

January 27, 2025

PRE-SALE REPORT FOR

Independent School District No. 272 (Eden Prairie Schools), Minnesota

**\$9,610,000 General Obligation
Facilities Maintenance Bonds, Series 2025A**



Prepared by:

Ehlers
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Advisors:

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EXECUTIVE SUMMARY OF PROPOSED DEBT

Proposed Issue:

\$9,610,000 General Obligation Facilities Maintenance Bonds, Series 2025A

Purposes:

The proposed issue will finance facilities and site maintenance projects included in the District's ten-year facilities plan as approved by the Commissioner of Education.

Authority:

The Bonds are being issued pursuant to Minnesota Statutes, Chapter 475 and Section 123B.595. The Bonds will be general obligations of the District for which its full faith, credit and taxing powers are pledged.

Debt service will be paid from property tax levies and state aid received as part of the Long Term Facilities Maintenance program.

Term/Call Feature:

The Bonds are being issued for a term of 9 years, 9 months. Principal on the Bonds will be due on February 1 in the years 2027 through 2035. Interest will be due every six months beginning February 1, 2026.

The Bonds maturing on February 1, 2034 and later will be subject to prepayment at the discretion of the District on February 1, 2033 or any day thereafter.

State Credit Enhancement:

By resolution the District will covenant and obligate itself to be bound by the provisions of Minnesota Statutes, Section 126C.55, which provides for payment by the State of Minnesota in the event of a potential default of a school district obligation.

To qualify for the credit enhancement, the District must submit an application to the State. Ehlers will coordinate the application process to the State on your behalf.

Rating:

Under current bond ratings, the state credit enhancement would bring a Moody's "Aa1" rating. The District's most recent bond issues were rated by Moody's Investors Service. The current ratings on those bonds are "Aa1" (credit enhanced rating) and "Aa2" (underlying rating). The District will request a new rating for the Bonds.

Basis for Recommendation:

Based on your objectives, financial situation and need, risk tolerance, liquidity needs, experience with the issuance of Bonds and long-term financial capacity, as well as the tax status considerations related to the Bonds and the structure, timing and other similar matters related to the Bonds, we are recommending the issuance of Bonds as a suitable option.

Method of Sale/Placement:

We are recommending the Bonds be issued as municipal securities and offered through a competitive underwriting process. You will solicit competitive bids, which we will compile on your behalf, for the purchase of the Bonds from underwriters and banks.

An allowance for discount bidding will be incorporated in the terms of the issue. The discount is treated as an interest item and provides the underwriter with all or a portion of their compensation in the transaction.

If the Bonds are purchased at a price greater than the minimum bid amount (maximum discount), the unused allowance may be used to reduce your borrowing amount.

Premium Pricing:

In some cases, investors in municipal bonds prefer “premium” pricing structures. A premium is achieved when the coupon for any maturity (the interest rate paid by the issuer) exceeds the yield to the investor, resulting in a price paid that is greater than the face value of the bonds. The sum of the amounts paid in excess of face value is considered “reoffering premium.” Any net premium received may be used to reduce the principal amount of the Bonds, increase the net proceeds for the project, or to fund a portion of the interest on the Bonds.

Review of Existing Debt:

We have reviewed all outstanding indebtedness for the District and find that there are no refunding opportunities at this time.

We will continue to monitor the market and the call dates for the District’s outstanding debt and will alert you to any future refunding opportunities.

Continuing Disclosure:

The District will be agreeing to provide certain updated Annual Financial Information and its Audited Financial Statement annually, as well as providing notices of the occurrence of certain reportable events to the Municipal Securities Rulemaking Board (the “MSRB”), as required by rules of the Securities and Exchange Commission (SEC). The District is already obligated to provide such reports for its existing bonds, and has contracted with Ehlers to prepare and file the reports.

Arbitrage Monitoring:

The District must ensure compliance with certain sections of the Internal Revenue Code and Treasury Regulations (“Arbitrage Rules”) throughout the life of the issue to maintain the tax-exempt status of the Bonds. These Arbitrage Rules apply to amounts held in construction, escrow, reserve, debt service account(s), etc., along with related investment income on each fund/account.

IRS audits will verify compliance with rebate, yield restriction and records retention requirements within the Arbitrage Rules. The District’s specific arbitrage responsibilities will be detailed in the Tax Certificate (the “Tax Compliance Document”) prepared by your Bond Attorney and provided at closing.

