| Maximum Length | 10 years | 10 years |

Property Tax Base Makes a Difference

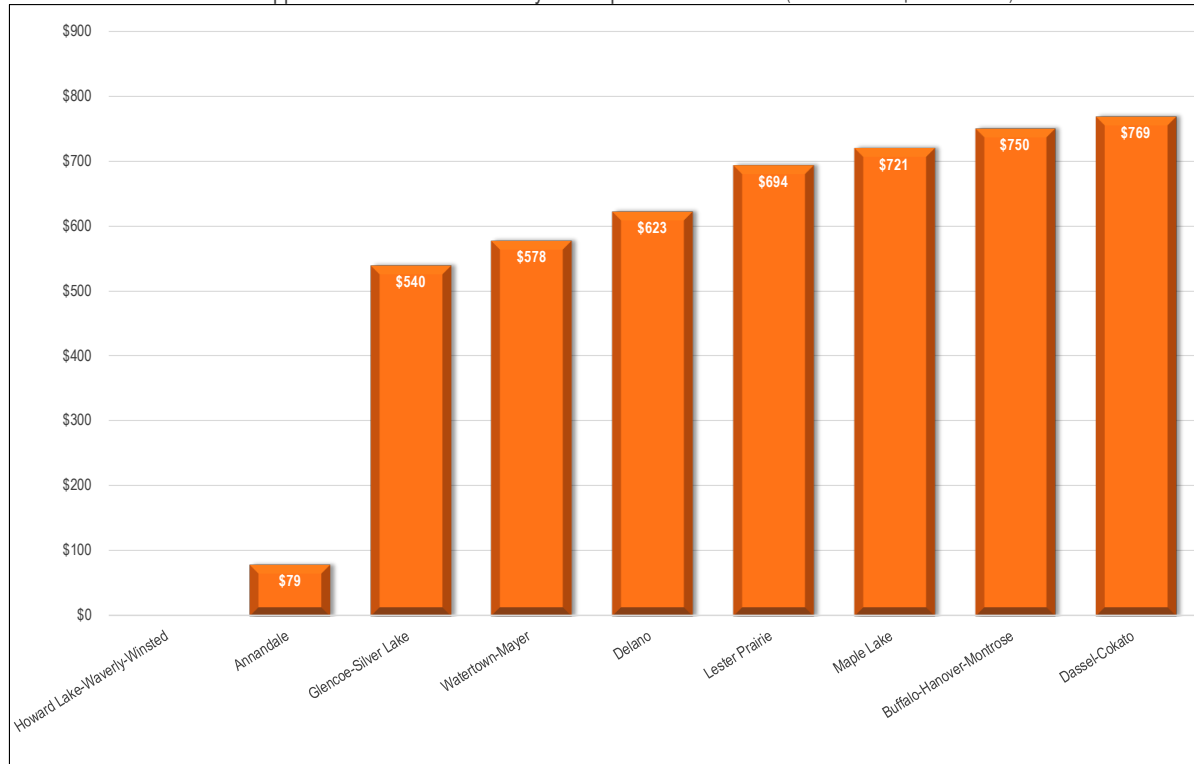
| | Operating Referendum of \$500/pupil | Capital Project Levy | Difference |
|---|-------------------------------------|----------------------|------------|
| Est. Net Increase in Total Revenue <i>(includes Equity Revenue)</i> | \$685,673 | \$685,673 | |

| Type of Property | Estimated Market Value | Estimated Impact on Annual Taxes Payable in 2024* | | |
|--|------------------------|---|--------|--------|
| Residential Homestead | \$100,000 | \$59 | \$32 | -\$27 |
| | 150,000 | 88 | 56 | -32 |
| | 200,000 | 118 | 81 | -37 |
| | 250,000 | 147 | 105 | -42 |
| | 300,000 | 177 | 129 | -47 |
| | 350,000 | 206 | 154 | -52 |
| | 400,000 | 235 | 178 | -57 |
| Commercial/Industrial | \$100,000 | \$59 | \$67 | \$8 |
| | 250,000 | 147 | 190 | 43 |
| | 500,000 | 294 | 413 | 119 |
| Agricultural Homestead (average value per acre of land & buildings) | \$3,000 | \$0.00 | \$0.67 | \$0.67 |
| | 4,000 | 0.00 | \$0.89 | 0.89 |
| | 5,000 | 0.00 | \$1.12 | 1.12 |
| | 6,000 | 0.00 | \$1.34 | 1.34 |
| Agricultural Non-Homestead (average value per acre of land & buildings) | \$3,000 | \$0.00 | \$1.34 | \$1.34 |
| | 4,000 | 0.00 | 1.79 | 1.79 |
| | 5,000 | 0.00 | 2.23 | 2.23 |
| | 6,000 | 0.00 | 2.68 | 2.68 |

