

June 20, 2024

SALE DAY REPORT FOR:

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

\$13,365,000 Taxable Certificates of Participation,  
Series 2024A



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BUILDING COMMUNITIES. IT'S WHAT WE DO.

# Competitive Sale Results

- PURPOSE:** To finance the purchase of land and an existing building and make renovations and improvements to convert the building into an education facility which will be used by the District to provide special education, transitional programming, alternative general education and other educational services.
- RATING:** Moody's Investor's Service "Aa3" (Moody's also affirmed the "Aa2" underlying rating on the District's outstanding general obligation bonds)
- NUMBER OF BIDS:** 2
- LOW BIDDER:** Baird, Milwaukee, Wisconsin

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

- LOW BID:\*** 5.3311%
- HIGH BID:** 5.4461%

Summary of Sale Results:	
Principal Amount*:	\$13,365,000
Underwriter's Discount:	\$264,231
Reoffering Premium:	\$291,716
True Interest Cost*:	5.3288%
Capitalized Interest:	\$571,916
Costs of Issuance:	\$105,975
Yield:	4.80%-5.23%
Total Net P&I:	\$19,748,330

\* The winning bidder submitted a bid with a premium price (a price greater than the principal amount of the certificates) that was more than the estimate included in the Pre-Sale Report presented to the board on May 28, 2024. As a result, the principal amount was decreased from \$13,635,000 (in the Pre-Sale Report and the Preliminary Official Statement) to \$13,365,000. This also caused a slight change in the True Interest Cost.

- NOTES:** The True Interest Cost of 5.33% is well below the estimate of 6.77% in the Pre-Sale Report dated May 28, 2024. As a result, the total principal and interest payments on the certificates will be approximately \$2,290,000 less than estimated in the Pre-Sale Report.

**CLOSING DATE:** June 27, 2024

**DESIGNATED OFFICIAL ACTION:** Because the True Interest Cost was below the maximum rate of 7.00% in the parameters resolution approved by the School Board on January 22, 2024, the Board Chair and the Superintendent accepted the proposal from the low bidder on June 20, 2024.

**SCHOOL BOARD ACTION:** At the June 24, 2024 meeting, adopt the Resolution Ratifying the Award of Sale of the \$13,365,000 Taxable Certificates of Participation, Series 2024A.

## **SUPPLEMENTARY ATTACHMENTS**

- Bid Tabulation
- Updated Sources and Uses of Funds
- Updated Net Debt Service Schedule
- Rating Reports
- Resolution Ratifying the Award of Sale (distributed separately)

## BID TABULATION

**\$13,635,000\* Taxable Certificates of Participation, Series 2024A**

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

**SALE:** June 20, 2024

**AWARD:** BAIRD

**Rating:** Moody's Investor's Service "Aa3"

Taxable - Non-Bank Qualified

NAME OF BIDDER	MATURITY (April 1)	COUPON RATE	REOFFERING YIELD	PRICE	TRUE INTEREST RATE
BAIRD				\$13,645,653.25	5.3311%
Milwaukee, Wisconsin	2026	6.750%	5.050%		
C.L. King & Associates	2027	6.750%	4.900%		
Colliers Securities LLC	2028	6.750%	4.850%		
Davenport & Co. L.L.C.	2029	6.750%	4.800%		
Crews & Associates, Inc.	2030	6.750%	4.800%		
Edward Jones	2031	6.750%	4.850%		
Northland Securities, Inc.	2032	6.750%	4.900%		
Oppenheimer & Co.	2033	4.800%	4.950%		
First Bankers' Banc Securities, Inc.	2034	5.000%	5.000%		
Country Club Bank	2035	5.000%	5.040%		
Bernardi Securities, Inc.	2036	5.000%	5.080%		
Loop Capital Markets	2037	5.000%	5.120%		
Celadon Financial Group, LLC	2038	5.000%	5.160%		
FMS Bonds Inc.	2039	5.000%	5.200%		
Alliance Global Partners	2040	5.000%	5.230%		
Wintrust Investments, LLC					
First Kentucky Securities Corp.					
First Southern LLC					
Midland Securities					
Multi Bank Securities Inc.					
Dinosaur Securities					
Mountainside Securities LLC					
StoneX Financial Inc.					
Blaylock Van, LLC					
Carty & Company, Inc.					
Caldwell Sutter Capital, Inc.					