The Bonds may qualify for one or more exception(s) to the Arbitrage Rules by meeting 1) small issuer exception, 2) spend down requirements, 3) bona fide debt service fund limits, 4) reasonable reserve requirements, 5) expenditure within an available period limitations, 6) investments yield restrictions, 7) de minimis rules, or; 8) borrower limited requirements.

An Ehlers arbitrage expert will contact the District within 30 days after the sale date to review the District’s specific responsibilities for the Bonds. The District is currently receiving arbitrage services from Ehlers in relation to the Bonds.

Investment of Bond Proceeds:

Ehlers can assist the District in developing a strategy to invest your Bond proceeds until the funds are needed to pay project costs.

Other Service Providers:

This debt issuance will require the engagement of other public finance service providers. This section identifies those other service providers, so Ehlers can coordinate their engagement on your behalf. Where you have previously used a particular firm to provide a service, we have assumed that you will continue that relationship. For services you have not previously required, we have identified a service provider. Fees charged by these service providers will be paid from proceeds of the obligation, unless you notify us that you wish to pay them from other sources. Our pre-sale bond sizing includes a good faith estimate of these fees, but the final fees may vary. If you have any questions pertaining to the identified service providers or their role, or if you would like to use a different service provider for any of the listed services please contact us.

Bond Counsel: Kennedy & Graven, Chartered

Paying Agent: Bond Trust Services Corporation

Rating Agency: Moody’s Investor Services

This presale report summarizes our understanding of the District’s objectives for the structure and terms of this financing as of this date. As additional facts become known or capital markets conditions change, we may need to modify the structure and/or terms of this financing to achieve results consistent with the District’s objectives.

PROPOSED DEBT ISSUANCE SCHEDULE

Ehlers Presents Pre-Sale Report to School Board, School Board Approves Resolution Authorizing Sale of the Bonds:	January 27, 2025
Due Diligence Call to Review Official Statement:	Week of March 10, 2025
Conference with Rating Agency:	Week of March 10, 2025
Distribute Official Statement:	March 13, 2025
Ehlers Receives and Evaluates Proposals for Purchase of Bonds:	March 24, 2025
School Board Meeting to Award Sale of Bonds:	March 24, 2025
Estimated Closing Date:	April 17, 2025

Attachments

Estimated Sources and Uses of Funds

Estimated Debt Service Schedule

Estimated Long-Term Financing Plan for Debt and Capital Payments and Levies

Resolution Authorizing Ehlers to Proceed with Bond Sale/Credit Enhancement Resolution (provided separately)

EHLERS' CONTACTS

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ESTIMATES PRIOR TO BOND SALE

Eden Prairie Schools ISD No. 272

January 21, 2025

Estimated Sources and Uses of Funds
General Obligation Facilities Maintenance Bonds

Authorized Bond Amount	\$9,610,000
Closing/Dated	4/17/2025
Sources of Funds	
Par Amount	\$9,610,000
Reoffering Premium ¹	588,323
Investment Earnings ²	96,457
Total Sources	\$10,294,779
Uses of Funds	
Underwriter's Discount ³	\$96,100
Capitalized Interest ⁴	369,555
Legal and Fiscal Costs ⁵	87,000
Net Available for Project Costs	9,742,124
Total Uses	\$10,294,779
Initial Deposit to Construction Fund	\$9,645,668

- 1 The underwriter of the bonds may receive a reoffering premium in the sale of the bonds. They will retain a portion of the premium as their compensation, or underwriter's discount. The remainder of the premium will be either be used to reduce the par amount of the bonds, pay a portion of the first year's interest on the bonds, or deposited in the construction fund and used to fund a portion of the project costs.
- 2 Estimated investment earnings are based on an average interest rate of 1.00% and an average life for investments of 12 months.
- 3 The underwriter's discount is an estimate of the compensation taken by the underwriter who provides the lowest true interest cost as part of the competitive bidding process and purchases the bonds. Ehlers provides independent municipal advisory services as part of the bond sale process and is not an underwriting firm.
- 4 Due to the timing of the levy process, the District would not be able to make a levy for the interest payment due on the bonds in fiscal year 2025-26, so that payment would be made from bond proceeds.
- 5 Includes fees for municipal advisor, bond counsel, rating agency, paying agent and county certificate.

