

March 18, 2021

SALE DAY REPORT FOR:

Independent School District No. 877 (Buffalo-Hanover-Montrose), Minnesota

\$726,750 2021 Lease Purchase



Prepared by:

Ehlers
3060 Centre Pointe Drive
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Jodie Zesbaugh,
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Municipal Advisor

BUILDING COMMUNITIES. IT'S WHAT WE DO.

COMPETITIVE SALE RESULTS

Purpose: To finance the reconstruction of tennis courts at Buffalo High School.

Number of Bids: 3

Low Bidder: Northview Bank, Finlayson, Minnesota

Summary of Sale Results:

Principal Amount:	\$726,750
Interest Cost:	1.85%
Costs of Issuance:	\$23,250
Total Net P&I	\$ 798,822.63

Notes: The true interest cost of 1.85% is lower than the estimated rate of 3.00% included in the Pre-Sale Report. This results in total principal and interest payments that are approximately \$45,000 lower in total than estimated in the Pre-Sale report.

Closing Date: April 15, 2021

School Board Action: Adopt the resolution awarding the sale of \$726,750 2021 Lease Purchase.

Supplementary Attachments

- ✓ Updated Finance Schedules
- ✓ Recommendation Letter
- ✓ Proposal Comparison
- ✓ Resolution Approving the Lease Agreement (provided separately)

RESULT OF REQUEST FOR PROPOSALS

Buffalo-Hanover-Montrose School District No. 877
Estimated Financing Schedules for Potential Lease Purchase
Tennis Courts

March 19, 2021

Northview Bank Proposal

Estimated Sources and Uses of Funds	
Lease Amount	\$726,750
Sources of Funds	
Par Amount of Lease	\$726,750
Other District Funds	0
Total Sources	\$726,750
Uses of Funds	
Municipal Advisor Fee	\$14,750
Bond Attorney	6,500
Other Fee #	2,000
Net Available for Project Costs	703,500
Total Uses	\$726,750

Other fee includes fee for lessor legal counsel.

Estimated Tax Impact Schedule		
Type of Property	Estimated Market Value	Estimated Annual Taxes*
Residential Homestead	\$100,000	\$1
	150,000	2
	200,000	3
	250,000	4
	300,000	5
	350,000	6
	400,000	7
	450,000	8
	500,000	9
Commercial/ Industrial +	\$100,000	\$3
	250,000	8
	500,000	17
	750,000	26
	1,000,000	36
Apartments	\$250,000	\$6
	500,000	12
	750,000	17
	1,000,000	23

* Amounts in the table are based on school district taxes for the potential new lease levy only, and do not include tax levies for other purposes. Tax increases shown above are gross increases, not including the impact of the state Property Tax Refund ("Circuit Breaker") program. Many owners of homestead property will qualify for a refund, based on their income and total property taxes. This will decrease the net effect of the proposed lease levy for many property owners.

+ For commercial-industrial property, the estimates above are for property in the Wright County. The tax impact for commercial -industrial property in Hennepin County will be lower, due to the impact of the Twin Cities Fiscal Disparities program.

Estimated Payment Schedule			
Amount		\$726,750	
Estimated Closing Date		4/15/2021	
Interest Rate		1.85%	
Number of Years		10	
Semi-Annual Payment		\$39,941	
Annual Payments		\$79,882	
Payment		Principal	Interest
Number	Date		
1	10/1/2021	\$33,742	\$6,200
2	4/1/2022	33,531	6,410
3	10/1/2022	33,841	6,100
4	4/1/2023	34,154	5,787
5	10/1/2023	34,470	5,471
6	4/1/2024	34,789	5,152
7	10/1/2024	35,111	4,831
8	4/1/2025	35,435	4,506
9	10/1/2025	35,763	4,178
10	4/1/2026	36,094	3,847
11	10/1/2026	36,428	3,513
12	4/1/2027	36,765	3,176
13	10/1/2027	37,105	2,836
14	4/1/2028	37,448	2,493
15	10/1/2028	37,794	2,147
16	4/1/2029	38,144	1,797
17	10/1/2029	38,497	1,444
18	4/1/2030	38,853	1,088
19	10/1/2030	39,212	729
20	4/1/2031	39,575	366
Totals		726,750	72,073
Estimated Annual Payments		\$79,882	
Estimated Tax Rate, Payable in 2022		0.19%	

