

**ISD 709 DULUTH
UPDATED TAX IMPACTS FOR
FUTURE FINANCIAL PLANNING
(COMMITTEE OF THE WHOLE
MEETING ON JULY 13, 2023)**

PREPARED BY: MICHAEL HOHEISEL

MATT RANTAPAA

SAM HYLLE

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.

Duluth
Public Schools

BAIRD

LAST SESSION REMINDER – COMMITTEE OF THE WHOLE MEETING ON JUNE 15TH



All funding scenarios focused on generating \$5,916,810.63 of additional revenue annually

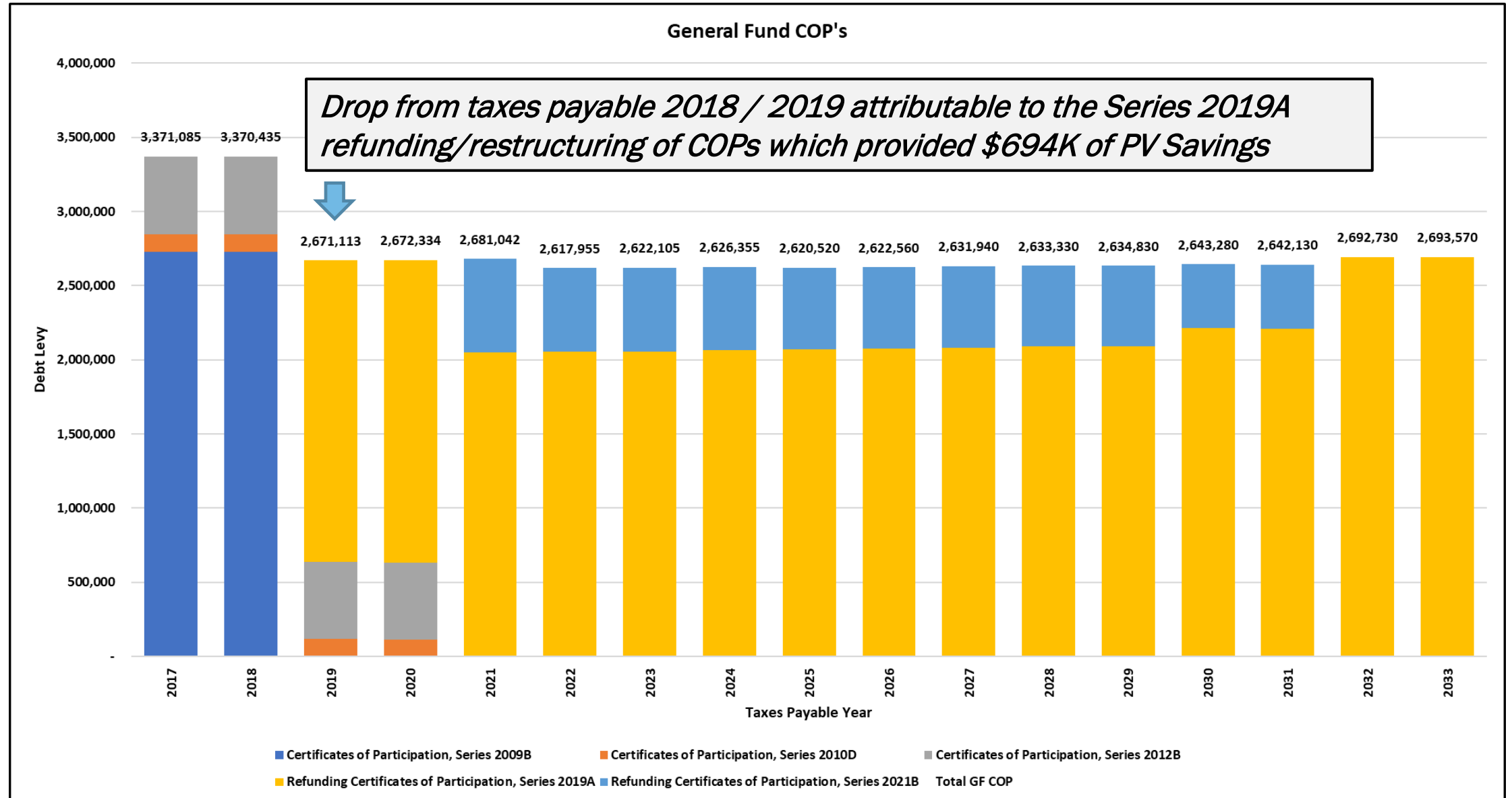


The following slides assume a \$2 million annual technology increase to fund \$7,916,810.63

