

January 22, 2025

SALE DAY REPORT FOR:

Independent School District No. 832 (Mahtomedi Public Schools), Minnesota

\$20,850,000 General Obligation
School Building Refunding Bonds, Series 2025A



Prepared by:

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BUILDING COMMUNITIES. IT'S WHAT WE DO.

Competitive Sale Results

PURPOSE: To finance a current refunding of the 2026 through 2031 maturities of the District's General Obligation School Building Refunding Bonds, Series 2014A and restructure the bonds to extend the term though 2032 to mitigate the estimated tax impact of possible future referendum questions to be presented to voters.

RATING: MN Credit Enhancement Rating: S&P Global Ratings "AAA"
Underlying Rating: S&P Global Ratings "AA-"

NUMBER OF BIDS: 11

LOW BIDDER: KeyBanc Capital Markets Incorporated, Cleveland, Ohio

COMPARISON FROM LOWEST TO HIGHEST BID: (TIC as bid)

LOW BID:* 2.9727%

HIGH BID: 3.1109%

Summary of Sale Results:	
Principal Amount*:	\$20,850,000
Underwriter's Discount:	\$30,096
Reoffering Premium:	\$1,437,203
True Interest Cost*:	2.9715%
Costs of Issuance:	\$134,000
Yield:	2.81%-3.00%
Future Value Savings:	\$1,511,396
Total Net P&I:	\$24,572,604

* The winning bidder submitted a bid with a premium price (a price greater than the par amount of the bonds) that was higher than the Revised Pre-Sale Report estimates. The premium amount will be used to partially finance the prepayment of the 2014A Bonds, so the principal amount of the bonds was decreased from \$21,205,000 (in the Revised Pre-Sale Report and the Preliminary Official Statement) to \$20,850,000. This also caused a slight change in the True Interest Cost.

NOTES: The True Interest Cost of 2.97% is lower than the estimate of 3.50% included in the Revised Pre-Sale Report provided to the District on January 7th. As a result, the future value savings of \$1,511,396 is greater than the estimate of \$1,042,766 in the Revised Pre-Sale Report.

CLOSING DATE: February 12, 2025

**REDEMPTION DATE
FOR 2014A BONDS:** March 19, 2025

**DESIGNATED
OFFICIAL ACTION:** Because the True Interest Cost of 2.97% was less than the maximum rate of 3.70% in the resolution approved by the School Board on January 6th, the Director of Business Services and Vice Chair/Clerk of the School Board accepted the proposal from the low bidder on January 22, 2025.

**SCHOOL
BOARD ACTION:** Adopt the Resolution Ratifying the Award of Sale of \$20,850,000 General Obligation School Building Refunding Bonds, Series 2025A.

SUPPLEMENTARY ATTACHMENTS

- Bid Tabulation
- Updated Sources and Uses of Funds
- Existing Debt Service Schedule for 2014A Bonds
- Updated Debt Service Schedule for 2025A Refunding Bonds
- Updated Debt Service Comparison/Refunding Savings Analysis
- Updated Current Refunding Escrow
- Rating Report
- Resolution Ratifying the Award of Sale (Distributed Separately)

BID TABULATION

\$21,205,000* General Obligation School Building Refunding Bonds, Series 2025A

Independent School District No. 832 (Mahtomedi Public Schools), Minnesota

SALE: January 22, 2025

AWARD: KEYBANC CAPITAL MARKETS INCORPORATED

MN Credit Enhancement Rating: S&P Global Ratings "AAA"

Underlying Rating: S&P Global Ratings "AA-"

Tax Exempt - Non-Bank Qualified

NAME OF BIDDER	MATURITY (February 1)	COUPON RATE	REOFFERING YIELD	PRICE	TRUE INTEREST RATE
KEYBANC CAPITAL MARKETS INCORPORATED Cleveland, Ohio	2026	5.000%	2.810%	\$22,652,744.05	2.9727%
	2027	5.000%	2.830%		
	2028	5.000%	2.870%		
	2029	5.000%	2.900%		
	2030	5.000%	2.950%		
	2031	5.000%	3.000%		
	2032	5.000%	3.000%		
BOK FINANCIAL SECURITIES, INC. Milwaukee, Wisconsin					2.9771%
UBS FINANCIAL SERVICES INC. New York, New York					2.9847%
HILLTOPSECURITIES Dallas, Texas					2.9977%
TD SECURITIES (USA) LLC New York, New York					3.0293%

* Subsequent to bid opening the issue size was decreased to \$20,850,000.

