



Independent School District No. 709, Duluth

General Obligation Facilities Maintenance Bonds

and

General Obligation Capital Facilities Bonds

STEVE PUMPER
PMA SECURITIES, INC.

MAY 30, 2017

- ISD 709 wishes to remodel and make repairs to the Rockridge school building to make it useable for a residential program that is being displaced due to the closing of the old Cobb Elementary building run and owned by The Hills
 - The remodel portion is estimated to cost approximately \$600,000
 - The repairs are estimated to cost approximately \$2,400,000
 - Health & Safety Items \$ 660,000
 - Deferred Maintenance Items \$1,740,000
- In addition, ISD 709 wishes to re-roof Lakewood Elementary School at an estimated cost of \$1,200,000

- The District does not have enough Capital revenue in FY18 to fund the remodel project at Rockridge.
- The District does not have enough Long Term Facility Maintenance revenue in FY18 to fund the repairs at Rockridge and the new roof at Lakewood Elementary.
- Without additional revenue, completing these projects now would require budget reductions in other programming
- Minnesota State Statute allows Districts to issue G.O. Capital Facility Bonds and/or G.O. Facility Maintenance Bonds to fund current projects
 - The District receives funds to complete the projects all at once
 - The principal and interest on the bonds are paid back over time using future capital and LTFM revenue

- The Administrative recommendation is to issue up to \$3,640,000 of G.O. Facility Maintenance Bonds to fund the repair work at the Rockridge school building and the new roof at Lakewood Elementary

■ Health and Safety Items - Rockridge	\$ 660,000
■ Deferred Maintenance Items - Rockridge	\$1,740,000
■ Roof at Lakewood Elementary	\$1,200,000
■ Net Cost of Issuance of Bonds	<u>\$ 40,000</u>
Total	\$3,640,000

- Long Term Facility Maintenance Revenue is not allowed to be used for remodeling purposes, however it is lawful to use Capital Revenue for remodeling
- Therefore, the Administrative recommendation is to issue up to \$615,000 of G.O. Capital Facility Bonds to fund the remodeling work at the Rockridge school building

■ Remodeling Items - Rockridge	\$600,000
■ Net Cost of Issuance of Bonds	<u>\$ 15,000</u>
Total	\$615,000

- Issuer: Independent School District 709, Duluth Public Schools
- Financial Advisor: PMA Financial Securities
- Underwriter: Northland Securities
- Bond Counsel: Fryberger, Buchanan, Smith & Frederick, P.A.

- Finance **Repair** and **Maintenance** portion at Rockridge Building and Roof Replacement at Lakewood Elementary School
- Par Amount shall not exceed \$3,640,000
- True Interest Cost shall not exceed 3.5%
- Negotiated Sale with Northland Securities
- Any Board Officer and Superintendent or CFO/Executive Director of Business Services Authorized to Execute Bond Purchase Agreement
- Authorization expires August 15, 2017

- Finance **Renovation** and **Remodeling** portion at Rockridge Building
- Par Amount shall not exceed \$615,000
- True Interest Cost shall not exceed 3.5%
- Negotiated Sale with Northland Securities
- Any Board Officer and Superintendent or CFO/Executive Director of Business Services Authorized to Execute Bond Purchase Agreement
- Authorization expires August 15, 2017

5 Year Issues

LTFM Par Amount	\$	3,640,000
Capital Facility Par Amount	\$	615,000

	LTFM		Capital Facility	
Fiscal Year 2018	\$	766,602	\$	131,184
Fiscal Year 2019	\$	763,200	\$	129,800
Fiscal Year 2020	\$	764,100	\$	127,400
Fiscal Year 2021	\$	764,700	\$	130,000
Fiscal Year 2022	\$	765,000	\$	127,500

Estimated Total Financing Cost

Interest	\$	183,602	\$	30,884
Less Premium	\$	(15,532)	\$	(2,634)
Plus Cost of Issuance	\$	54,388	\$	15,182
Total Cost	\$	222,458	\$	43,433

True Interest Cost	1.99%	1.99%
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Projected Timeline

- May 30th – School Board Meeting Authorizing Resolutions
 - 10 year LTFM Plan
 - G.O. Facilities Maintenance Bonds
 - G.O. Capital Facilities Bonds

- May 31st - Submit Revised LTFM Plan to MDE for Approval
Submit Capital Project description to MDE for Approval

- June 1st – Publish Legal Notice in paper for G.O. LTFM Bonds
(20 Day Requirement)
Publish Legal Notice in paper for Capital Facilities Bonds
(30 Day Requirement)

- June 28th - Rating Call

- July 11th – Price Bonds

- July 18th – Regular School Board Meeting
 - Ratify Bond Sale

- July 31st – District receives Construction funds

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Scenarios where a greater portion of the overall debt is issued in advance of the expenditures of the proceeds will likely result in higher fees earned by the manager of the debt proceeds.