

OPERATING LEVY - OPPORTUNITY FOR SCHOOL BOARD RENEWAL AND ADDITIONAL REVENUE RAISING OPTIONS

PRESENTED BY:

MICHAEL HOHEISEL, MANAGING DIRECTOR

BAIRD

MOBILE:

(612) 499-6680



Robert W. Baird & Co. Incorporated is providing this information to you for discussion purposes. The materials do not contemplate or relate to a future issuance of municipal securities. Baird is not recommending that you take any action, and this information is not intended to be regarded as "advice" within the meaning of Section 15B of the Securities Exchange Act of 1934 or the rules thereunder.

**VOTER
APPROVED
OPERATING LEVY
REFERENDUM
INFORMATION**

OPERATING REFERENDUM LEVY - WHAT IS IT?

An operating levy (otherwise known as a referendum revenue request or excess operating levy referendum) is a procedure which allows school districts to raise additional funds to supplement regular state education funding.

The State of Minnesota equalizes many educational levies based upon the district's ability to pay (Equalization Aid). This is one of those levies.

Flexible Revenue Source – can be used for Operations, Supplies, Technology, Facilities Improvements, etc..

Spread on Referendum Market Value tax base of School District (different property types with same market value will pay the same amount of property taxes for this levy)

Exempt Properties – Seasonal/Recreational and Ag. Land beyond the dwelling value (home, garage and one-acre)

EXISTING OPERATING LEVY INFORMATION (TAXES PAYABLE 2025) WITH REFERENDUM AUTHORITY HISTORY

FY	2015 Authority	2019 Authority	Existing Authority	Total Authority
2017	540.00		364.16	904.16
2018	552.91		370.80	923.71
2019	561.43		383.52	944.95
2020	578.00		407.12	985.12
2021	287.02	525.26	0.00	812.28
2022	292.42	535.13	(0.00)	827.55
2023	302.57	553.71	(0.00)	856.28
2024	345.46	632.21	(0.00)	977.67
2025	362.69	663.74	0.00	1,026.44
2026	374.54	685.43	(0.00)	1,059.97

Adj. PU 25-26 School Year are 3,074.20

- Adj PU bring in the revenue

Res PU 25-26 School Year are 2,650.20

- Res PU bring in State Aid

This generates the following

- Operating Levy Revenue is \$3,258,559.77
- Current amount per Adjusted Pupil Unit (Adj PUs) is \$1,059.97
- No State Aid

Other RMV Revenue

- Local Optional Revenue is \$2,225,720.80
- Equity Revenue is \$371,593.92

Voter Approved Operating Levy Information and Election Notes

2015 Election - 10 Years with Inflation (Q1 - \$460 per APU, Q2 - \$80 per APU)
 Last funding fiscal year is 2026
 LOR shifted \$300 per APU of the above voter approved levy authority in taxes payable 2020
 2019 Election - 10 Years with Inflation (Q1 - \$525.26 per APU)
 Last funding fiscal year is 2030
 (Q2 - Capital Project Levy also passed that year with \$494,215 being first levy)

Levy Certification Year	2021	2022	2023	2024	2025	2026	2027	2028	2029
Taxes Payable Year	2022	2023	2024	2025	2026	2027	2028	2029	2030
Fiscal Year	2023	2024	2025	2026	2027	2028	2029	2030	2031
Remainder of 2015 Referendum after LOR Subtraction w/MDE Inflation	302.57	345.46	362.69	374.54					
Year of Authority	7	8	9	10					
Remainder of 2019 Referendum w/MDE projected Inflation at 2% for FY 2027 and thereafter	553.71	632.21	663.75	685.43	699.14	713.12	727.38	741.93	
Year of Authority	3	4	5	6	7	8	9	10	
<u>Per Levy Limitation and Certification Report</u>									
Total Voter Approved Authority	856.28	977.67	1,026.44	1,059.97	699.14	713.12	727.38	741.93	
Est. APU	3,115.40	3,096.40	3,066.80	3,074.20	3,074.20	3,074.20	3,074.20	3,074.20	
Voter Approved Operating Revenue	2,667,655	3,027,257	3,147,886	3,258,560	2,149,287	2,192,273	2,236,118	2,280,841	
Potential Funding Gap					(1,109,273)				(2,280,841)