FUNDING THE \$7,916,810.63 GAP – TWO OPTIONS

Property Type	Estimated Market Value	Voter-Approved Operating Levy Only Change of \$905.99 per PU		7.014% Voter-Approved Capital Project Levy Only	
		Est. Annual Impact	Est. Monthly Impact	Est. Annual Impact	Est. Monthly Impact
Homestead Residential	150,000	119.10	9.93	88.58	7.38
	200,000	158.81	13.23	126.81	10.57
	300,000	238.20	19.85	203.26	16.94
Commercial / Industrial	150,000	119.10	9.93	157.81	13.15
	200,000	158.81	13.23	227.95	19.00
	300,000	238.20	19.85	368.23	30.69
Apartments	150,000	119.10	9.93	131.51	10.96
	200,000	158.81	13.23	175.35	14.61
	300,000	238.20	19.85	263.02	21.92

ISD 709 – HISTORY OF DEBT IMPACTING OPERATIONS



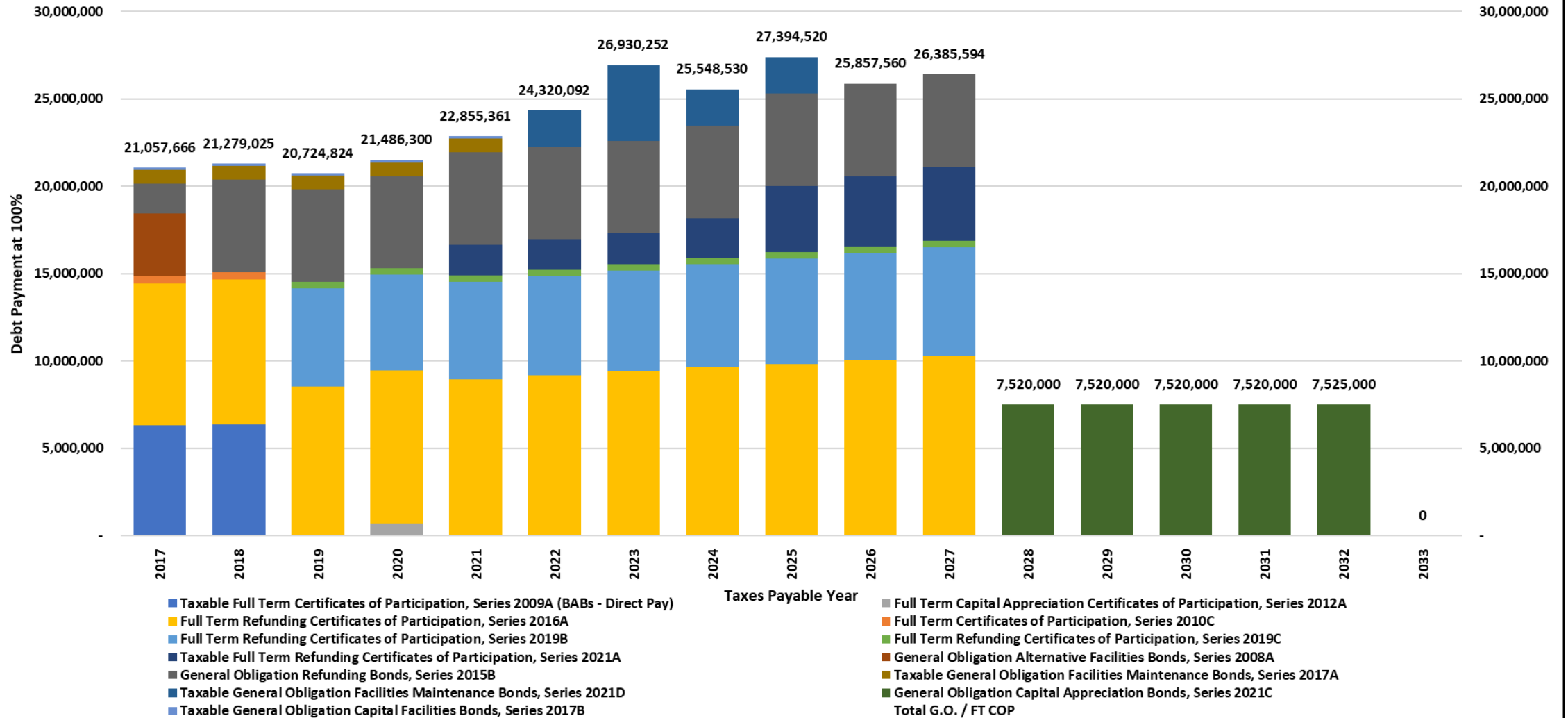
FUNDING THE \$7,916,810.63 GAP – TWO MORE OPTIONS