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

\$726,750 Lease Purchase, Series 2021A

Dated: April 15, 2021

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
04/15/2021	-	-	-	-	-
10/01/2021	33,741.55	1.850%	6,199.58	39,941.13	-
04/01/2022	33,530.80	1.850%	6,410.33	39,941.13	79,882.26
10/01/2022	33,840.96	1.850%	6,100.17	39,941.13	-
04/01/2023	34,153.99	1.850%	5,787.14	39,941.13	79,882.26
10/01/2023	34,469.92	1.850%	5,471.21	39,941.13	-
04/01/2024	34,788.77	1.850%	5,152.37	39,941.14	79,882.27
10/01/2024	35,110.56	1.850%	4,830.57	39,941.13	-
04/01/2025	35,435.33	1.850%	4,505.80	39,941.13	79,882.26
10/01/2025	35,763.11	1.850%	4,178.02	39,941.13	-
04/01/2026	36,093.92	1.850%	3,847.21	39,941.13	79,882.26
10/01/2026	36,427.79	1.850%	3,513.35	39,941.14	-
04/01/2027	36,764.75	1.850%	3,176.39	39,941.14	79,882.28
10/01/2027	37,104.82	1.850%	2,836.31	39,941.13	-
04/01/2028	37,448.04	1.850%	2,493.09	39,941.13	79,882.26
10/01/2028	37,794.43	1.850%	2,146.70	39,941.13	-
04/01/2029	38,144.03	1.850%	1,797.10	39,941.13	79,882.26
10/01/2029	38,496.86	1.850%	1,444.27	39,941.13	-
04/01/2030	38,852.96	1.850%	1,088.17	39,941.13	79,882.26
10/01/2030	39,212.35	1.850%	728.78	39,941.13	-
04/01/2031	39,575.06	1.850%	366.07	39,941.13	79,882.26
Total	\$726,750.00	-	\$72,072.63	\$798,822.63	-

Yield Statistics

Bond Year Dollars	\$3,895.82
Average Life	5.361 Years
Average Coupon	1.8499996%
Net Interest Cost (NIC)	1.8499996%
True Interest Cost (TIC)	1.8500601%
Bond Yield for Arbitrage Purposes	1.8500601%
All Inclusive Cost (AIC)	2.5033386%

IRS Form 8038

Net Interest Cost	1.8499996%
Weighted Average Maturity	5.361 Years

March 19, 2020

Scott Thielman, Superintendent of Schools
Gary Kawlewski, Director of Finance and Operations
Buffalo-Hanover-Montrose Schools
214 1st Ave NE,
Buffalo, MN 55313

RE: Lease Purchase Financing for Reconstruction of Tennis Courts

On March 3, 2021, at your request, we sent out a Request for Proposals (RFP) for a Lease Purchase to finance the reconstruction of tennis courts at Buffalo High School. We sent the RFP to 12 banks and financing companies. We received proposals from three firms and the results are summarized in the attached table. The proposals we received included interest rates of 1.85% from Northview Bank, 1.945% from Citizens State Bank of Waverly, and 2.39% from Kinetic Leasing. In our Pre-Sale Report, we included an estimated rate of 3.00%.

For lease purchase proposals, we base our financial comparison of the proposals on two primary factors: the interest rate and the up-front cost that the district would incur to execute the lease purchase. Both can affect the ultimate cost to the district of the lease purchase. We also compare other proposed terms, which may differ among proposals.

The attached comparison table shows the estimated annual payments, total payments for each of the proposals, the amount available for project expenses (after adjusting the deposit to the project fund to account for differences in up-front costs), as well as other features of the proposals. The total payments over the life of the proposals are estimated at \$798,823 for Northview Bank, \$800,423 for Citizens State Bank of Waverly and \$818,354 for Kinetic Leasing, a difference of approximately \$20,000 between the lowest and highest interest rate proposals. Northview Bank's proposal includes a fee for lender's counsel at an amount not to exceed \$2,000, resulting in a par amount for the Northview Bank issue that is \$2,000 higher than the other two proposals to cover the additional up-front cost to the District. The only other substantive difference between the proposals is in the provisions for prepayment of the lease purchase. While all three proposals would allow for prepayment of the lease at any time, the Kinetic Leasing proposal includes a prepayment penalty (with a call price at 101%).

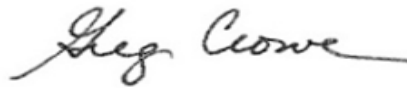
Based on the factors summarized above, we would recommend that ***the Board adopt the resolution prepared by your bond attorney, accepting the proposal from Northview Bank.***

If you have any questions about the proposals, please contact us.

