



EDEN PRAIRIE SCHOOLS
Inspiring each student every day

January 22, 2024

To: Dr. Josh Swanson, Superintendent
From: Business Services Office
Re: Parameters Resolution – New Building Purchase

The school district continues to move forward with the potential purchase of 11840 Valley View Road, Eden Prairie. In working with Ehler's, the district's financial advisor, we have determined to finance the purchase of this property with Taxable Certificates of Participation. The amount determined is \$13,950,000 which will finance the project costs to renovate along with ensuring we have sufficient funds to make the first principal and interest payment on the debt in fiscal year 2024-25.

The resolution for approval is called a parameter resolution, designed to set the amount of funds needed to finance the purchase and renovations, along with establishing a cap on the interest rate the school board is willing to accept for the sale of these certificates and ultimately protects the district against rising interest rates.

The district has been working with DeVetter Design Group, the district's architect, in order to determine renovation costs for the building. Together we have brought in numerous consultants and engineers in order to evaluate the building and ensure the proper funds are available to ensure the building will be ready to serve students in Fall 2024.

The interest rate cap we are suggesting is higher than recent debt issues by the school district. There are really two reasons for these higher rates; First, interest rates have been increasing due to economic conditions and the fed's policy response to inflation. Second, this purchase is considered taxable, not tax-exempt, as we've previously experienced, due to our desire to rent out a portion of the property. We've factored these interest costs into our financial analysis of the property and continue to recommend moving forward with this purchase.

We are targeting a property closing date of March 7, 2024. We remain very excited for the opportunities this property will provide for students and the Eden Prairie community!

We recommend the school board approve the Resolution Stating the Intention of the School District to Issue Taxable Certificates of Participation, Series 2024A, in the Maximum Aggregate Principal Amount of Approximately \$13,950,000; and Taking Other Actions with Respect Thereto.