Operating Referendum: Allowance Comparison

Howard Lake-Waverly-Winsted School District

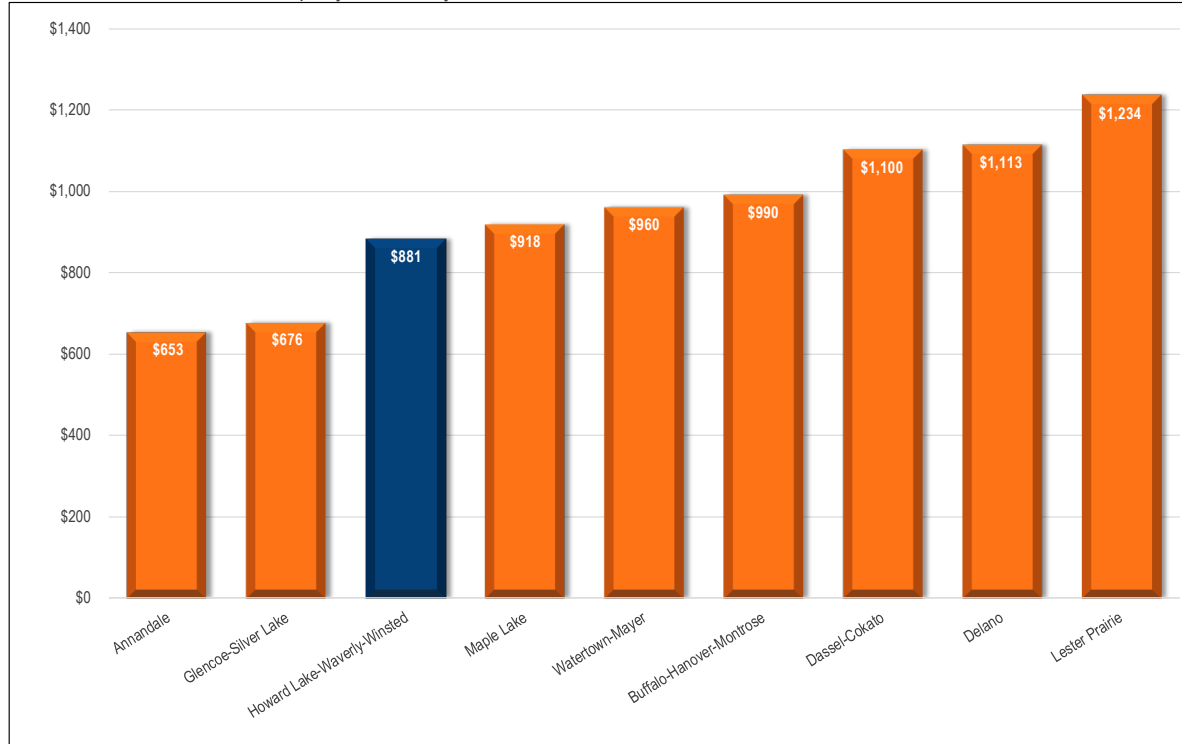
Voter Approved Referendum Authority Per Pupil Unit FY 2023-24 (Excludes Local Optional Revenue)



Total School Tax Comparison

Howard Lake-Waverly-Winsted School District

Total School Property Taxes, Payable 2023, on a Home with an Estimated Market Value of \$250,000



Success!

- The Vote:
 - ✓ Yes = 1,226
 - ✓ No = 897
- \$600 per pupil tied to rate of inflation