\* Subsequent to bid opening the issue size was decreased to \$13,365,000.

Adjusted Price: \$13,392,484.56      Adjusted Net Interest Cost: \$6,927,761.45      Adjusted TIC: 5.3288%

**NAME OF BIDDER**

**TRUE  
INTEREST  
RATE**

KEYBANC CAPITAL MARKETS  
INCORPORATED  
Cleveland, Ohio

5.4461%

# RESULTS OF SALE OF CERTIFICATES

## Eden Prairie School District No. 272

\$13,365,000 Taxable Certificates of Participation, Series 2024A

Dated: June 27, 2024

### Sources & Uses

Dated 06/27/2024 | Delivered 06/27/2024

#### Sources Of Funds

Par Amount of Bonds	\$13,365,000.00
Reoffering Premium	291,716.05

**Total Sources** **\$13,656,716.05**

#### Uses Of Funds

Total Underwriter's Discount (1.977%)	264,231.49
Costs of Issuance	105,975.00
Deposit to Capitalized Interest (CIF) Fund	571,916.01
Deposit to Project Construction Fund	12,714,593.55

**Total Uses** **\$13,656,716.05**

# RESULTS OF SALE OF CERTIFICATES

## Eden Prairie School District No. 272

\$13,365,000 Taxable Certificates of Participation, Series 2024A

Dated: June 27, 2024

### Net Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	CIF	Net New D/S	Fiscal Total
06/27/2024	-	-	-	-	-	-	-
04/01/2025	-	-	571,916.01	571,916.01	(571,916.01)	-	-
10/01/2025	-	-	375,711.25	375,711.25	-	375,711.25	-
04/01/2026	565,000.00	6.750%	375,711.25	940,711.25	-	940,711.25	1,316,422.50
10/01/2026	-	-	356,642.50	356,642.50	-	356,642.50	-
04/01/2027	605,000.00	6.750%	356,642.50	961,642.50	-	961,642.50	1,318,285.00
10/01/2027	-	-	336,223.75	336,223.75	-	336,223.75	-
04/01/2028	645,000.00	6.750%	336,223.75	981,223.75	-	981,223.75	1,317,447.50
10/01/2028	-	-	314,455.00	314,455.00	-	314,455.00	-
04/01/2029	685,000.00	6.750%	314,455.00	999,455.00	-	999,455.00	1,313,910.00
10/01/2029	-	-	291,336.25	291,336.25	-	291,336.25	-
04/01/2030	735,000.00	6.750%	291,336.25	1,026,336.25	-	1,026,336.25	1,317,672.50
10/01/2030	-	-	266,530.00	266,530.00	-	266,530.00	-
04/01/2031	785,000.00	6.750%	266,530.00	1,051,530.00	-	1,051,530.00	1,318,060.00
10/01/2031	-	-	240,036.25	240,036.25	-	240,036.25	-
04/01/2032	835,000.00	6.750%	240,036.25	1,075,036.25	-	1,075,036.25	1,315,072.50
10/01/2032	-	-	211,855.00	211,855.00	-	211,855.00	-
04/01/2033	895,000.00	4.800%	211,855.00	1,106,855.00	-	1,106,855.00	1,318,710.00
10/01/2033	-	-	190,375.00	190,375.00	-	190,375.00	-
04/01/2034	935,000.00	5.000%	190,375.00	1,125,375.00	-	1,125,375.00	1,315,750.00
10/01/2034	-	-	167,000.00	167,000.00	-	167,000.00	-
04/01/2035	980,000.00	5.000%	167,000.00	1,147,000.00	-	1,147,000.00	1,314,000.00
10/01/2035	-	-	142,500.00	142,500.00	-	142,500.00	-
04/01/2036	1,030,000.00	5.000%	142,500.00	1,172,500.00	-	1,172,500.00	1,315,000.00
10/01/2036	-	-	116,750.00	116,750.00	-	116,750.00	-
04/01/2037	1,085,000.00	5.000%	116,750.00	1,201,750.00	-	1,201,750.00	1,318,500.00
10/01/2037	-	-	89,625.00	89,625.00	-	89,625.00	-
04/01/2038	1,135,000.00	5.000%	89,625.00	1,224,625.00	-	1,224,625.00	1,314,250.00
10/01/2038	-	-	61,250.00	61,250.00	-	61,250.00	-
04/01/2039	1,195,000.00	5.000%	61,250.00	1,256,250.00	-	1,256,250.00	1,317,500.00
10/01/2039	-	-	31,375.00	31,375.00	-	31,375.00	-
04/01/2040	1,255,000.00	5.000%	31,375.00	1,286,375.00	-	1,286,375.00	1,317,750.00
<b>Total</b>	<b>\$13,365,000.00</b>	<b>-</b>	<b>\$6,955,246.01</b>	<b>\$20,320,246.01</b>	<b>(571,916.01)</b>	<b>\$19,748,330.00</b>	<b>-</b>