Sincerely,



Jodie Zesbaugh, Sr. Municipal Advisor



Greg Crowe, Sr. Municipal Advisor



Matthew Hammer, Municipal Advisor

2021 Lease Proposal Comparison

Northview Bank					State Bank of Waverly				Kinetic Leasing									
Par Amount of Bonds					726,750					724,750				724,750				
Total Sources					726,750					724,750				724,750				
Project Fund					703,500					703,500				703,500				
Municipal Advisor (Ehlers)					14,750					14,750				14,750				
Bond Counsel (Kennedy & Graven)					6,500					6,500				6,500				
Lender's Counsel					2,000					-				-				
Total Uses					726,750					724,750				724,750				
Interest Rate: 1.85%					Interest Rate: 1.945%				Interest Rate: 2.39%									
Call Date: Anytime					Call Date: Anytime				Call Date: Anytime									
Call Price: Par (100%)					Call Price: Par (100%)				Call Price: 101%									
Escrow Required: No					Escrow Required: No				Escrow Required: No									
Annual Payment:					\$79,882.26					\$80,042.26					\$81,835.33			
Payment Date	Principal	Rate	Interest	P & I	Principal	Rate	Interest	P & I	Principal	Rate	Interest	P & I						
4/15/2021																		
10/1/2021	33,741.55	1.85%	6,199.58	39,941.13	33,521.13	1.945%	6,500.00	40,021.13	32,930.52	2.39%	7,987.15	40,917.67						
4/1/2022	33,530.80	1.85%	6,410.33	39,941.13	33,298.93	1.945%	6,722.20	40,021.13	32,650.42	2.39%	8,267.24	40,917.66						
10/1/2022	33,840.96	1.85%	6,100.17	39,941.13	33,622.76	1.945%	6,398.37	40,021.13	33,040.60	2.39%	7,877.07	40,917.67						
4/1/2023	34,153.99	1.85%	5,787.14	39,941.13	33,949.74	1.945%	6,071.39	40,021.13	33,435.43	2.39%	7,482.24	40,917.67						
10/1/2023	34,469.92	1.85%	5,471.21	39,941.13	34,279.91	1.945%	5,741.23	40,021.14	33,834.98	2.39%	7,082.68	40,917.66						
4/1/2024	34,788.77	1.85%	5,152.37	39,941.14	34,613.28	1.945%	5,407.85	40,021.13	34,239.31	2.39%	6,678.35	40,917.66						
10/1/2024	35,110.56	1.85%	4,830.57	39,941.13	34,949.89	1.945%	5,071.24	40,021.13	34,648.47	2.39%	6,269.19	40,917.66						
4/1/2025	35,435.33	1.85%	4,505.80	39,941.13	35,289.78	1.945%	4,731.35	40,021.13	35,062.52	2.39%	5,855.14	40,917.66						
10/1/2025	35,763.11	1.85%	4,178.02	39,941.13	35,632.97	1.945%	4,388.16	40,021.13	35,481.52	2.39%	5,436.15	40,917.67						
4/1/2026	36,093.92	1.85%	3,847.21	39,941.13	35,979.50	1.945%	4,041.63	40,021.13	35,905.52	2.39%	5,012.14	40,917.66						
10/1/2026	36,427.79	1.85%	3,513.35	39,941.14	36,329.40	1.945%	3,691.73	40,021.13	36,334.59	2.39%	4,583.07	40,917.66						
4/1/2027	36,764.75	1.85%	3,176.39	39,941.14	36,682.71	1.945%	3,338.42	40,021.13	36,768.79	2.39%	4,148.87	40,917.66						
10/1/2027	37,104.82	1.85%	2,836.31	39,941.13	37,039.45	1.945%	2,981.69	40,021.14	37,208.18	2.39%	3,709.49	40,917.67						
4/1/2028	37,448.04	1.85%	2,493.09	39,941.13	37,399.66	1.945%	2,621.48	40,021.14	37,652.82	2.39%	3,264.85	40,917.67						
10/1/2028	37,794.43	1.85%	2,146.70	39,941.13	37,763.37	1.945%	2,257.76	40,021.13	38,102.77	2.39%	2,814.90	40,917.67						
4/1/2029	38,144.03	1.85%	1,797.10	39,941.13	38,130.62	1.945%	1,890.52	40,021.14	38,558.10	2.39%	2,359.57	40,917.67						
10/1/2029	38,496.86	1.85%	1,444.27	39,941.13	38,501.44	1.945%	1,519.70	40,021.14	39,018.86	2.39%	1,898.80	40,917.66						
4/1/2030	38,852.96	1.85%	1,088.17	39,941.13	38,875.86	1.945%	1,145.27	40,021.13	39,485.14	2.39%	1,432.53	40,917.67						
10/1/2030	39,212.35	1.85%	728.78	39,941.13	39,253.93	1.945%	767.2	40,021.13	39,956.99	2.39%	960.68	40,917.67						
4/1/2031	39,575.06	1.85%	366.07	39,941.13	39,635.67	1.945%	385.46	40,021.13	40,434.47	2.39%	483.19	40,917.66						
726,750.00		72,072.63			798,822.63		724,750.00		75,672.65			800,422.65		724,750.00		93,603.30		818,353.30