Adjusted Price: \$22,257,107.17 Adjusted Net Interest Cost: \$2,320,038.66 Adjusted TIC: 2.9715%

NAME OF BIDDER	TRUE INTEREST RATE
MESIROW FINANCIAL, INC. Chicago, Illinois	3.0299%
JEFFERIES LLC New York, New York	3.0334%
BAIRD Milwaukee, Wisconsin	3.0438%
FHN FINANCIAL CAPITAL MARKETS Memphis, Tennessee	3.0460%
PIPER SANDLER & CO. Minneapolis, Minnesota	3.0463%
BNY MELLON CAPITAL MARKETS, LLC Pittsburgh, Pennsylvania	3.1109%

I.S.D. No.832 (Mahtomedi), MN

\$20,850,000 G.O. School Building Refunding Bonds, Series 2025A

Dated: February 12, 2025

Extend Term - Current Refunding of Series 2014A

Sources & Uses

Dated 02/12/2025 | Delivered 02/12/2025

Sources Of Funds

Par Amount of Bonds	\$20,850,000.00
Reoffering Premium	1,437,203.00
Total Sources	\$22,287,203.00

Uses Of Funds

Total Underwriter's Discount (0.144%)	30,095.83
Costs of Issuance	134,000.00
Deposit to Current Refunding Fund	22,118,565.74
Rounding Amount	4,541.43
Total Uses	\$22,287,203.00

I.S.D. No.832 (Mahtomedi), MN

\$38,930,000 G.O. School Building Refunding Bonds, Series 2014A

Prior Original Debt Service

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
02/01/2025	-	-	-	-	-
08/01/2025	-	-	551,625.00	551,625.00	-
02/01/2026	3,240,000.00	5.000%	551,625.00	3,791,625.00	4,343,250.00
08/01/2026	-	-	470,625.00	470,625.00	-
02/01/2027	3,405,000.00	5.000%	470,625.00	3,875,625.00	4,346,250.00
08/01/2027	-	-	385,500.00	385,500.00	-
02/01/2028	3,575,000.00	5.000%	385,500.00	3,960,500.00	4,346,000.00
08/01/2028	-	-	296,125.00	296,125.00	-
02/01/2029	3,760,000.00	5.000%	296,125.00	4,056,125.00	4,352,250.00
08/01/2029	-	-	202,125.00	202,125.00	-
02/01/2030	3,945,000.00	5.000%	202,125.00	4,147,125.00	4,349,250.00
08/01/2030	-	-	103,500.00	103,500.00	-
02/01/2031	4,140,000.00	5.000%	103,500.00	4,243,500.00	4,347,000.00
Total	\$22,065,000.00	-	\$4,019,000.00	\$26,084,000.00	-

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	2/12/2025
Average Life	3.612 Years
Average Coupon	5.0000000%
Weighted Average Maturity (Par Basis)	3.612 Years
Weighted Average Maturity (Original Price Basis)	3.612 Years

Refunding Bond Information

Refunding Dated Date	2/12/2025
Refunding Delivery Date	2/12/2025

I.S.D. No.832 (Mahtomedi), MN

\$20,850,000 G.O. School Building Refunding Bonds, Series 2025A

Dated: February 12, 2025

Extend Term - Current Refunding of Series 2014A

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
02/12/2025	-	-	-	-	-
08/01/2025	-	-	489,395.83	489,395.83	-
02/01/2026	3,330,000.00	5.000%	521,250.00	3,851,250.00	4,340,645.83
08/01/2026	-	-	438,000.00	438,000.00	-
02/01/2027	3,465,000.00	5.000%	438,000.00	3,903,000.00	4,341,000.00
08/01/2027	-	-	351,375.00	351,375.00	-
02/01/2028	3,245,000.00	5.000%	351,375.00	3,596,375.00	3,947,750.00
08/01/2028	-	-	270,250.00	270,250.00	-
02/01/2029	3,400,000.00	5.000%	270,250.00	3,670,250.00	3,940,500.00
08/01/2029	-	-	185,250.00	185,250.00	-
02/01/2030	3,375,000.00	5.000%	185,250.00	3,560,250.00	3,745,500.00
08/01/2030	-	-	100,875.00	100,875.00	-
02/01/2031	3,535,000.00	5.000%	100,875.00	3,635,875.00	3,736,750.00
08/01/2031	-	-	12,500.00	12,500.00	-
02/01/2032	500,000.00	5.000%	12,500.00	512,500.00	525,000.00
Total	\$20,850,000.00	-	\$3,727,145.83	\$24,577,145.83	-