Bond Referendum, Financing Options, Investments & Arbitrage

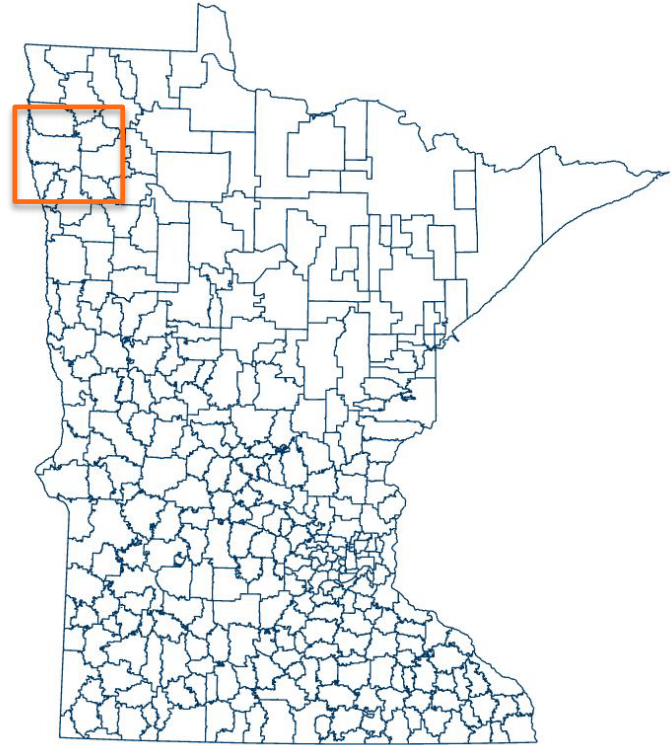
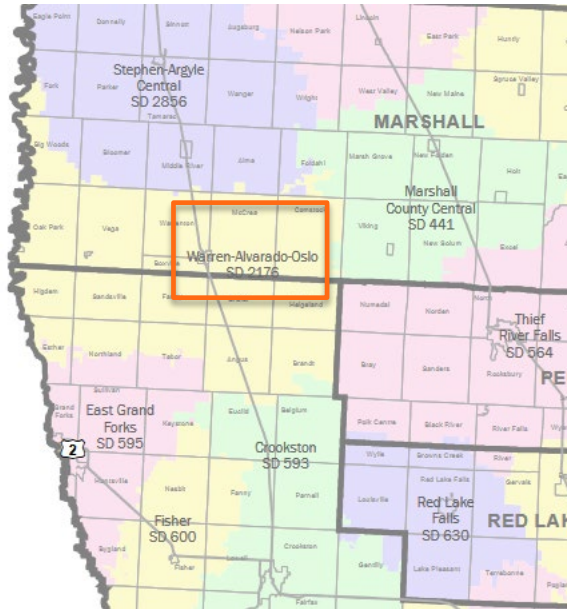
WARREN-ALVARADO-OSLO PUBLIC SCHOOLS, ISD NO. 2176

District Overview

- Growing enrollment
- Needs additional space
- Needs updates to current facilities
- Large agricultural community
- Little existing debt



District Location



Process / Outcome

- School building bond referendum
 - ✓ Successful campaign
- Construction bids are over budget
 - ✓ Possible solutions
- Post-issuance factors
 - ✓ Investments
 - ✓ Arbitrage



Property Tax Base

School District: Warren-Alvarado-Oslo

Assessment Year 2022 (Taxes Payable 2023) Tax Base by Property Type

| | Market Value | Percent of Total | Referendum Market Value | Percent of Total | Net Tax Capacity* | Percent of Total |
|-----------------------------|----------------------|------------------|-------------------------|------------------|-------------------|------------------|
| Totals | 1,300,427,279 | 100.0% | 277,077,346 | 100.0% | 11,652,868 | 100.0% |
| Residential Homestead | 139,871,525 | 10.8% | 136,523,330 | 49.3% | 1,153,010 | 9.9% |
| Other Residential | 21,088,674 | 1.6% | 20,985,924 | 7.6% | 221,205 | 1.9% |
| Commercial / Industrial | 87,398,700 | 6.7% | 87,398,700 | 31.5% | 1,696,146 | 14.6% |
| Non Qualifying Agricultural | 33,217,548 | 2.6% | 32,071,992 | 11.6% | 282,556 | 2.4% |
| Qualifying Agriculture | 1,018,536,932 | 78.3% | - | 0.0% | 8,342,066 | 71.6% |
| Seasonal Recreational | 313,900 | 0.0% | 97,400 | 0.0% | 3,382 | 0.0% |
| TIF & FD | | | | | -45,497 | -0.4% |