Brief Summary of Future Options

←
 Last Year to Voter Approve Authority without a gap in funding is November 4, 2025 for taxes payable 2026 for Fiscal Year 2027
 First Year to Renew Voter Approve Authority without a gap in funding is November 5, 2024 for taxes payable 2025 for Fiscal Year 2026
 School Board Renewal of Authority - Window of Opportunity is July 1, 2023 to June 15, 2025

OPERATING LEVY REFERENDUM ELECTION HISTORY

District Number	District Name	Election Year	Start Pay	\$ Per Pupil Unit	Duration	CPI 1=Yes 0=No 9=Unknown n	Pass 1=Yes 0=No	Number of Yes Votes	Number of No Votes	% of Yes Votes
726	Becker	1999	2000	315.00	10	9	1	721	560	56%
726	Becker	2009	2010	731.28	10	9	1	987	641	61%
726	Becker	2009	2010	200.00	10	9	0	724	896	45%
726	Becker	2012	2013	610.00	10	9	0	2,639	2,936	47%
726	Becker	2012	2013	125.00	10	9	0	2,219	3,338	40%
726	Becker	2015	2016	460.00	10	1	1	1,197	732	62%
726	Becker	2015	2016	80.00	10	1	1	1,080	847	56%
726	Becker	2019	2020	525.26	10	1	1	973	689	59%

2015 OPERATING LEVY – 2 SUCCESSFUL QUESTIONS

Unofficial Results Tuesday, November 3, 2015					Results Home ◀ Previous Page	
Precincts Reporting in District: 100% 1 of 1					Last Updated: 01/22/16 2:38 PM	
Results for Selected Contests in School District No. 726 - BECKER						
SCHOOL DISTRICT QUESTION 1 (ISD #726) Hide Question Results By Precinct					1 precincts in contest. 1 of 1 precincts reported.	
Party	Candidate		Totals	Percent	Graph	
	Nonpartisan	YES	1,197	62.05%		
	Nonpartisan	NO	732	37.95%		
<p>SCHOOL DISTRICT QUESTION 1 (ISD #726) FUNDING TO MAINTAIN THE STABILITY OF EXISTING EDUCATIONAL PROGRAMS <i>The board of Independent School District No. 726 (Becker Public Schools) has proposed to increase its general education revenue by \$460 per pupil. The proposed referendum revenue authorization would increase each year by the rate of inflation and be applicable for ten years unless otherwise revoked or reduced as provided by law. Shall the increase in the revenue proposed by the board of Independent School District No. 726 be approved? BY VOTING "YES" ON THIS BALLOT QUESTION, YOU ARE VOTING FOR A PROPERTY TAX INCREASE.</i></p>						
SCHOOL DISTRICT QUESTION 2 (ISD #726) Hide Question Results By Precinct					1 precincts in contest. 1 of 1 precincts reported.	
Party	Candidate		Totals	Percent	Graph	
	Nonpartisan	YES	1,080	56.05%		
	Nonpartisan	NO	847	43.95%		
<p>SCHOOL DISTRICT QUESTION 2 (ISD #726) FUNDING TO PROVIDE ADDITIONAL EDUCATION PROGRAMS <i>The board of Independent School District No. 726 (Becker Public Schools) has also proposed to increase its general education revenue by an additional \$80 per pupil. The proposed referendum revenue authorization would increase each year by the rate of inflation and be applicable for ten years unless otherwise revoked or reduced as provided by law. If School District Question 1 is approved, shall the increase in the revenue proposed by the board of Independent School District No. 726 also be approved? BY VOTING "YES" ON THIS BALLOT QUESTION, YOU ARE VOTING FOR A PROPERTY TAX INCREASE.</i></p>						
SCHOOL DISTRICT QUESTION 3 (ISD #726) Show Question Results By Precinct					1 precincts in contest. 1 of 1 precincts reported.	
Party	Candidate		Totals	Percent	Graph	
	Nonpartisan	YES	881	45.70%		
	Nonpartisan	NO	1,047	54.30%		