Yield Statistics

Bond Year Dollars	\$74,542.92
Average Life	3.575 Years
Average Coupon	5.0000000%
Net Interest Cost (NIC)	3.1123529%
True Interest Cost (TIC)	2.9715848%
Bond Yield for Arbitrage Purposes	2.9302223%
All Inclusive Cost (AIC)	3.1567321%

IRS Form 8038

Net Interest Cost	2.8329936%
Weighted Average Maturity	3.627 Years

I.S.D. No.832 (Mahtomedi), MN

\$20,850,000 G.O. School Building Refunding Bonds, Series 2025A

Dated: February 12, 2025

Extend Term - Current Refunding of Series 2014A

Debt Service Comparison

Date	Total P+I	Net New D/S	Old Net D/S	Savings
02/01/2026	4,340,645.83	4,336,104.40	4,343,250.00	7,145.60
02/01/2027	4,341,000.00	4,341,000.00	4,346,250.00	5,250.00
02/01/2028	3,947,750.00	3,947,750.00	4,346,000.00	398,250.00
02/01/2029	3,940,500.00	3,940,500.00	4,352,250.00	411,750.00
02/01/2030	3,745,500.00	3,745,500.00	4,349,250.00	603,750.00
02/01/2031	3,736,750.00	3,736,750.00	4,347,000.00	610,250.00
02/01/2032	525,000.00	525,000.00	-	(525,000.00)
Total	\$24,577,145.83	\$24,572,604.40	\$26,084,000.00	\$1,511,395.60

PV Analysis Summary (Net to Net)

Gross PV Debt Service Savings.....	1,348,661.48
Net PV Cashflow Savings @ 2.930%(Bond Yield).....	1,348,661.48
Contingency or Rounding Amount.....	4,541.43
Net Present Value Benefit	\$1,353,202.91
Net PV Benefit / \$23,635,864.48 PV Refunded Debt Service	5.725%
Net PV Benefit / \$22,065,000 Refunded Principal...	6.133%
Net PV Benefit / \$20,850,000 Refunding Principal..	6.490%

Refunding Bond Information

Refunding Dated Date	2/12/2025
Refunding Delivery Date	2/12/2025

I.S.D. No.832 (Mahtomedi), MN

\$20,850,000 G.O. School Building Refunding Bonds, Series 2025A

Dated: February 12, 2025

Extend Term - Current Refunding of Series 2014A

Current Refunding Escrow

Date	Principal	Rate	Interest	Receipts	Disbursements	Cash Balance
02/12/2025	-	-	-	0.74	-	0.74
03/19/2025	22,118,565.00	4.410%	93,534.26	22,212,099.26	22,212,100.00	-
Total	\$22,118,565.00	-	\$93,534.26	\$22,212,100.00	\$22,212,100.00	-

Investment Parameters

Investment Model [PV, GIC, or Securities]	Securities
Default investment yield target	Unrestricted
Cash Deposit	0.74
Cost of Investments Purchased with Bond Proceeds	22,118,565.00
Total Cost of Investments	\$22,118,565.74
Target Cost of Investments at bond yield	\$22,145,790.13
Actual positive or (negative) arbitrage	27,224.39
Yield to Receipt	4.1482348%
Yield for Arbitrage Purposes	2.9302223%
State and Local Government Series (SLGS) rates for	1/22/2025

RatingsDirect®

Summary:

Mahtomedi Independent School District No. 832, Minnesota; School State Program

Primary Credit Analyst:

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Outlook

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Summary:

Mahtomedi Independent School District No. 832, Minnesota; School State Program

(Editor's Note: Since the publication of the original report on Oct. 17, 2024, the par and series name of the new bonds have changed and fiscal 2024 draft audit results have been released. A corrected version follows.)