Property Type	Estimated Market Value	Voter-Approved Operating Levy Change of \$605.43 plus Level Savings Refinance of General Fund COP		4.687% Voter-Approved Capital Project Levy plus Level Savings Refinance of General Fund COP	
		Est. Annual Impact	Est. Monthly Impact	Est. Annual Impact	Est. Monthly Impact
Homestead Residential	150,000	113.61	9.47	93.22	7.77
	200,000	154.82	12.90	133.44	11.12
	300,000	237.24	19.77	213.89	17.82
Commercial / Industrial	150,000	140.19	11.68	166.06	13.84
	200,000	193.66	16.14	239.87	19.99
	300,000	300.59	25.05	387.48	32.29
Apartments	150,000	130.09	10.84	138.39	11.53
	200,000	173.46	14.45	184.51	15.38
	300,000	260.19	21.68	276.77	23.06

By refinancing the General Fund Certificates of Participation, it frees up \$2,626,355 of general fund operating dollars

ISD 709 – HISTORY OF DEBT IMPACTING THE LEVY

Debt Levy Side of Budget

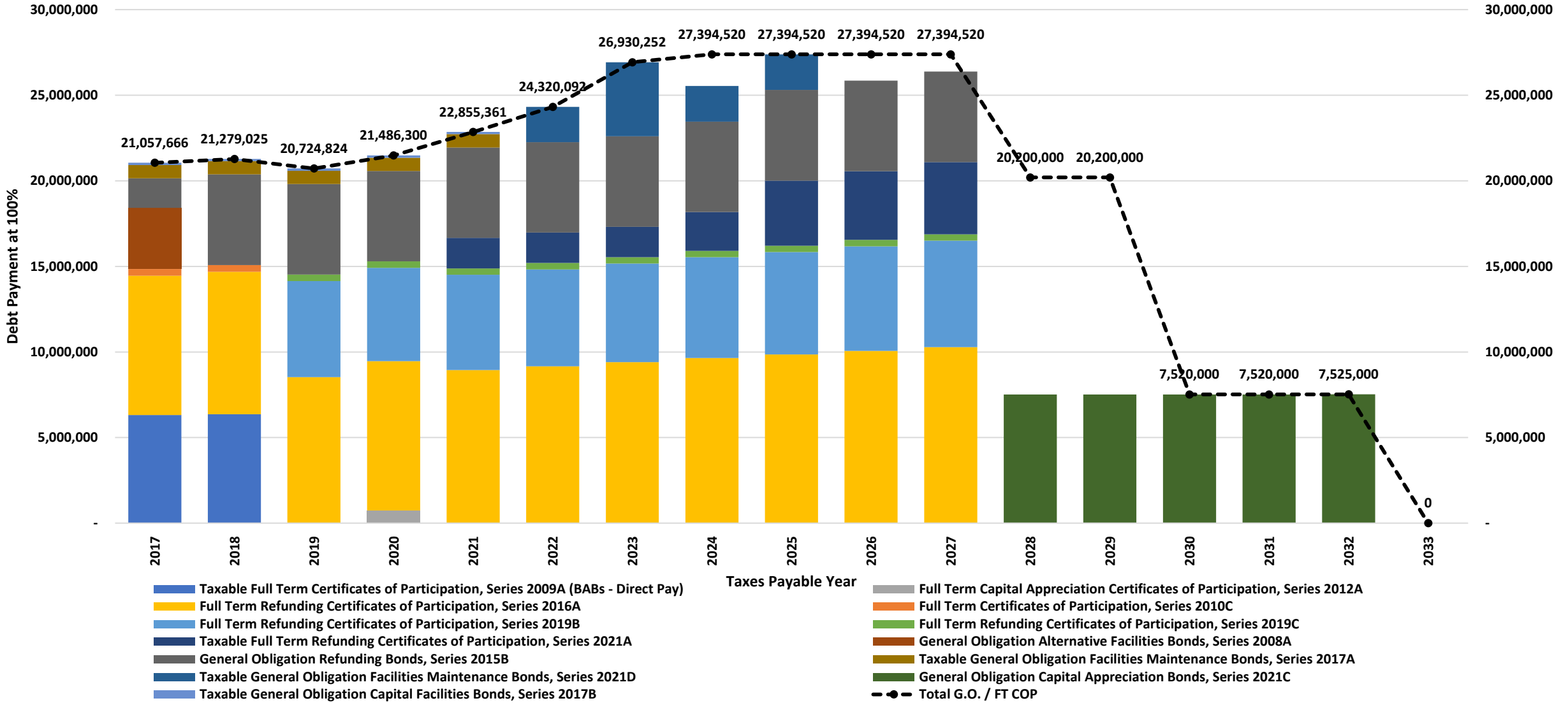


FUNDING THE \$7,916,810.63 GAP – TWO MORE OPTIONS

Property Type	Estimated Market Value	Voter-Approved Operating Levy Change of \$605.43 plus Structured Payment Refinance of General Fund COP		4.687% Voter-Approved Capital Project Levy plus Structured Payment Refinance of General Fund COP	
		Est. Annual Impact	Est. Monthly Impact	Est. Annual Impact	Est. Monthly Impact
Homestead Residential	150,000	85.04	7.09	64.65	5.39
	200,000	113.93	9.49	92.55	7.71
	300,000	171.70	14.31	148.35	12.36
Commercial / Industrial	150,000	89.31	7.44	115.18	9.60
	200,000	120.16	10.01	166.36	13.86
	300,000	181.85	15.15	268.74	22.40
Apartments	150,000	87.69	7.31	95.98	8.00
	200,000	116.92	9.74	127.97	10.66
	300,000	175.38	14.61	191.96	16.00

By refinancing the General Fund Certificates of Participation, it frees up \$2,626,355 of general fund operating dollars