### Yield Statistics

Bond Year Dollars	\$130,887.25
Average Life	9.793 Years
Average Coupon	5.3139217%
Net Interest Cost (NIC)	5.2929231%
True Interest Cost (TIC)	5.3288637%
All Inclusive Cost (AIC)	5.4392103%
Bond Yield for Arbitrage Purposes	5.0590670%

### IRS Form 8038

Net Interest Cost	5.0590303%
Weighted Average Maturity	9.645 Years

# MOODY'S

## RATINGS

### **Rating Action: Moody's Ratings affirms Eden Prairie ISD 272, MN's issuer and GOULT at Aa2; assigns Aa3 to COPs**

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13 Jun 2024

New York, June 13, 2024 -- Moody's Ratings (Moody's) has affirmed Eden Prairie Independent School District 272, MN's issuer and general obligation unlimited tax (GOULT) ratings at Aa2. Moody's has also assigned a Aa3 rating to the district's Taxable Certificates of Participation, Series 2024A (COPs) with a proposed par amount of \$13.6 million. Following the sale, the district will have \$97 million of GOULT debt and \$14 million of COPs outstanding.

The affirmation of the Aa2 issuer rating reflects the district's affluent economic base near the Twin Cities and maintenance of its solid financial position.

#### RATINGS RATIONALE

The Aa2 issuer rating reflects the district's affluent economic base near the Twin Cities metropolitan area and solid financial position that slightly trails those of similarly rated peers. The district's available fund balance will likely hover around 20% of revenue, supported by increased state aid, revenue from a recently increased operating levy and renewed capital levy, and prudent expenditure management. The strong local economy benefits from above average resident income and full value per capita at above 165% of the US and just below \$235,000 respectively. Enrollment has recently stabilized with the three-year CAGR of 0.4%, which is projected to continue with potential for modest growth going forward. Overall leverage will modestly grow to just below 255% of revenue following the issuance of the Series 2024A COPs.

The Aa2 GOULT rating is equivalent to the Aa2 issuer rating based on the district's general obligation full faith and credit pledge and authority to levy an unlimited property tax dedicated to debt service.

The Aa3 rating assigned to the district's COPs is one notch below the Aa2 issuer rating, reflecting the contingent nature of the pledge, which is subject to annual appropriation, and the more essential purpose of the pledged assets (alternative



learning center and transition program facility).

## RATING OUTLOOK

Moody's does not assign outlooks to local government issuers with this amount of debt.

## FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Material and sustained growth of available fund balance to above 20% of revenue
- Reduction in leverage to levels well below 250% of revenue

## FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Material deterioration of available fund balance to levels approaching 10% of revenue
- Substantial increase in leverage to levels exceeding 350% of revenue

## LEGAL SECURITY

The district's GOULT bonds are supported by the district's full faith and credit pledge and the authority to levy a dedicated property tax unlimited as to rate and amount. The bonds are also secured by statute.

The Series 2024A COPs are supported by the district's annual appropriation pledge to make lease payments to the trustee under a ground lease agreement. The pledged assets consist of the district's alternative learning center and transition program facility, which we deem to be more essential assets.