Question #1: New \$460/APU With Inflation for 10 Years, Commencing in Taxes Payable 2016
 Question #2: New \$80/APU With Inflation for 10 Years, Commencing in Taxes Payable 2016
 Last Collection Year: Pay 2025 / FY 2026

2019 OPERATING LEVY – SUCCESSFUL QUESTION

Unofficial Results Tuesday, November 5, 2019					Results Home ◀ Previous Page	
Precincts Reporting in District: 100% 1 of 1					Last Updated: 12/04/19 2:05 PM	
Results for Selected Contests in School District No. 726 - BECKER						
SCHOOL DISTRICT QUESTION 1 (ISD #726) Hide Question Results By Precinct					1 precincts in contest. 1 of 1 precincts reported.	
Party	Candidate	Totals	Percent	Graph		
Nonpartisan	YES	973	58.54%			
Nonpartisan	NO	689	41.46%			

SCHOOL DISTRICT QUESTION 1 (ISD #726)
 Approval of School District Referendum Revenue Authorization
The board of Independent School District No. 726 (Becker Public Schools) has proposed to increase its general education revenue by \$525.26 per pupil. A portion of this proposed new authorization would replace its existing referendum revenue authorization of \$415.26 per pupil which is scheduled to expire after taxes payable in 2019. The proposed referendum revenue authorization would increase each year by the rate of inflation and be applicable for ten years unless otherwise revoked or reduced as provided by law. Shall the increase in the revenue proposed by the board of Independent School District No. 726 be approved? BY VOTING "YES" ON THIS BALLOT QUESTION, YOU ARE VOTING FOR A PROPERTY TAX INCREASE.

Question #1: New \$525.26/APU With Inflation for 10 Years, Commencing in Taxes Payable 2020
 Last Collection Year: Pay 2029 / FY 2030

STATE OF MN OPERATING LEVY STATISTICS

			FY 2026
Districts with Op Levy Authority			241
Districts without Any Op Levy Authority			86
Total			327
Sum of Authority			256,023.34
Avg Authority of those Districts with Op Levy			1,062.34
Avg all Districts Authority			782.95
Districts with Op Levy Authority		Metro	45
Sum of Metro Districts Authority		Metro	72,503.91
Avg Authority of those Districts with Op Levy		Metro	1,611.20
Avg all Metro Districts Authority		Metro	1,479.67
Districts with Op Levy Authority		Rural	192
Sum of Rural Districts Authority		Rural	183,233.40
Avg Authority of those Districts with Op Levy		Rural	954.34
Avg all Rural Districts Authority		Rural	659.11

% of ALL Public School Districts with Operating Levy Authority	73.70%
% of RURAL Public School Districts with Operating Levy Authority	69.065%

**FACTS ON
SCHOOL BOARD
RENEWAL OF
OPERATING LEVY**

2023 LEGISLATIVE CHANGE - BOARD RENEWAL OF EXISTING OPERATING LEVY AUTHORITY MN STATUTES 126C.17, SUBD. 9B REQUIREMENTS

1. the per pupil amount of the referendum is the same as the amount expiring, or for an expiring referendum that was adjusted annually by the rate of inflation, the same as the per-pupil amount of the expiring referendum, adjusted annually for inflation in the same manner as if the expiring referendum had continued;

2. the term of the renewed referendum is no longer than the initial term approved by the voters;

3. the school board, having taken a recorded vote, has adopted a written resolution authorizing the renewal after holding a meeting and allowing public testimony on the proposed renewal; and

4. the expiring referendum has not been previously renewed under this subdivision.