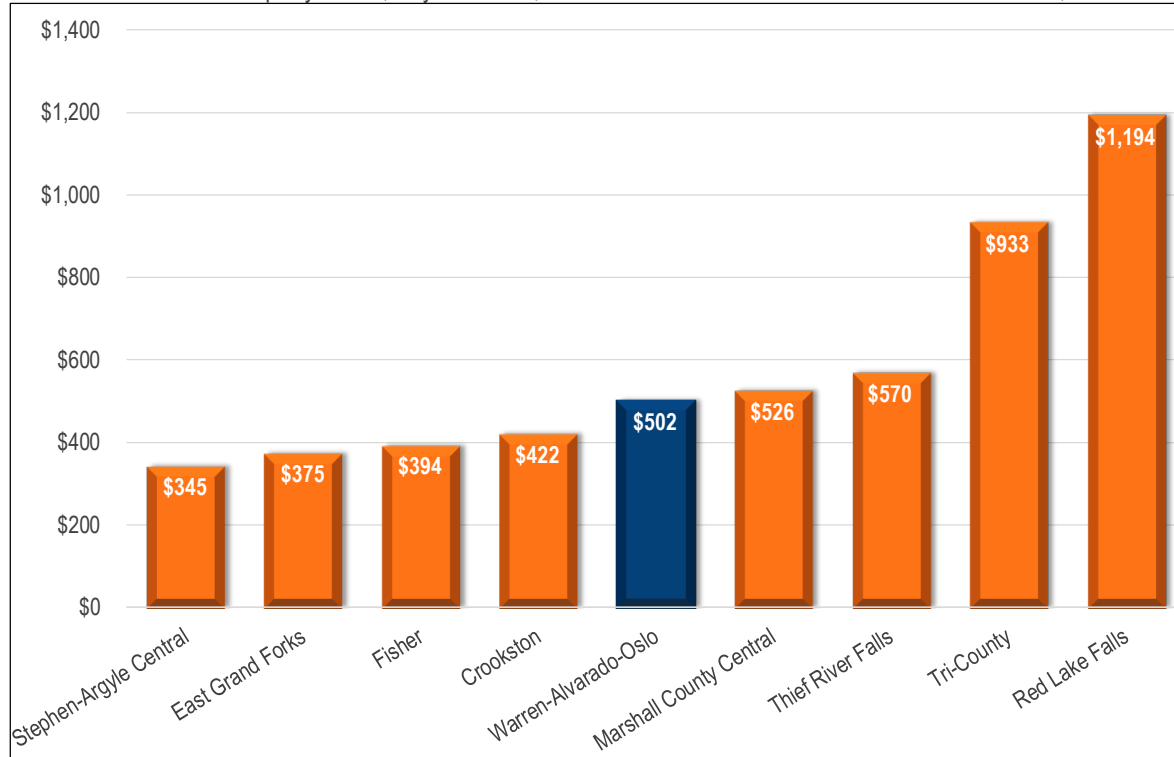
*Totals include TIF & Fiscal Disparities adjustments

- Operating Referendum
- Local Optional Revenue
- Transition and Equity

All other school taxes including Building Bonds and Capital Project Levy

Property Tax Comparison

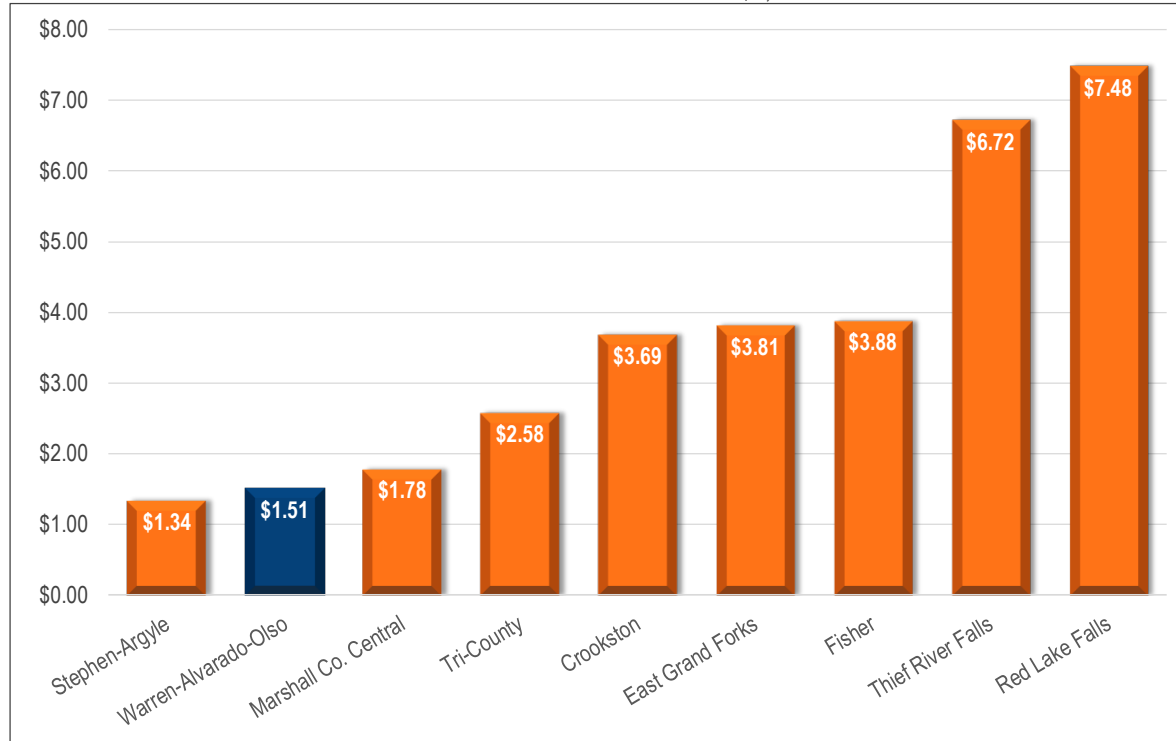
Total School Property Taxes, Payable 2021, on a Home with an Estimated Market Value of \$125,000