## USE OF PROCEEDS

The Series 2024A COPs will be used to acquire and remodel an existing building within the district to provide instructional services to students enrolled in its transition program and alternative learning center.

## PROFILE

Eden Prairie Independent School District 272, MN is situated in Hennepin County (Aaa stable), about 20 miles southwest of the City of Minneapolis (Aa1 positive) in the Twin Cities metropolitan area. The district currently provides kindergarten to twelfth grade education to just over 8,900 students.

## METHODOLOGY

The principal methodology used in these ratings was US K-12 Public School Districts Methodology published in January 2021 and available at

<https://ratings.moodys.com/rmc-documents/70054>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

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## CREDIT OPINION

13 June 2024



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# Eden Prairie Independent School District 272, MN

Update following affirmation of Aa2 issuer rating

## Summary

[Eden Prairie ISD 272, MN](#) (Aa2) benefits from its proximity to the Twin Cities metropolitan area with a solid financial position that slightly trails Aa2 rated peers. Enrollment has been stabilizing in recent years and overall leverage will increase slightly following an upcoming issuance.

## Credit strengths

- » Affluent economic base near the Twin Cities metropolitan area
- » Recent increase of operating levy and renewal of capital project levy will provide financial stability

## Credit challenges

- » Solid operating reserves slightly trail Aa2 sector medians
- » Moderate leverage with outstanding capital needs

## Rating outlook

Moody's does not assign outlooks to local government issuers with this amount of debt.

## Factors that could lead to an upgrade

- » Material and sustained growth of available fund balance to above 20% of revenue
- » Reduction in leverage to levels well below 250% of revenue

## Factors that could lead to a downgrade

- » Material deterioration of available fund balance to levels approaching 10% of revenue
- » Substantial increase in leverage to levels exceeding 350% of revenue

## Key indicators

Exhibit 1

### Eden Prairie I.S.D. 272, MN

	2020	2021	2022	2023	Aa Medians
<b>Economy</b>					
Resident income	172.6%	168.2%	167.9%	N/A	117.7%
Full value (\$000)	\$11,134,132	\$11,505,960	\$12,097,585	\$13,699,386	\$4,116,112
Population	61,135	60,555	60,276	N/A	33,491
Full value per capita	\$182,124	\$190,008	\$200,703	N/A	\$118,409
Enrollment	8,826	8,606	8,861	8,939	4,140
Enrollment trend	-0.5%	-1.0%	-0.1%	0.4%	-1.1%
<b>Financial performance</b>					
Operating revenue (\$000)	\$136,513	\$144,095	\$145,269	\$152,154	\$72,169
Available fund balance (\$000)	\$22,952	\$31,533	\$29,620	\$28,534	\$19,387
Net cash (\$000)	\$42,208	\$51,709	\$51,553	\$49,433	\$23,204
Available fund balance ratio	16.8%	21.9%	20.4%	18.8%	28.9%
Net cash ratio	30.9%	35.9%	35.5%	32.5%	33.5%
<b>Leverage</b>					
Debt (\$000)	\$101,950	\$105,194	\$101,822	\$110,276	\$52,993
ANPL (\$000)	\$323,903	\$416,532	\$347,730	\$272,132	\$126,556
OPEB (\$000)	-\$5,019	-\$9,552	-\$5,232	-\$5,212	\$9,318
Long-term liabilities ratio	308.3%	355.4%	305.9%	247.9%	339.9%
Implied debt service (\$000)	\$4,695	\$7,301	\$7,378	\$7,111	\$3,664
Pension tread water (\$000)	\$7,371	\$8,454	\$6,126	\$9,872	\$3,207
OPEB contributions (\$000)	\$0	\$0	\$0	\$0	\$333
Fixed-costs ratio	8.8%	10.9%	9.3%	11.2%	12.2%

For definitions of the metrics in the table above please refer to the [US K-12 Public School Districts Methodology](#) or see the Glossary in the Appendix below. Metrics represented as N/A indicate the data were not available at the time of publication. The medians come from our most recently published [K12 Median Report](#).