Debt Levy Side of Budget



TAX IMPACT OPTION SUMMARY – ANNUAL IMPACT ONLY

Property Type	Estimated Market Value	Op Levy Only	Cap Proj Levy Only	Op Levy + Level Refi	Cap Proj Levy + Level Refi	Op Levy + Struc Refi	Cap Proj Levy + Struc Refi
Homestead Residential	150,000	119.10	88.58	113.61	93.22	85.04	64.65
	200,000	158.81	126.81	154.82	133.44	113.93	92.55
	300,000	238.20	203.26	237.24	213.89	171.70	148.35
Commercial / Industrial	150,000	119.10	157.81	140.19	166.06	89.31	115.18
	200,000	158.81	227.95	193.66	239.87	120.16	166.36
	300,000	238.20	368.23	300.59	387.48	181.85	268.74
Apartments	150,000	119.10	131.51	130.09	138.39	87.69	95.98
	200,000	158.81	175.35	173.46	184.51	116.92	127.97
	300,000	238.20	263.02	260.19	276.77	175.38	191.96



SAMPLE BALLOT QUESTIONS

1 QUESTION OPERATING LEVY

SCHOOL DISTRICT BALLOT QUESTION

APPROVAL OF SCHOOL DISTRICT REFERENDUM REVENUE AUTHORIZATION

The School Board of Independent School District No. 709 (Duluth) has proposed to revoke the school district's existing referendum revenue authorization of \$646.78 per pupil and to replace that authorization with a new authorization of \$1,552.77 per pupil. The proposed new referendum revenue authorization would be applicable for 10 years beginning in taxes payable 2024, unless otherwise revoked or reduced as provided by law. The additional revenue will be used to finance school operations.

YES

NO

Shall the existing operating referendum revenue authorization be revoked and the increase in operating referendum revenue of \$1,552.77 per pupil for 10 years proposed by the School Board of Independent School District No. 709 (Duluth) be approved?

BY VOTING "YES" ON THE BALLOT QUESTION, YOU ARE VOTING YES FOR A PROPERTY TAX INCREASE.