ESTIMATES PRIOR TO BOND SALE

Eden Prairie School District No. 272

\$9,610,000 General Obligation Facilities Maintenance Bonds, Series 2025A

Dated: April 17, 2025

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
04/17/2025	-	-	-	-	-
02/01/2026	-	-	369,555.00	369,555.00	369,555.00
08/01/2026	-	-	234,225.00	234,225.00	-
02/01/2027	650,000.00	5.000%	234,225.00	884,225.00	1,118,450.00
08/01/2027	-	-	217,975.00	217,975.00	-
02/01/2028	990,000.00	5.000%	217,975.00	1,207,975.00	1,425,950.00
08/01/2028	-	-	193,225.00	193,225.00	-
02/01/2029	1,015,000.00	5.000%	193,225.00	1,208,225.00	1,401,450.00
08/01/2029	-	-	167,850.00	167,850.00	-
02/01/2030	1,065,000.00	5.000%	167,850.00	1,232,850.00	1,400,700.00
08/01/2030	-	-	141,225.00	141,225.00	-
02/01/2031	1,100,000.00	5.000%	141,225.00	1,241,225.00	1,382,450.00
08/01/2031	-	-	113,725.00	113,725.00	-
02/01/2032	1,195,000.00	5.000%	113,725.00	1,308,725.00	1,422,450.00
08/01/2032	-	-	83,850.00	83,850.00	-
02/01/2033	1,170,000.00	5.000%	83,850.00	1,253,850.00	1,337,700.00
08/01/2033	-	-	54,600.00	54,600.00	-
02/01/2034	1,220,000.00	5.000%	54,600.00	1,274,600.00	1,329,200.00
08/01/2034	-	-	24,100.00	24,100.00	-
02/01/2035	1,205,000.00	4.000%	24,100.00	1,229,100.00	1,253,200.00
Total	\$9,610,000.00	-	\$2,831,105.00	\$12,441,105.00	-

Yield Statistics

Bond Year Dollars	\$58,981.22
Average Life	6.137 Years
Average Coupon	4.8000107%
Net Interest Cost (NIC)	3.9654692%
True Interest Cost (TIC)	3.8443720%
Bond Yield for Arbitrage Purposes	3.6410760%
All Inclusive Cost (AIC)	4.0098356%

IRS Form 8038

Net Interest Cost	3.5760420%
Weighted Average Maturity	6.150 Years

ESTIMATES PRIOR TO BOND SALE

Eden Prairie Schools, ISD 272
Preliminary Financing Plan for Future Projects

**5 Future Facilities Maintenance Bond Issues (\$5M to \$16M)
Wrapped Around Existing Debt
LTFM Project Costs: \$7 to \$16 Million thru FY 2034**

January 21, 2025

Future Bond Issues

Type of Bond	Amount	Dated	Int. Rate
Facilities Maintenance	\$9,610,000	04/17/25	3.84%
Facilities Maintenance	\$5,260,000	03/01/27	4.50%
Facilities Maintenance	\$8,920,000	03/01/29	4.50%
Facilities Maintenance	\$6,490,000	03/01/31	4.50%
Facilities Maintenance	\$7,705,000	03/01/33	4.50%
Facilities Maintenance	\$15,605,000	03/01/35	4.50%