Sources: US Census Bureau, Eden Prairie I.S.D. 272, MN's financial statements and Moody's Ratings

## Profile

Eden Prairie Independent School District 272, MN is situated in Hennepin County, about 20 miles southwest of the City of Minneapolis in the Twin Cities metropolitan area. The district currently provides kindergarten to twelfth grade education to just over 8,900 students.

## Detailed credit considerations

Eden Prairie ISD 272 maintains a solid financial position that slightly trails its peers, supported by growing revenue and prudent expenditure management. Voters renewed the district's operating and capital project levies for ten years in 2022. The operating levy was increased by \$260 per pupil and generates about \$21 million in annual revenue, an amount that will grow with inflation going forward. The district's affluent economic base benefits from its proximity to the Twin Cities metropolitan area, though continued residential development within the district will be relatively limited because the district is mostly built out. Enrollment is stabilizing around 8,900 students following a long-term decline from its peak of about 10,400 students in the early 2000s. Recent improvements have been supported by the district's online K-12 program as an alternate learning option for students from other districts. Management conservatively projects modest enrollment declines over the next several years driven by declining birthrates in Hennepin County, though it will be partially offset by the district's consistent open enrollment gains.

Fiscal 2024 is on track to close with a more than \$800,000 general fund surplus, which is less than the initial projections of a \$1.8 million surplus because of a one-time \$1 million payment to teachers following contract negotiations. Though the district's five-year forecast projects that reserves will moderately decline closer to its formal reserve target of 8% of expenditures, operating reserves will likely remain solid because of growing state aid and conservative expenditure management. The district is in the process of issuing about \$13.6 million in COPs to finance renovations for a transition program and alternative learning facility, modestly raising leverage

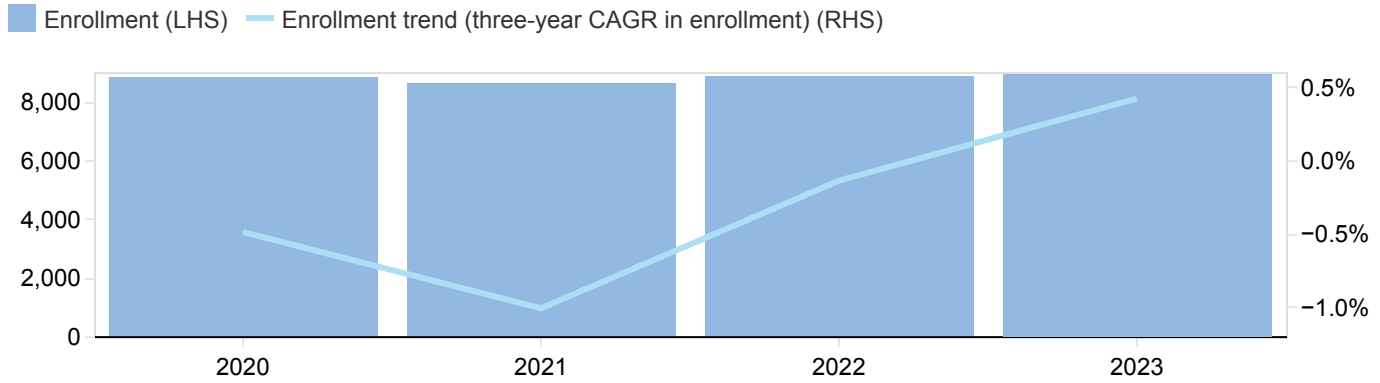
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to above 250% of revenue. The district plans to issue an additional \$10 million in 2025 to finance projects included its ten-year facility maintenance plan.