Source: Pay 2021 School Tax Report

Property Tax Comparison

Total School Property Taxes Payable 2021 on One Acre of Ag Homestead Property with
Total Estimated Market Value of \$3,000



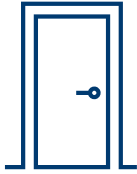
Source: Pay 2021 School Tax Report
Note: Includes 55% reduction on debt service levies for School Building Bond Agricultural Credit

Referendum Process: Timing

- Complete facilities assessment
- Assemble facilities committee
- Conduct community survey
- Finalize project & call for election
- Develop & implement communication plan
- Hold election
- Issue bonds



Referendum Process: Proposed Solution



New secure defined entrance & student drop-off/pick-up



New shared cafeteria/commons



Six additional classrooms for elementary education, music & band



New elementary gymnasium



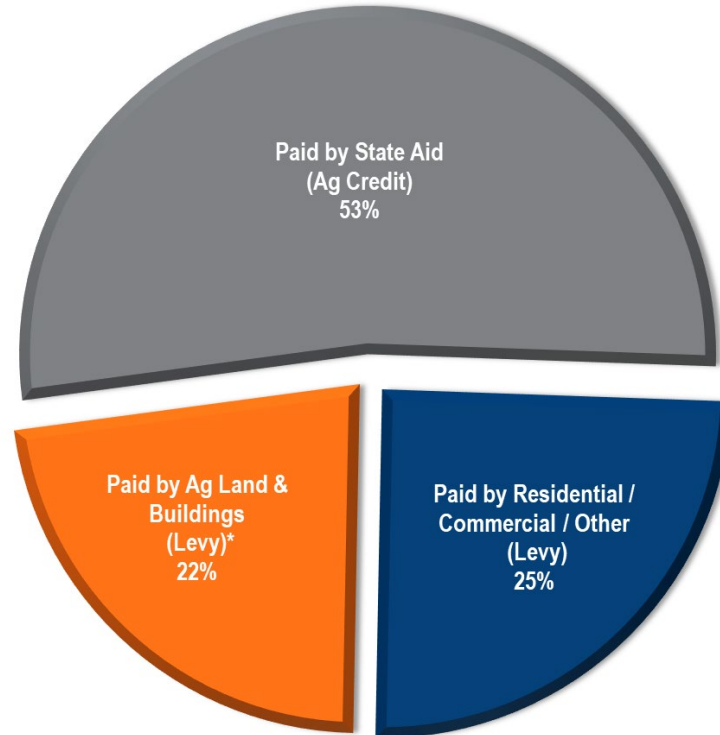
Auditorium, high school music & science renovations



Capital maintenance & accessibility improvements

Referendum Process: Communications

- Ag2School Credit
 - ✓ Important part of message
 - ✓ Fully phased in for taxes payable in 2023



Referendum Process: Communications

| Type of Property | Estimated Market Value | Estimated Change in Taxes 2022 to 2023* | |
|--|------------------------|---|---------|
| | | ANNUAL | MONTHLY |
| Residential Homestead | \$100,000 | \$117 | \$10 |
| | 125,000 | 161 | 13 |
| | 150,000 | 205 | 17 |
| | 175,000 | 249 | 21 |
| | 200,000 | 294 | 25 |
| | 225,000 | 338 | 28 |
| Commercial/ Industrial | \$50,000 | \$122 | \$10 |
| | 100,000 | 244 | 20 |
| | 250,000 | 690 | 58 |
| Agricultural Homestead** (average value per acre of land & buildings) | \$1,000 | \$0.23 | \$0.02 |
| | 2,000 | 0.46 | 0.04 |
| | 3,000 | 0.70 | 0.06 |
| | 4,000 | 0.93 | 0.08 |
| Agricultural Non-Homestead** (average value per acre of land & buildings) | \$1,000 | \$0.46 | \$0.04 |
| | 2,000 | 0.93 | 0.08 |
| | 3,000 | 1.39 | 0.12 |
| | 4,000 | 1.86 | 0.15 |

Success!