Levy Year	Fiscal Year	Est. Tax Capacity (\$000s)	Est. Tax % Chg	Debt Service Levies - Existing Bonds ²					Other Levies		Facilities Maintenance Funding					Combined Totals				
				Bonds	Alt. Fac. / FM	Est. Debt Excess ³	Net Levy	Tax Rate	Lease Levy ⁴	Capital Project Levy ⁵	General Fund Revenue	Principal	Interest	Add. Debt Excess ³	Est. LTFM Aid	Debt Levy	Total Levy	State Aid	Tax Rate	
				2022	2023	116,772	2.1%	2,235,975	6,380,490	(447,840)	8,168,625	7.00	-	7,904,789	4,032,169	-	-	-	-	-
2023	2024	136,996	17.3%	2,361,975	6,099,720	(466,173)	7,995,522	5.84	-	8,111,760	5,648,206	-	-	-	-	-	21,755,488	-	15.88	
2024	2025	147,038	7.3%	2,406,075	6,723,158	(168,770)	8,960,463	6.09	-	9,415,721	5,466,264	-	-	-	-	-	23,842,448	-	16.22	
2025	2026	146,362	-0.5%	2,434,950	7,426,868	(89,103)	9,772,715	6.68	1,118,959	10,093,029	4,393,053	-	369,555	6	(6,524)	-	25,371,232	-	17.33	
2026	2027	147,826	1.0%	2,470,125	7,389,487	(734,995)	9,124,617	6.17	1,120,542	10,046,645	4,168,620	650,000	468,450	-	(15,334)	1,174,373	25,619,462	-	17.33	
2027	2028	149,304	1.0%	2,505,825	6,096,884	(443,683)	8,159,026	5.46	1,119,830	10,147,111	5,045,314	990,000	652,925	6	(90,701)	1,497,248	25,877,828	-	17.33	
2028	2029	150,797	1.0%	2,536,538	5,531,459	(387,122)	7,680,875	5.09	1,116,824	10,248,582	5,451,120	1,015,000	623,150	-	(88,029)	1,720,058	26,129,429	-	17.33	
2029	2030	152,305	1.0%	2,541,263	5,457,224	(363,060)	7,635,427	5.01	1,120,022	10,351,068	5,732,390	1,065,000	940,350	6	(77,403)	(88,030)	1,641,867	26,392,744	-	17.33
2030	2031	153,828	1.0%	2,563,050	5,713,424	(359,932)	7,916,542	5.15	1,120,351	10,454,579	5,206,120	1,100,000	920,550	-	(73,884)	(88,030)	2,047,693	26,657,255	-	17.33
2031	2032	155,366	1.0%	1,887,690	5,593,829	(372,441)	7,109,078	4.58	1,117,812	10,559,124	6,153,932	1,195,000	1,133,263	6	(92,146)	(88,029)	2,071,431	26,923,348	-	17.33
2032	2033	156,920	1.0%	2,953,440	4,716,410	(336,668)	7,333,182	4.67	1,120,904	10,664,716	5,872,684	1,170,000	1,097,850	-	(93,214)	(88,028)	2,288,028	27,191,484	-	17.33
2033	2034	156,920	0.0%	2,924,880	4,335,503	(345,143)	6,915,240	4.41	1,118,388	10,771,363	6,213,120	1,220,000	1,357,181	6	(102,961)	(88,028)	2,269,356	27,199,438	-	17.33
2034	2035	156,920	0.0%	2,921,415	4,292,663	(326,717)	6,887,361	4.39	1,116,900	10,771,363	5,800,320	1,345,000	1,325,075	-	(102,121)	(88,028)	2,701,458	27,189,373	-	17.33
2035	2036	156,920	0.0%	3,010,560	4,027,039	(324,634)	6,712,965	4.28	1,117,750	10,771,363	5,950,320	1,445,000	1,914,281	6	(121,566)	(88,028)	2,729,788	27,194,158	-	17.33
2036	2037	156,920	0.0%	4,402,230	1,638,394	(316,692)	5,723,932	3.65	1,120,725	10,771,363	6,250,320	1,460,000	1,907,775	-	(122,840)	(88,028)	3,413,323	27,191,635	-	17.33
2037	2038	156,920	0.0%	4,510,958	1,535,599	(271,828)	5,774,729	3.68	1,117,113	10,771,363	6,250,320	1,510,000	1,842,075	-	(153,600)	(88,028)	3,366,079	27,191,575	-	17.33
2038	2039	156,920	0.0%	4,597,163	1,450,024	(272,095)	5,775,092	3.68	1,119,875	10,771,363	6,250,320	1,575,000	1,774,125	-	(151,474)	(88,028)	3,365,108	27,193,729	-	17.33
2039	2040	156,920	0.0%	4,482,818	1,570,354	(272,123)	5,781,049	3.68	1,120,088	10,771,363	6,250,320	1,640,000	1,703,250	-	(151,430)	(88,028)	3,358,983	27,193,773	-	17.33