Credit Profile		
US\$21.205 mil GO sch bldg rfdg bnds ser 2025A due 02/01/2032		
Long Term Rating	AAA/Stable	Affirmed
Underlying Rating for Credit Program	AA-/Stable	Affirmed
Mahtomedi Indpt Sch Dist #832 GO facs maintenance bnds		
Long Term Rating	AAA/Stable	Current
Underlying Rating for Credit Program	AA-/Stable	Affirmed
Mahtomedi Indpt Sch Dist #832 GO tax abatement bnds ser 2016A due 02/01/2030		
Long Term Rating	AAA/Stable	Current
Underlying Rating for Credit Program	AA-/Stable	Affirmed
Mahtomedi Indpt Sch Dist #832 SCHSTPR		
Long Term Rating	AAA/Stable	Current
Underlying Rating for Credit Program	AA-/Stable	Affirmed

Credit Highlights

- S&P Global Ratings assigned its 'AAA' long-term (program enhanced) rating and 'AA-' underlying rating to Mahtomedi Independent School District No. 832, Minn.'s anticipated \$21.2 million series 2025A general obligation (GO) school building refunding bonds, based on the application of its "Methodology For Rating U.S. Governments," published Sept. 9, 2024, on RatingsDirect.
- At the same time, we affirmed our 'AA-' underlying rating on the district's GO debt outstanding.
- The outlook is stable.

Security

The district's full faith, credit, and taxing powers to levy ad valorem property taxes without limitation as to rate or amount secure the series 2024A bonds. Bond proceeds will provide current refunding for the series 2014A bonds outstanding to capture present value savings.

Tax abatement revenue secures some of the district's GO debt outstanding, but we base the rating on the GO pledge as we have insufficient information to rate to the alternative pledge under our criteria.

Credit overview

The 'AA-' underlying rating reflects our view of strong local tax base trends and median household effective buying income, albeit with relatively low gross county product per capita compared with the U.S average and a recent trend of

Summary: Mahtomedi Independent School District No. 832, Minnesota; School State Program

stable performance resulting from management's long-term financial planning and use of federal relief funds, albeit with plans to spend down to 8% of operating expenditures over the next couple of years.

Operations have been stable in recent years after the district posted a fourth consecutive operating surplus in fiscal 2023 given higher revenue under a scheduled step-up in the voter-approved operating levy and federal pandemic relief funds used in part to support full-time salaries. For fiscal 2024, results reflect a general fund surplus of \$655,000, or 1.3% of operating revenue, after accessing the remaining portion of federal relief funds of \$575,000. Officials are conservatively budgeting for a deficit of \$2.3 million (5% of operating revenue) for fiscal 2025 with plans to deficit spend through fiscal 2026 to a general fund reserve of 8% to 10% of operating expenditures for increasing wages. Officials anticipate returning to voters in November 2025 for additional debt authorization and operating levy dollars. If an additional operating levy does not pass, officials anticipate making budget adjustments, if they deem doing so necessary, to maintain reserves above the policy-mandated 8% of operating expenditures.

The 'AA-' underlying rating further reflects our assessment of the district's:

- Largely residential local economy with access to the Twin Cities economy, which supports the district's high median household effective buying income and positive tax base trends, with ongoing residential development that officials anticipate will aid stable enrollment in the coming years;
- Reserves that we expect will likely deteriorate through 2026 as a result of 3%-5% annual salary increases and depletion of federal relief funds, before being sustained at 8% to 10% of operating expenditures either through a voter-approved operating levy increase or expenditure-side budget adjustments;
- Consistent management practices and policies with quarterly budget-to-actual and monthly investment reporting, and comprehensive long-term planning practices albeit with a one-year lapse in five-year long-term financial planning, which officials expect will be updated after the final 2024 audit is available;
- Manageable debt profile, with preliminary plans to issue \$20 million in 2026, subject to voter authorization, to support capital needs, which we do not expect will materially change our view of debt; and
- Adequately funded pension and other postemployment benefit obligations that we do not view as a medium-term credit pressure.
- For more information on our institutional framework assessment for schools, see "Institutional Framework Assessment: Minnesota Local Governments," published Sept. 10, 2024.

Environmental, social, and governance

We view environmental physical risks as elevated given recent hailstorm damage to district facilities. Prior roofs were single-ply, which officials report led to greater damage than that for neighboring districts with two-ply sheeting. Insurance covered the replacement value of roofing, but the series 2023 bond proceeds covered the additional cost of constructing two-ply roofs. We assessed the social and governance factors and view them as neutral in our credit rating analysis.