NEWS LOCAL

Warren-Alvarado-Oslo voters approve \$24.9 million school referendum

SCHOOL DISTRICT QUESTION 1 (ISD #2176) [Hide Question](#) [Results By Precinct](#)

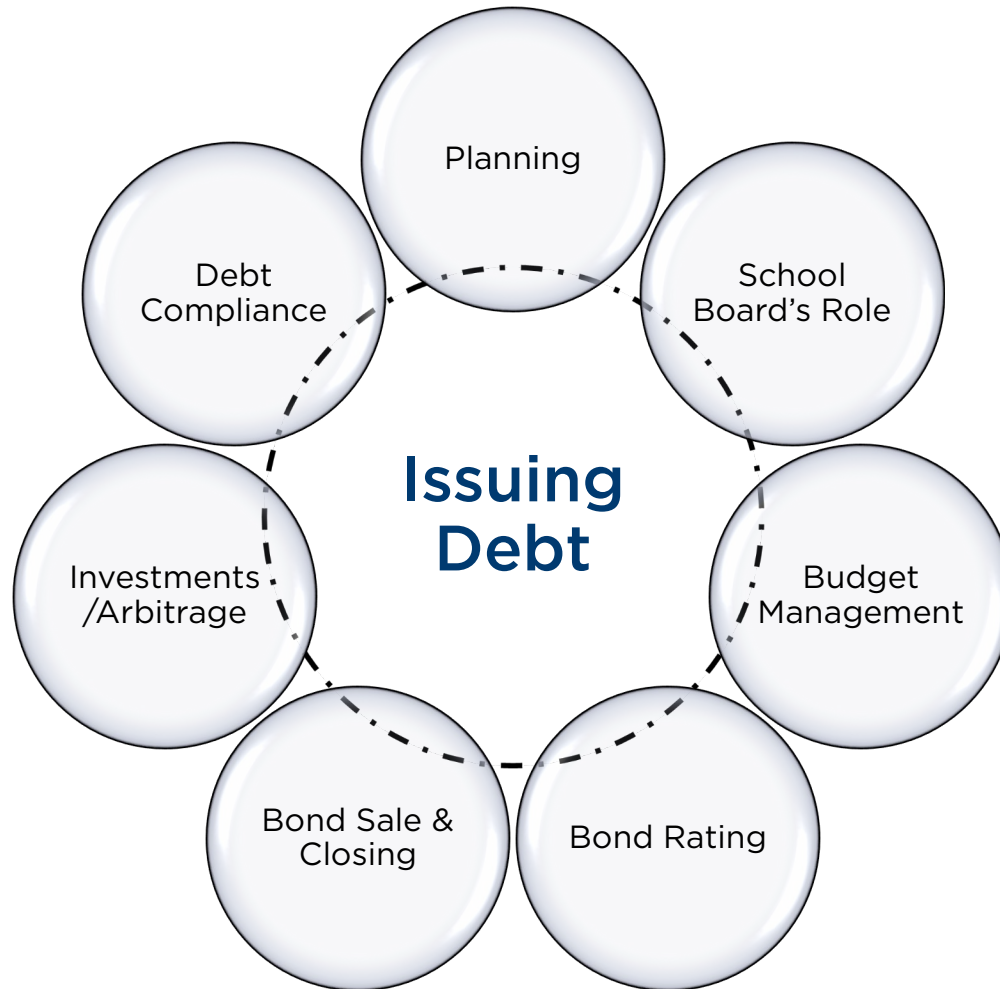
27 precincts in contest. 27 of 27 precincts reported.

| Party | Candidate | Totals | Percent | Graph |
|-------------|-----------|--------|---------|-------|
| Nonpartisan | YES | 866 | 58.12% | |
| Nonpartisan | NO | 624 | 41.88% | |

SCHOOL DISTRICT QUESTION 1 (ISD #2176)