**Economy**

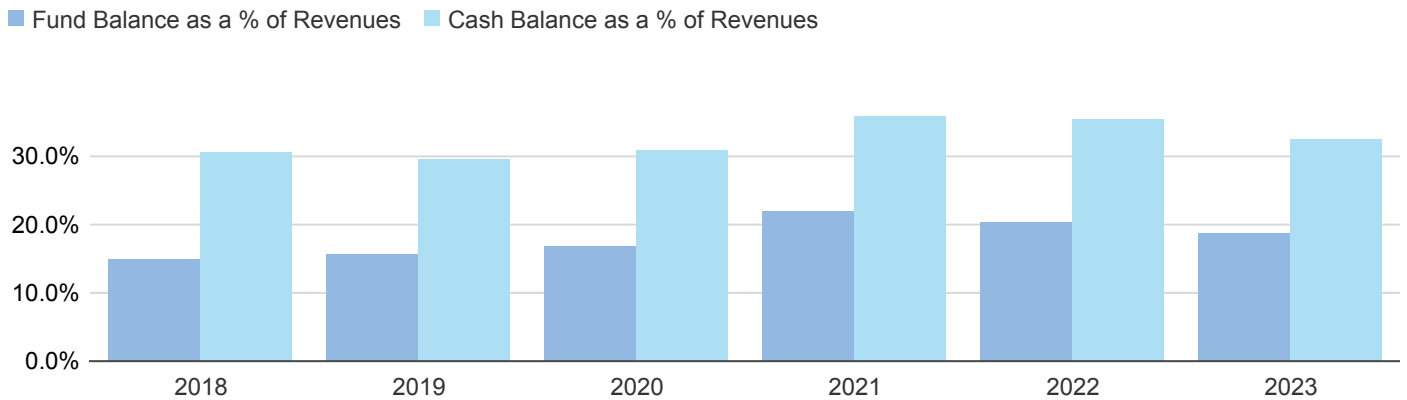
Exhibit 2  
**Enrollment**



Source: Moody's Ratings

**Financial operations**

Exhibit 3  
**Financial Trends**



Sources: Eden Prairie I.S.D. 272, MN's financial statements and Moody's Ratings

**ESG considerations**

**Environmental**

The district has relatively low exposure to environmental risks across all categories, including physical climate risk, carbon transition, natural capital and waste and pollution. Notably, the district has been switching its facilities over to solar power. The district expects to get about 85% of its energy from solar and other renewable sources within the next 10 years. Currently, there are no discernable credit challenges for the district driven by environmental or weather-related impacts.

**Social**

The district has positive exposure to education and relatively low exposure to social risks across all other categories. Situated near the Twin Cities, the district maintains strong resident incomes and a low poverty rate, while educational attainment exceeds the nation. The district has seen tremendous population growth since the 1980s as its population more than tripled from less than 18,000 in

1980 to about 60,000 residents in 2022. In contrast, enrollment reached a peak of about 10,400 students in the early 2000s and has gradually declined since then. Favorably, management reports that enrollment has stabilized in recent years, partially driven by the competitive advantage linked to its virtual learning option.

### Governance

Governance is a credit consideration for all local government issuers. The district has a formal fund balance policy of maintaining at least 8% of budgeted expenditures as unassigned general fund balance, which the district has exceeded. Transparency and disclosure practices are solid given the timely filing of audited financial statements and budgets. Additionally, district officials conduct financial variance reporting on a monthly basis.

Minnesota school districts have an Institutional Framework score <sup>1</sup> of A. The state controls the bulk of school district revenue through a per-pupil funding formula. The state has provided for regular annual increases in the funding formula for several years but has occasionally delayed disbursements. Districts can generate a moderate amount of additional locally determined revenue and can go to voters for additional revenue up to the standard referendum cap.

## Rating methodology and scorecard factors

The US K-12 Public School Districts Methodology includes a scorecard, a tool providing a composite score of a school district's credit profile based on the weighted factors we consider most important, universal and measurable, as well as possible notching factors dependent on individual credit strengths and weaknesses. Its purpose is not to determine the final rating, but rather to provide a standard platform from which to analyze and compare school district credits.