Outlook

The two-year stable outlook reflects our view that strengths in the local economy and proactive management controls

Summary: Mahtomedi Independent School District No. 832, Minnesota; School State Program

will likely support maintenance of at least 8% to 10% of operating expenditures in reserve, per board policy.

Downside scenario

We could take negative rating action if the district experiences structural budgetary imbalance, causing reserves to decline to levels below the policy floor of 8% of operating expenditures on a sustained basis, with no plan to correct.

Upside scenario

We could take positive rating action if the district maintains a structurally balanced budget and builds reserves to levels comparable with those of higher-rated peers, while all other credit factors remain equal.

Minnesota School District Credit Enhancement Program

The State of Minnesota Credit Enhancement Program is a standing appropriation program authorized by State Statute, Section 126C.55. Under the program, the state will pay debt service from its general fund if the district fails to do so. State payments have a standing appropriation from Minnesota's general fund, which we view as equivalent to a general fund pledge. The standing appropriation is not subject to executive unallotment authority, and eligible projects are central to Minnesota's operations and purpose. We see no unusual political, timing, or administrative risk related to the debt payment. The credit enhancement program rating reflects that on Minnesota and moves in tandem with the state GO rating and outlook.

Table 1

Mahtomedi Independent School District No. 832, Minnesota--Credit summary	
Institutional framework (IF)	2
Individual credit profile (ICP)	2.45
Economy	2.5
Financial performance	2
Reserves and liquidity	2
Debt and liabilities	3.75
Management	2.00

Table 2

Mahtomedi Independent School District No. 832, Minnesota--Key credit metrics				
	Most recent	2023	2022	2021
Economy				
GCP per capita as % of U.S.	64	--	64	67
County PCPI as % of U.S.	122	--	122	119
Market value (\$000s)	3,519,246	3,372,029	3,000,964	2,642,036
Market value per capita (\$)	244,392	234,169	199,214	178,035
Top 10 taxpayers as % of taxable value	6.0	6.0	4.5	7.2
County unemployment rate (%)	2.6	2.4	2.2	3.2
Local median household EBI as % of U.S.	151	156	155	162
Local per capita EBI as % of U.S.	164	171	174	184
Local population	14,400	14,400	15,064	14,840
Financial performance				
Operating fund revenue (\$000s)	--	46,129	44,508	43,139

Summary: Mahtomedi Independent School District No. 832, Minnesota; School State Program

Table 2

Mahtomedi Independent School District No. 832, Minnesota--Key credit metrics (cont.)				
	Most recent	2023	2022	2021
Operating fund expenditures (\$000s)	--	45,795	44,326	41,788
Net transfers and other adjustments (\$000s)	--	465	66	648
Operating result (\$000s)	--	799	248	1,999
Operating result as % of revenue	--	1.7	0.6	4.6
Operating result three-year average %	--	2.3	3.2	2.9
Enrollment	--	3,157.0	3,159.0	3,164.0
Reserves and liquidity				
Available reserves as % of operating revenue	--	16.7	14.9	14.7
Available reserves (\$000s)	--	7,710	6,620	6,345
Debt and liabilities				
Debt service cost as % of revenue	10.1	10.1	10.0	10.0
Net direct debt per capita (\$)	2,865	3,203	3,055	2,695
Net direct debt (\$000s)	41,250	46,129	46,027	39,990
Direct debt 10-year amortization (%)	96.8	--	--	--
Pension and OPEB cost as % of revenue	4	4	4	5
Net pension liabilities per capita (\$)	2,049	2,049	2,003	1,108
Combined net pension liabilities (\$000s)	29,510	29,510	30,174	16,441

EBI--Effective buying income. GCP--Gross county product. OPEB--Other postemployment benefits. PCPI--Per capita personal income.

Related Research

Through The ESG Lens 3.0: The Intersection Of ESG Credit Factors And U.S. Public Finance Credit Factors, March 2, 2022

Ratings Detail (As Of October 17, 2024)

Mahtomedi Independent School District No.832 GO sch bldg rfdg bnds ser 2024A due 11/14/2035

<i>Long Term Rating</i>	AAA/Stable	Rating Assigned
<i>Underlying Rating for Credit Program</i>	AA-/Stable	Rating Assigned

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.spglobal.com/ratings for further information. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.

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