Approval of School District Bond Issue

Shall the school board of Independent School District No. 2176 (Warren-Alvarado-Oslo) be authorized to issue its general obligation school building bonds in an amount not to exceed \$24,900,000 to provide funds for the acquisition and betterment of school sites and facilities, including renovations and updates to the school building's main entrance; the construction and equipping of an elementary school gymnasium and consolidated administrative office area to support the high school, elementary, and district personnel; the construction and equipping of a shared kitchen to support the high school and elementary school; the construction and equipping of new elementary classrooms and music rooms; renovations and upgrades to existing high school science rooms, music rooms and the auditorium; repurposing existing spaces at the school site and facility; the construction of improvements to the parking lot and parent drop off and pickup areas; the construction and installation of fire protection systems and ADA accessibility improvements; the construction and installation of mechanical, HVAC and electrical infrastructure improvements; and remodeling and upgrading of restrooms? BY VOTING "YES" ON THIS BALLOT QUESTION, YOU ARE VOTING FOR A PROPERTY TAX INCREASE.



Bond Issuance

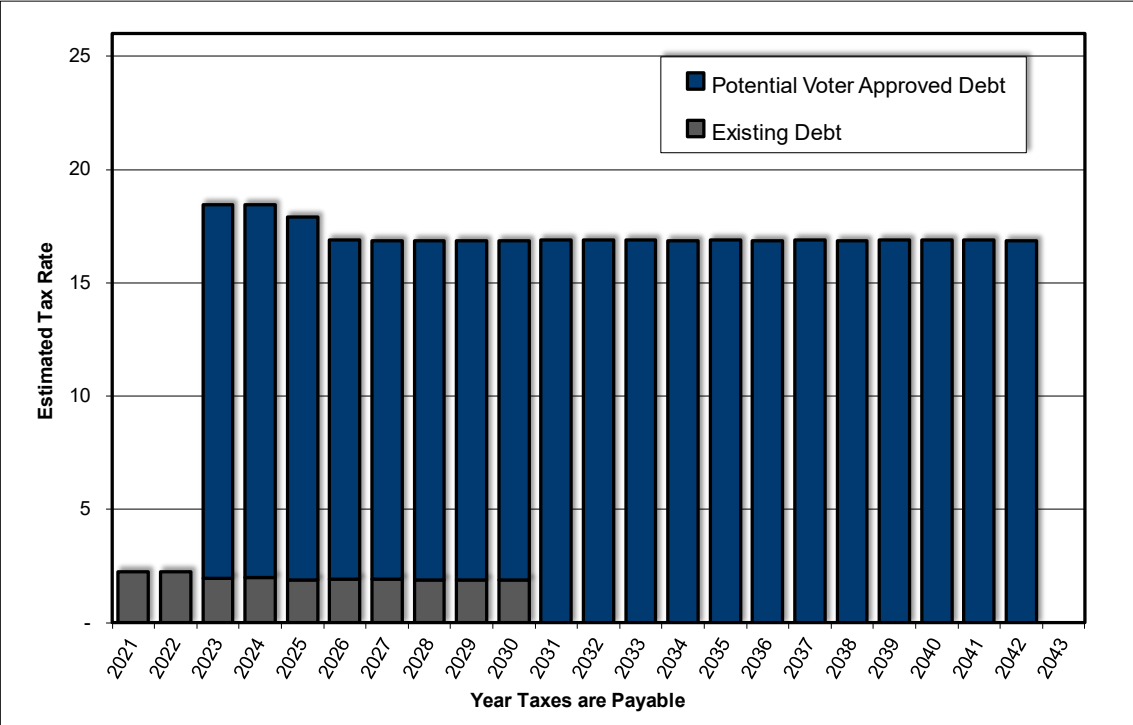
| | PRE-ELECTION | RESULTS |
|---|-------------------------|-------------------------|
| Authorized Amount | \$24,900,000 | \$24,900,000 |
| Election Date | November 8, 2022 | November 8, 2022 |
| Number of Years (Tax Levies) | 20 | 20 |
| Sources of Funds | | |
| Par Amount | \$24,900,000 | \$24,900,000 |
| Reoffering Premium ¹ | \$0 | 1,567,054 |
| Investment Earnings ² | 97,844 | 104,169 |
| Total Sources | \$24,997,844 | \$26,571,223 |
| Uses of Funds | | |
| Underwriter's Compensation ³ | \$311,250 | \$308,495 |
| Legal and Fiscal Costs ⁴ | 127,650 | 116,264 |
| Net Available for Project Costs | 24,558,944 | 26,146,464 |
| Total Uses | \$24,997,844 | \$26,571,223 |
| Initial Deposit to Construction Fund | \$24,461,100 | \$26,042,295 |

Bond Issuance

Warren-Alvarado-Oslo, ISD No. 2176
Estimated Tax Rates for Capital and Debt Service Levies
Existing Commitments and Proposed New Debt

\$24,900,000 Bond Issue
20 Tax Levies
Wrapped Around Existing Debt

Date Prepared: February 13, 2023



Construction Bids

- Bids came in over budget (May 2023)
- Identified new options
 - ✓ Generate more funds through additional financing
 - ✓ Revise project scope
- Developed workable solution
 - ✓ Do both!