- (b) The resolution must be adopted by the school board by June 15 of any calendar year and becomes effective 60 days after its adoption.
- (c) A referendum expires in the last fiscal year in which the referendum generates revenue for the school district. A school board may renew an expiring referendum under this subdivision not more than two fiscal years before the referendum expires.
- (d) A district renewing an expiring referendum under this subdivision must submit a copy of the adopted resolution to the commissioner and to the county auditor no later than September 1 of the calendar year in which the written resolution is adopted.

SUMMARY OF SCHOOL BOARD RENEWAL OF OPERATING LEVY

Authority Expiration	Timeframe to Renew	# of Authorities	# Board Renewed	# Voter – Approved
Pay 2023 / FY 2024	05/25/2023 – 06/15/2023	13	13	0
Pay 2024 / FY 2025	05/25/2023 – 06/15/2024	16	15	1*

* Reason for voter-approval was to add inflationary factor and increase term of existing operating levy authority

Note – To date since the 2023 legislative change, Becker Public Schools would be the first school district in the state to ask voters to renew its existing operating levy authority.

SCHOOL BOARD RENEWAL VS. VOTER APPROVAL

School Board Renewal

- No election costs
- Retain revenue for next 10 years
- Inflation factor included in first year of renewal

Voter-Approval

- Incur costs to run special election
- Retaining revenue contingent upon voter-approval
 - Risk losing revenue for taxes payable 2026 / FY 2027 if referendum is unsuccessful
- Inflation factor NOT included in first year of renewal

**POTENTIAL
REVENUE RAISE
BEYOND
RENEWAL OF
EXISTING
AUTHORITY**

INTERACTIVE MODEL AVAILABLE TO DETERMINE ADDITIONAL REVENUE OPTIONS

<i>Titles below reflect Current Year Info</i>		Current	New	Difference
BAIRD	Taxes Payable	2025	2026	
	Fiscal Year	2026	2027	
	ADJ PU 2025-2026	3,074.20	3,074.20	0.00
	Current Voter-Approved Authority	1,059.97	1,085.73	25.76
	Enter New Requested Authority		151.25	151.25
	Allowance (Voter- approved Authority)	1,059.97	1,236.98	177.01
	Voter Approved Revenue	3,258,560	3,802,716	544,156
	Equity Revenue Change		(44,153)	(44,153)
	New Revenue Generated	3,258,560	3,758,562	500,003
	Share paid by State (Total Aid)	0	0	0
	Share paid by State %	0.00%	0.00%	
	Local Levy Share	3,258,560	3,802,716	544,156
	Local Levy Rate	0.13513%	0.15770%	0.02257%

Property Value	Taxes Payable 2025	Taxes Payable 2026	Annual Impact Difference	Monthly Impact Difference
50,000	67.57	78.85	11.28	0.94
100,000	135.13	157.70	22.57	1.88
125,000	168.91	197.13	28.22	2.35
150,000	202.70	236.55	33.85	2.82
175,000	236.48	275.98	39.50	3.29
200,000	270.26	315.40	45.14	3.76
250,000	337.83	394.25	56.42	4.70
300,000	405.39	473.10	67.71	5.64
350,000	472.96	551.95	78.99	6.58
400,000	540.52	630.80	90.28	7.52
450,000	608.09	709.65	101.56	8.46
500,000	675.65	788.50	112.85	9.40
600,000	810.78	946.20	135.42	11.29
750,000	1,013.48	1,182.75	169.27	14.11
1,000,000	1,351.30	1,577.00	225.70	18.81

