

February 23, 2012

Sale Report

ISD No. 877,
(Buffalo-Hanover-Montrose),
Minnesota



Independent School District No. 877 (Buffalo-Hanover-Montrose), MN Results of Bond Sale – February 23, 2012

\$34,690,000

General Obligation Refunding Bonds, Series 2012A

Purpose: To effect an advance crossover refunding of the 2014 through 2024 maturities of the \$42,400,000 General Obligation School Building Bonds, Series 2003B (the “Series 2003B Bonds”), dated November 1, 2003, and the 2014 through 2018 maturities of the \$9,100,000 General Obligation Alternative Facilities Bonds, Series 2005A (the “Series 2005A Bonds”), dated December 1, 2005.

Rating: Moody’s “Aa2” – credit enhanced rating

Moody’s “Aa2” – underlying rating

Number of Bids: 9

Low Bidder: Mesirow Financial, Inc., New York, NY

True Interest Cost: 1.9358%

	Low Bid	High Bid	Interest Savings
Interest Savings from Lowest to Highest Bid:	1.9028%	2.0610%	\$624,124

Summary of Results: The interest rates (“coupon rates”) on the new bonds are 3.00% to 4.00%, compared to 4.00% to 4.75% on the 2003A bonds, and 3.75% to 3.80% on the 2005 bonds. However, the underwriter is paying the district a “premium” of approximately \$3.7 million in excess of the par amount of the bonds; this will be used to partially finance the prepayment of the refunded bonds and reduce the amount of the new issue.

The net result will be a reduction in future debt service payments of \$5,038,214. The present value of savings is \$4,435,805, or 11.415% of the present value of the refunded debt service. These savings amounts are well in excess of the minimum parameters established by the Board on January 23 (\$3,000,000 in future payments and 7.5% present value savings).

This will reduce the district’s property tax levy by an average of over \$458,000 per year, for taxes payable in 2013 through 2023.

Closing Date: March 21, 2012

Board Action: Resolution Ratifying The Award Of The Sale, Determining The Form And Details, Authorizing The Execution, Delivery And Registration, And Providing For The Payment Of General Obligation Refunding Bonds, Series 2012A

Attachments:

- Bid Tabulation
- Debt Service Comparison
- Bond Resolution (Distributed in Board Packets)

* Because the underwriter is paying a substantial premium for the Refunding Bonds, which will be used to partially finance the prepayment of the existing bonds, the size of the bond issue was reduced to \$31,215,000. The resulting changes in the maturity schedule caused a change in the True Interest Cost to 1.9358%.

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BID TABULATION

\$34,690,000* General Obligation Refunding Bonds, Series 2012A

INDEPENDENT SCHOOL DISTRICT NO. 877 (BUFFALO-HANOVER-MONTROSE), MINNESOTA

SALE: February 23, 2012

AWARD: MESIROW FINANCIAL

MN SD CREDIT ENHANCEMENT RATING: Moody's Investors Service, Inc. "Aa2"

BBI: 3.65%

UNDERLYING RATING: Moody's Investors Service, Inc. "Aa2"

NAME OF BIDDER	MATURITY (February 1)	RATE	REOFFERING YIELD	PRICE	NET INTEREST COST	TRUE INTEREST RATE
MESIROW FINANCIAL Chicago, Illinois	2014	2.000%	0.375%	\$38,761,761.90	\$5,046,820.04	1.9028%
	2015	3.000%	0.500%			
	2016	3.000%	0.650%			
	2017	3.000%	0.875%			
	2018	3.000%	1.125%			
	2019	4.000%	1.400%			
	2020	4.000%	1.700%			
	2021	4.000%	1.950%			
	2022	4.000%	2.125%			
	2023	4.000%	2.250%			
	2024	4.000%	2.350%			
FIRST SOUTHWEST COMPANY Dallas, Texas	2014	2.000%		\$37,928,612.98	\$5,032,873.83	1.9291%
	2015	2.500%				
	2016	2.000%				
	2017	3.000%				
	2018	4.000%				
	2019	4.000%				
	2020	4.000%				
	2021	4.000%				
	2022	3.000%				
	2023	3.000%				
	2024	4.000%				

*Subsequent to bid opening the issue size was decreased to \$31,215,000.