1 QUESTION CAPITAL PROJECTS LEVY

SCHOOL DISTRICT BALLOT QUESTION

APPROVAL OF SCHOOL DISTRICT CAPITAL PROJECTS LEVY

The School Board of Independent School District No. 709 (Duluth) has proposed a capital project levy authorization of 7.014%% times the net tax capacity of the School District. The proposed capital projects levy authorization will raise approximately \$7,916,810.63 for taxes payable in 2024, the first year it is to be levied, and would be authorized for ten years. The estimated total cost of the projects to be funded over that time period is approximately \$79,168,106.29. The additional revenue from the proposed capital projects levy authorization will provide funds for the acquisition, installation, replacement, support and maintenance of software, software licenses, computers, improved technology equipment, networks, infrastructure and costs of technology related personnel and training.

YES

NO

Shall the capital projects levy authorization proposed by the School Board of Independent School District No. 709 (Duluth) be approved.

BY VOTING "YES" ON THIS BALLOT QUESTION, YOU ARE VOTING FOR A PROPERTY TAX INCREASE.

SCHOOL DISTRICT BALLOT QUESTION

APPROVAL OF SCHOOL DISTRICT BOND REFERENDUM

<input type="radio"/> YES	Shall Independent School District No. 709 (Duluth) be authorized to issue its general obligation bonds in an amount not to exceed \$21,800,000 to provide funds to refinance, for general fund operational savings, the District's Refunding Certificates of Participation, Series 2019A, dated May 29, 2019, and Refunding Certificates of Participation, Series 2021B, dated March 9, 2021 both of which financed improvements to and equipment for the District's facilities throughout the District?
<input type="radio"/> NO	

BY VOTING "YES" ON THIS BALLOT QUESTION, YOU ARE VOTING FOR A PROPERTY TAX INCREASE.

SCHOOL DISTRICT BALLOT QUESTION

APPROVAL OF SCHOOL DISTRICT REFERENDUM REVENUE AUTHORIZATION

The School Board of Independent School District No. 709 (Duluth) has proposed to revoke the school district's existing referendum revenue authorization of \$646.78 per pupil and to replace that authorization with a new authorization of \$1,252.21 per pupil. The proposed new referendum revenue authorization would be applicable for 10 years beginning in taxes payable 2024, unless otherwise revoked or reduced as provided by law. The additional revenue will be used to finance school operations.

<input type="radio"/> YES	Shall the existing operating referendum revenue authorization be revoked and the increase in operating referendum revenue of \$1,252.21 per pupil for 10 years proposed by the School Board of Independent School District No. 709 (Duluth) be approved?
<input type="radio"/> NO	

BY VOTING "YES" ON THE BALLOT QUESTION, YOU ARE VOTING YES FOR A PROPERTY TAX INCREASE.

2 QUESTION OPERATING LEVY AND COP REFINANCING

SCHOOL DISTRICT BALLOT QUESTION

APPROVAL OF SCHOOL DISTRICT BOND REFERENDUM

<input type="radio"/> YES	Shall Independent School District No. 709 (Duluth) be authorized to issue its general obligation bonds in an amount not to exceed \$21,800,000 to provide funds to refinance, for general fund operational savings, the District's Refunding Certificates of Participation, Series 2019A, dated May 29, 2019, and Refunding Certificates of Participation, Series 2021B, dated March 9, 2021 both of which financed improvements to and equipment for the District's facilities throughout the District?
<input type="radio"/> NO	

BY VOTING "YES" ON THIS BALLOT QUESTION, YOU ARE VOTING FOR A PROPERTY TAX INCREASE.