Exhibit 4

### Eden Prairie I.S.D. 272, MN

	Measure	Weight	Score
<b>Economy</b>			
Resident Income (MHI Adjusted for RPP / US MHI)	167.9%	10.0%	Aaa
Full value per capita (full valuation of the tax base / population)	234,628	10.0%	Aaa
Enrollment trend (three-year CAGR in enrollment)	0.4%	10.0%	Aa
<b>Financial performance</b>			
Available fund balance ratio (available fund balance / operating revenue)	18.8%	20.0%	Aa
Net cash ratio (net cash / operating revenue)	32.5%	10.0%	Aaa
<b>Institutional framework</b>			
Institutional Framework	A	10.0%	A
<b>Leverage</b>			
Long-term liabilities ratio ((debt + ANPL + adjusted net OPEB) / operating revenue)	253.8%	20.0%	A
Fixed-costs ratio (adjusted fixed costs / operating revenue)	11.2%	10.0%	Aaa
<b>Notching factors</b>			
No notchings applied			
Scorecard-Indicated Outcome			Aa2
<b>Assigned Rating</b>			<b>Aa2</b>

The complete list of outstanding ratings assigned to the Eden Prairie I.S.D. 272, MN is available on their [issuer page](#). Details on the current ESG scores assigned to the Eden Prairie I.S.D. 272, MN are available on their [ESGView page](#).

Sources: US Census Bureau, Eden Prairie I.S.D. 272, MN's financial statements and Moody's Ratings

## Appendix

Exhibit 5

### Key Indicators Glossary

	Definition	Typical Source*
<b>Economy</b>		
Resident income	Median Household Income (MHI), adjusted for Regional Price Parity (RPP), as a % of the US	MHI: American Community Survey (US Census Bureau) RPP: US Bureau of Economic Analysis
Full value (\$000)	Estimated market value of taxable property accessible to the district	State repositories, district's audited financial reports, offering documents or continuing disclosure
Population	Population of school district	American Community Survey (US Census Bureau)
Full value per capita	Full value / population of school district	
Enrollment	Student enrollment of school district	State data publications
Enrollment trend	3-year Compound Annual Growth Rate (CAGR) of Enrollment	State data publications; Moody's Investors Service
<b>Financial performance</b>		
Operating revenue (\$000)	Total annual operating revenue in what we consider to be the district's operating funds	Audited financial statements
Available fund balance (\$000)	Committed, assigned and unassigned fund balances in what we consider to be the district's operating funds	Audited financial statements
Net cash (\$000)	Net cash (cash and liquid investments minus short-term debt) in what we consider to be the district's operating funds	Audited financial statements
Available fund balance ratio	Available fund balance / Operating Revenue	Audited financial statements
Net cash ratio	Net Cash / Operating Revenue	Audited financial statements
<b>Leverage</b>		
Debt (\$000)	District's direct gross debt outstanding	Audited financial statements; official statements
ANPL (\$000)	District's pension liabilities adjusted by Moody's to standardize the discount rate used to compute the present value of accrued benefits	Audited financial statements; Moody's Investors Service
OPEB (\$000)	District's net other post-employment benefit (OPEB) liabilities adjusted by Moody's to standardize the discount rate used to compute the present value of accrued benefits	Audited financial statements; Moody's Investors Service
Long-term liabilities ratio	Debt, ANPL and OPEB liabilities as % of operating revenue	Audited financial statements, official statements; Moody's Investors Service
Implied debt service (\$000)	Annual cost to amortize district's long-term debt over 20 years with level payments	Audited financial statements; official statements; Moody's Investors Service
Pension tread water (\$000)	Pension contribution necessary to prevent reported unfunded pension liabilities from growing, year over year, in nominal dollars, if all actuarial assumptions are met	Audited financial statements; Moody's Investors Service
OPEB contributions (\$000s)	District's actual contribution in a given period, typically the fiscal year	Audited financial statements; official statements
Fixed-costs ratio	Implied debt service, pension tread water and OPEB contributions as % of operating revenue	Audited financial statements, official statements, pension system financial statements

\*Note: If typical data source is not available then alternative sources or proxy data may be considered. For more detailed definitions of the metrics listed above please refer to the [US K-12 Public School Districts Methodology](#).

Source: Moody's Ratings

## Endnotes

- The institutional framework score categorically assesses whether a district has the legal ability to raise the bulk of its operating revenue at the local level or if the state determines the bulk of its operating revenue. Beyond the local versus state categorization, the strength of the institutional framework score is a measure of the district's flexibility in raising additional locally determined operating revenue. See [US K-12 Public School Districts Methodology](#) for more details.

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