Adjusted Price - \$34,928,887.00

Adjusted Net Interest Cost - \$4,737,032.44

Adjusted TIC - 1.9358%

\$34,690,000 General Obligation Refunding Bonds, Series 2012A
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NAME OF BIDDER	MATURITY (February 1)	RATE	REOFFERING YIELD	PRICE	NET INTEREST COST	TRUE INTEREST RATE
JEFFERIES & COMPANY New York, New York	2014	2.000%		\$38,577,803.05	\$5,127,063.62	1.9371%
	2015	2.000%				
	2016	3.000%				
	2017	3.000%				
	2018	3.000%				
	2019	4.000%				
	2020	4.000%				
	2021	4.000%				
	2022	4.000%				
	2023	4.000%				
	2024	4.000%				
UBS FINANCIAL SERVICES INC. New York, New York	2014	3.000%		\$37,883,715.25	\$5,153,137.53	1.9866%
	2015	3.000%				
	2016	3.000%				
	2017	3.000%				
	2018	4.000%				
	2019	4.000%				
	2020	4.000%				
	2021	4.000%				
	2022	4.000%				
	2023	3.000%				
	2024	3.000%				
HUTCHINSON, SHOCKEY, ERLEY & CO. Chicago, Illinois	2014	2.000%		\$39,256,124.19	\$5,312,277.20	1.9903%
	2015	4.000%				
	2016	4.000%				
	2017	3.000%				
	2018	4.000%				
	2019	4.000%				
	2020	4.000%				
	2021	4.000%				
	2022	5.000%				
	2023	4.000%				
	2024	4.000%				
PIPER JAFFRAY & CO. Minneapolis, Minnesota	2014	3.000%		\$38,623,323.53	\$5,292,782.03	2.0057%
	2015	3.000%				
	2016	4.000%				
	2017	3.000%				
	2018	4.000%				
	2019	4.000%				
	2020	3.000%				
	2021	3.500%				
	2022	4.000%				
	2023	4.000%				
	2024	4.000%				

\$34,690,000 General Obligation Refunding Bonds, Series 2012A
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NAME OF BIDDER	MATURITY (February 1)	RATE	REOFFERING YIELD	PRICE	NET INTEREST COST	TRUE INTEREST RATE
BAIRD Milwaukee, Wisconsin	2014	3.000%		\$37,356,256.39	\$5,192,578.33	2.0116%
	2015	3.000%				
	2016	3.000%				
	2017	2.000%				
	2018	3.000%				
	2019	3.000%				
	2020	2.000%				
	2021	3.000%				
	2022	4.000%				
	2023	4.000%				
	2024	3.000%				
RAYMOND JAMES & ASSOCIATES, INC. New York, New York	2014	2.000%		\$39,432,781.35	\$5,538,889.48	2.0554%
	2015	3.000%				
	2016	3.000%				
	2017	3.000%				
	2018	4.000%				
	2019	4.000%				
	2020	4.000%				
	2021	4.000%				
	2022	4.000%				
	2023	5.000%				
	2024	5.000%				
BANK OF AMERICA MERRILL LYNCH New York, New York	2014	4.000%		\$41,084,981.39	\$5,670,943.61	2.0610%
	2015	4.000%				
	2016	5.000%				
	2017	5.000%				
	2018	5.000%				
	2019	5.000%				
	2020	5.000%				
	2021	5.000%				
	2022	5.000%				
	2023	5.000%				
	2024	5.000%				

I.S.D. No. 877 (Buffalo, Hanover, Montrose), MN

\$31,215,000 G.O. School Building Refunding Bonds, Series 2011

Issue Summary - Crossover Refunding of

Series 2003B & 2005A

Debt Service Comparison

Date	Total P+I	Const Loan Pmt	Existing D/S	Net New D/S	Old Net D/S	Savings
02/01/2013	932,669.44	(34,867,669.44)	35,228,121.95	1,291,522.39	1,293,121.95	1,599.56
02/01/2014	3,773,100.00	-	-	3,773,100.00	4,266,690.00	493,590.00
02/01/2015	4,144,300.00	-	-	4,144,300.00	4,632,627.50	488,327.50
02/01/2016	4,110,850.00	-	-	4,110,850.00	4,601,927.50	491,077.50
02/01/2017	3,240,600.00	-	-	3,240,600.00	3,734,452.50	493,852.50
02/01/2018	3,248,600.00	-	-	3,248,600.00	3,736,452.50	487,852.50
02/01/2019	2,444,200.00	-	-	2,444,200.00	2,874,615.00	430,415.00
02/01/2020	2,449,200.00	-	-	2,449,200.00	2,880,090.00	430,890.00
02/01/2021	2,441,200.00	-	-	2,441,200.00	2,870,815.00	429,615.00
02/01/2022	3,830,600.00	-	-	3,830,600.00	4,262,265.00	431,665.00
02/01/2023	4,521,400.00	-	-	4,521,400.00	4,951,890.00	430,490.00
02/01/2024	4,529,200.00	-	-	4,529,200.00	4,958,040.00	428,840.00
Total	\$39,665,919.44	(34,867,669.44)	\$35,228,121.95	\$40,024,772.39	\$45,062,986.95	\$5,038,214.56

PV Analysis Summary (Net to Net)

Gross PV Debt Service Savings.....	4,434,206.32
Net PV Cashflow Savings @ 1.981%(AIC).....	4,434,206.32
Contingency or Rounding Amount.....	1,599.56
Net Present Value Benefit	\$4,435,805.88
Net PV Benefit / \$38,859,989.25 PV Refunded Debt Service	11.415%
Net PV Benefit / \$33,935,000 Refunded Principal...	13.071%
Net PV Benefit / \$31,215,000 Refunding Principal..	14.210%

Refunding Bond Information

Refunding Dated Date	3/21/2012
Refunding Delivery Date	3/21/2012