VOTER-APPROVED MATRIX OF REVENUE RAISING OPTIONS

Est. Net New Dollars Generated New Authority per APU		100,000	200,000	300,000	400,000	500,000	600,000	700,000	800,000	900,000	1,000,000
		15.15	49.18	83.19	117.22	151.25	185.28	219.29	253.32	287.35	321.38
Estimated Market Value		Pay 2026 Est. Annual Impact	Pay 2026 Est. Annual Impact	Pay 2026 Est. Annual Impact	Pay 2026 Est. Annual Impact	Pay 2026 Est. Annual Impact	Pay 2026 Est. Annual Impact	Pay 2026 Est. Annual Impact	Pay 2026 Est. Annual Impact	Pay 2026 Est. Annual Impact	Pay 2026 Est. Annual Impact
	Homestead Residential Property	100,000	5.22	9.56	13.89	18.23	22.57	26.91	31.24	35.58	39.92
200,000		10.44	19.12	27.78	36.46	45.14	53.82	62.48	71.16	79.84	88.52
300,000		15.66	28.68	41.67	54.69	67.71	80.73	93.72	106.74	119.76	132.78
400,000		20.88	38.24	55.56	72.92	90.28	107.64	124.96	142.32	159.68	177.04
Commercial / Industrial	100,000	5.22	9.56	13.89	18.23	22.57	26.91	31.24	35.58	39.92	44.26
	200,000	10.44	19.12	27.78	36.46	45.14	53.82	62.48	71.16	79.84	88.52
	300,000	15.66	28.68	41.67	54.69	67.71	80.73	93.72	106.74	119.76	132.78
	400,000	20.88	38.24	55.56	72.92	90.28	107.64	124.96	142.32	159.68	177.04
Apartments	100,000	5.22	9.56	13.89	18.23	22.57	26.91	31.24	35.58	39.92	44.26
	200,000	10.44	19.12	27.78	36.46	45.14	53.82	62.48	71.16	79.84	88.52
	300,000	15.66	28.68	41.67	54.69	67.71	80.73	93.72	106.74	119.76	132.78
	400,000	20.88	38.24	55.56	72.92	90.28	107.64	124.96	142.32	159.68	177.04
Ag Dwelling Value of HSTD (house, garage and 1 acre)	100,000	5.22	9.56	13.89	18.23	22.57	26.91	31.24	35.58	39.92	44.26
	200,000	10.44	19.12	27.78	36.46	45.14	53.82	62.48	71.16	79.84	88.52
	300,000	15.66	28.68	41.67	54.69	67.71	80.73	93.72	106.74	119.76	132.78
	400,000	20.88	38.24	55.56	72.92	90.28	107.64	124.96	142.32	159.68	177.04

Note 1: Tax impact information is prior to any applicable Tax Base Replacement Aid Levy Adjustments

Note 2: Seasonal recreational property and agricultural land beyond dwelling value (home, garage and one acre) are exempt from RMV tax (voter approved operating referendum)

Estimated Market Value	ESTIMATED MONTHLY IMPACT OF ABOVE OPTIONS										
100,000	0.44	0.80	1.16	1.52	1.88	2.24	2.60	2.97	3.33	3.69	
200,000	0.87	1.59	2.32	3.04	3.76	4.49	5.21	5.93	6.65	7.38	
300,000	1.31	2.39	3.47	4.56	5.64	6.73	7.81	8.90	9.98	11.07	
400,000	1.74	3.19	4.63	6.08	7.52	8.97	10.41	11.86	13.31	14.75	

Note – All Above Scenarios Assume School board Renewal of 2015 Authority

POTENTIAL NEXT STEPS

Determine how existing operating levy authority will be renewed

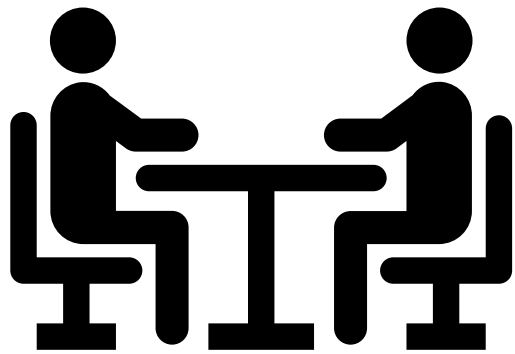
- School Board Action vs. Voter-Approval

School board approval - take necessary action at regular scheduled April/May school board meeting

- Deadline to renew with school board approval is June 15th

Voter-Approval - November 4, 2025 Referendum

- Deadline to adopt Resolution Calling for Election is August 12th



QUESTIONS/DISCUSSION