Financing Tools for Capital Projects

| Available Financing Tools for Capital Projects | PROJECT TYPES | | | | | | | | | | | | | Limitations | Maximum Borrowing | Other Notes | |
|---|-------------------------------|--------------------|----------------------|-------------------|----------------------|------------------------|--------------|---------------------|-----------------------|-----------------------|-------------------------|---------------------|----------------|--|---|---|-------------------------|
| | New Buildings/ Bldg. Purchase | Building Additions | Building Renovations | Site Improvements | Deferred Maintenance | Health/Safety Projects | Parking Lots | Energy Improvements | Security Improvements | Furnishings/Equipment | Voter Approval Required | Property Tax Impact | Ag Bond Credit | | | | |
| Building Bonds | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | Y | Y | Y | None | Statutory debt limit | State Review & Comment required | |
| Operating Referendum | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | Y | Y | | Annual revenue; not all up-front | No borrowing State maximum revenue/pupil | Annual revenue can be used to make payments on debt issue (lease purchase, capital facilities bonds, capital notes) | |
| Capital Project Levy | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | Y | Y | | Annual revenue; not all up-front | No borrowing | | |
| Facilities Maintenance Bonds (All except old Alt. Fac. Districts) | | | | | ✓ | | | | | | | | Y | Payments financed from LTFM revenue | Statutory debt limit | State approval required | |
| | | | 1 | | | ✓ | | | | | | | Y | HVAC, fire suppression, asbestos over \$100k or remodeling for Pre-K | Statutory debt limit | State approval required | |
| Facilities Maintenance Bonds (Old Alt. Fac. Districts) | | | 1 | | ✓ | ✓ | | | | | | | Y | Y | None | Statutory debt limit | State approval required |
| Capital Facilities Bonds | | | ✓ | ✓ | | ✓ | ✓ | ✓ | ✓ | | | | | Y | Payments financed from general fund revenue | Annual pmts. can't exceed operating capital revenue | State approval required |
| Capital Notes | | | | | | | | | ✓ | | | | | Y | Payments financed from general fund revenue | Annual pmts. can't exceed operating capital revenue | State approval required |
| Lease Purchase without Levy | ✓ | ✓ | | ✓ | | | ✓ | | | ✓ | | | | | Payments financed from general fund revenue | | |
| Lease Purchase with Levy | 2 | ✓ | | 3 | | | | | | | | | Y | Instructional & school storage use only Additions limited to 20% of existing building space | Annual lease levy limited to \$212/pupil | Annual state approval required with upfront capital lease approval prior to financing | |
| Abatement Bonds | | | | | | | ✓ | | | | | | Y | Y | Permitted uses limited to parking construction & improvements | Annual debt service limited to 10% of NTC | Public hearing required |

Generate Additional Funds

Facilities Maintenance: Health & Safety

- Additional tax impact
- School Board concerned about potential implications

Facilities Maintenance: Deferred Maintenance

- Debt service payments made from annual LTFM revenue
- Reduced need for annual LTFM revenue as large projects addressed through referendum

Revised Plan

- Rebid project (October 2023)
 - ✓ Revised project scope
 - ✓ Timing of bidding
 - ✓ Additional \$1 million generated through Facilities Maintenance – Deferred Maintenance bonds
 - ✓ Premium generated through original bond issue
 - ✓ Additional estimated investment earnings



Investments & Arbitrage

- Ehlers handles investments & arbitrage for district
- Construction timeline changed
- Facilitated meeting with all teams & district
 - ✓ Reviewed impact on investment earnings & arbitrage calculations
- Revised plan moving forward



Final Thoughts

- Understand your community
- Know your role
- Collaborate with all key players
- Develop communication plans wisely

Warren-Alvarado-Oslo School District to begin building project in the next few weeks

The school celebrated the soon-to-be construction with a groundbreaking on Friday, March 15, which Superintendent Kirk Thorstenson said was a great day featuring many community members and speakers.



Let's Talk!



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