SCHOOL DISTRICT BALLOT QUESTION

**APPROVAL OF SCHOOL DISTRICT
CAPITAL PROJECTS LEVY**

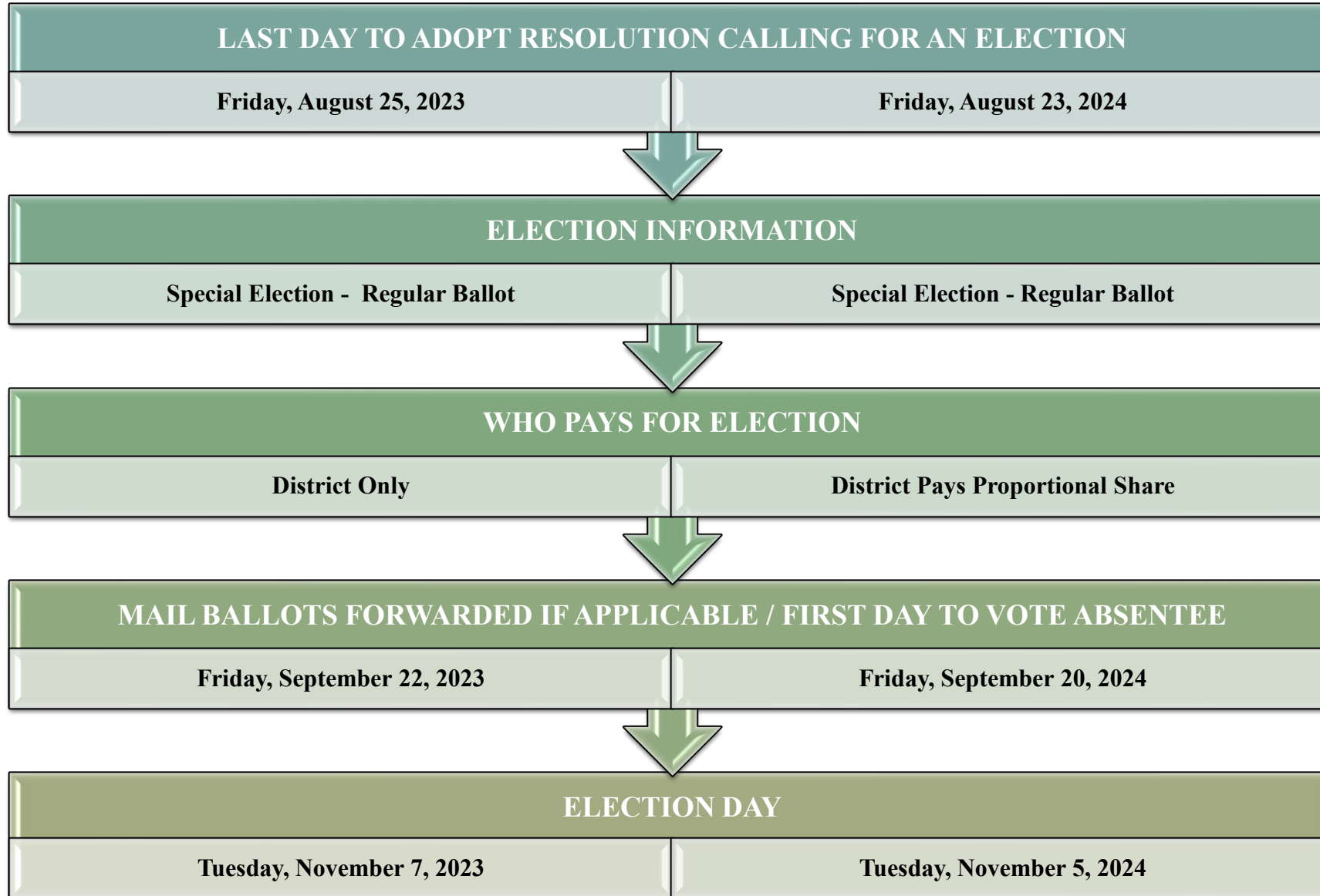
The School Board of Independent School District No. 709 (Duluth) has proposed a capital project levy authorization of 4.687% times the net tax capacity of the School District. The proposed capital projects levy authorization will raise approximately \$5,290,455.87 for taxes payable in 2024, the first year it is to be levied, and would be authorized for ten years. The estimated total cost of the projects to be funded over that time period is approximately \$52,904,558.70. The additional revenue from the proposed capital projects levy authorization will provide funds for the acquisition, installation, replacement, support and maintenance of software, software licenses, computers, improved technology equipment, networks, infrastructure and costs of technology related personnel and training.

<input type="radio"/> YES	Shall the capital projects levy authorization proposed by the School Board of Independent School District No. 709 (Duluth) be approved.
<input type="radio"/> NO	

BY VOTING "YES" ON THIS BALLOT QUESTION, YOU ARE VOTING FOR A PROPERTY TAX INCREASE.

2 QUESTION CAPITAL PROJECTS LEVY AND COP REFINANCING

KEY OPERATING LEVY ELECTION DATES – 2023 AND 2024



Based on District's financial status (not in SOD), the District can only ask for a voter approved operating referendum from voters once a calendar year. If the voter approved request is not held on the November general election date, it must be by mail ballot.

Pros of a 2023 Election:

- Statistically better passage rate in odd years
- Avoid November 2024 General Election



**FURTHER THOUGHTS /
QUESTIONS /
STATEMENTS?**