2040	2041	156,920	0.0%	-	2,895,244	(272,393)	2,622,851	1.67	-	10,771,363	9,100,320	1,635,000	1,629,450	-	(151,154)	(88,028)	3,276,518	25,683,024	-	16.37
2041	2042	156,920	0.0%	-	-	-	-	-	-	10,771,363	9,100,320	4,315,000	1,555,875	-	(265,472)	(88,028)	5,898,947	25,682,602	-	16.37
2042	2043	156,920	0.0%	-	-	-	-	-	-	10,771,363	9,100,320	4,510,000	1,361,700	-	(265,453)	(88,028)	5,899,832	25,683,487	-	16.37
2043	2044	156,920	0.0%	-	-	-	-	-	-	10,771,363	9,100,320	4,710,000	1,158,750	-	(265,492)	(88,028)	5,896,695	25,680,349	-	16.37
2044	2045	156,920	0.0%	-	-	-	-	-	-	10,771,363	9,100,320	4,925,000	946,800	-	(265,351)	(88,028)	5,900,039	25,683,693	-	16.37
2045	2046	156,920	0.0%	-	-	-	-	-	-	10,771,363	9,100,320	5,145,000	725,175	-	(265,502)	(88,028)	5,898,182	25,681,836	-	16.37
2046	2047	156,920	0.0%	-	-	-	-	-	-	10,771,363	9,100,320	5,375,000	493,650	-	(265,418)	(88,028)	5,896,664	25,680,319	-	16.37
2047	2048	156,920	0.0%	-	-	-	-	-	-	10,771,363	9,100,320	5,595,000	251,775	-	(265,350)	(88,028)	5,873,764	25,657,418	-	16.35
2048	2049	156,920	0.0%	-	-	-	-	-	-	10,771,363	9,100,320	-	-	-	(88,028)	-	19,783,654	-	12.61	
2049	2050	156,920	0.0%	-	-	-	-	-	-	10,771,363	9,100,320	-	-	-	(88,028)	-	19,783,654	-	12.61	
2050	2051	156,920	0.0%	-	-	-	-	-	-	10,771,363	9,100,320	-	-	-	(88,028)	-	19,783,654	-	12.61	
2051	2052	156,920	0.0%	-	-	-	-	-	-	10,771,363	9,100,320	-	-	-	(88,028)	-	19,783,654	-	12.61	
2052	2053	156,920	0.0%	-	-	-	-	-	-	10,771,363	9,100,320	-	-	-	(88,028)	-	19,783,654	-	12.61	
2053	2054	156,920	0.0%	-	-	-	-	-	-	10,771,363	9,100,320	-	-	-	(88,028)	-	19,783,654	-	12.61	
2054	2055	156,920	0.0%	-	-	-	-	-	-	10,771,363	9,100,320	-	-	-	(88,028)	-	19,783,654	-	12.61	
2055	2056	156,920	0.0%	-	-	-	-	-	-	10,771,363	9,100,320	-	-	-	(88,028)	-	19,783,654	-	12.61	
2056	2057	156,920	0.0%	-	-	-	-	-	-	10,771,363	9,100,320	-	-	-	(88,028)	-	19,783,654	-	12.61	
Totals				57,939,944	104,483,200	(7,114,001)	155,309,144		16,786,081	381,421,703	259,945,788	53,590,000	26,153,030	(3,251,831)	(2,665,379)	78,185,434	888,982,770	-		

1 Tax capacity values are actual for taxes payable in 2020 through 2024 and for taxes payable in 2025 is based on preliminary data from Hennepin County. Estimated percentage changes for later years are shown above.
 2 Initial debt service levies are set at 105 percent of the principal and interest payments during the next fiscal year.
 3 Debt excess adjustments for taxes payable in 2022 thru 2025 are actual amounts and for taxes payable in 2026 is based on the audited debt service fund balance as of June 30, 2024. Estimates for future years are based on 4.5% of the prior year's total debt service levy.
 4 Lease levy amounts are for the District's capital leases only.
 5 Assumes that the current Capital Project Levy would be renewed at the same tax rate prior to expiring.
 6 For each of the future Facilities Maintenance bond issues, interest payments due during the first year would be paid from bond proceeds.



ESTIMATES PRIOR TO BOND SALE

Eden Prairie Schools, ISD 272
 Estimated Tax Rates for Capital and Debt Service Levies

5 Future Facilities Maintenance Bond Issues (\$5M to \$16M)
 Wrapped Around Existing Debt
 LTFM Project Costs: \$7 to \$16 Million thru FY 2034

Date Prepared: January 21, 2025

