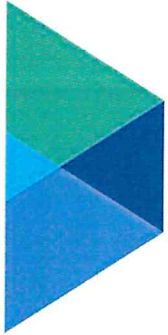


Work Session Meeting

Tuesday, June 20, 2023 7:00 PM

Conference Room 1148 MS/HS, 1401 7th St SW, Pipestone, MN 56164

1. **Call Meeting to Order**
2. **Pledge of Allegiance**
3. **Approve Agenda**
4. **Project Discussion and Financing**
5. **Adjourn**



PMA[™]
SECURITIES

June 9, 2023

ISD 2689 Pipestone Area Schools

Facilities Financial Planning

Michael Hart

Director, Public Finance

mhart@pmanetwork.com

612-509-2569

Steve Pumper

Vice President

spumper@pmanetwork.com

612-509-2565



Goal

- ▶ Funding options for \$4,470,000 of identified facility improvements
 - ▶ Turf Field
 - ▶ Renovate Classrooms for Day Care
 - ▶ Commercial Kitchen FACS Classroom
 - ▶ Industrial Tech Classroom Relocation
 - ▶ Greenhouse Addition
 - ▶ Concession Stand/Bathrooms



Capital Facilities Bonds

Eligible uses include:

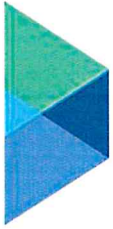
Improve and repair buildings and sites

Health and safety improvements

Energy Modifications

Security improvements

- ▶ Utilizes existing operating capital revenues
 - ▶ \$238,837 for FY 2024
- ▶ No voter approval (must allow a petition period)
- ▶ Maximum 15 years on Bonds
- ▶ No tax impact on most properties
 - ▶ Ag land will see a tax decrease due to Ag2School Credit



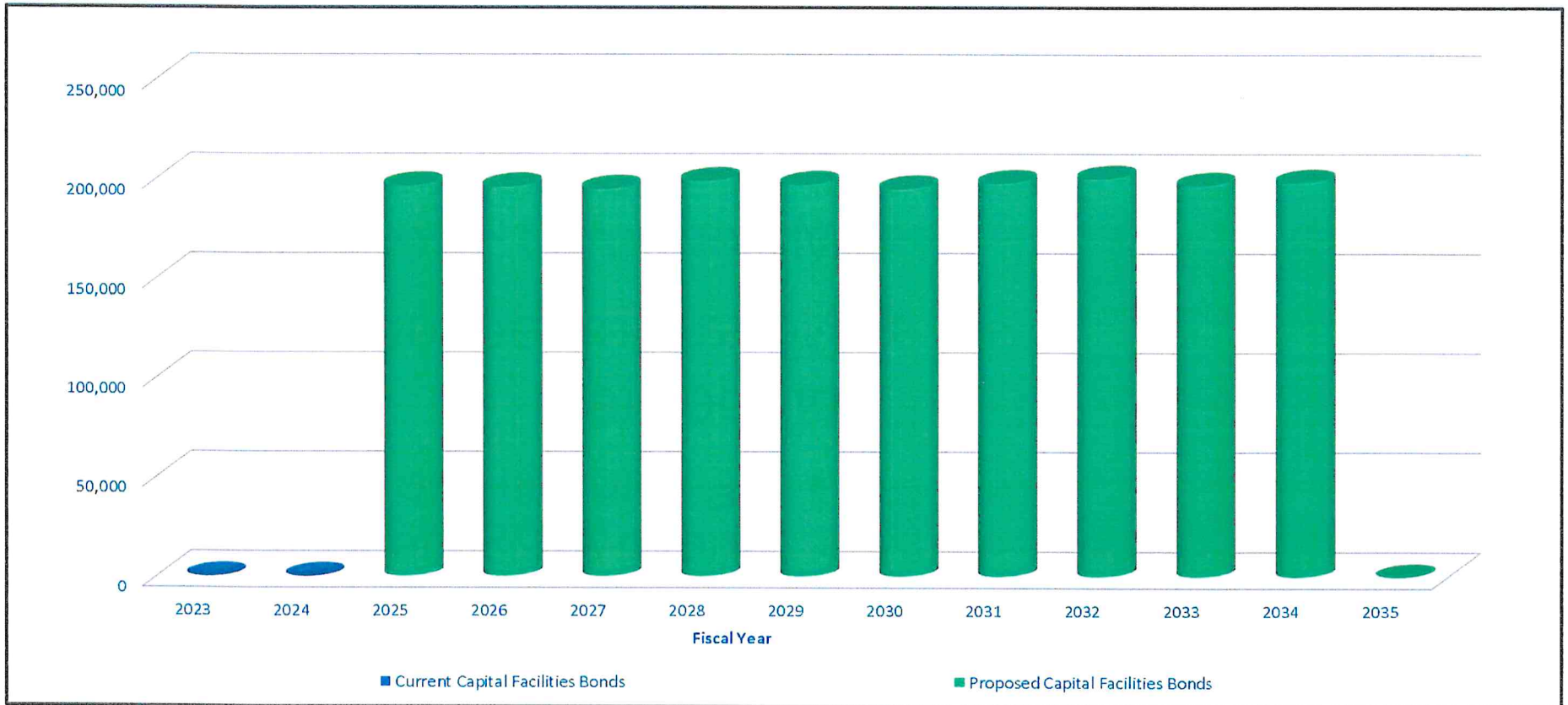
Capital Facilities Bonding Example – 10 years

Available Project Amount	\$ 1,500,000
Proposed Bond Term	10
Est. All Inclusive Cost	4.00%

Current rates as of 6-5-23 plus .50%

Operating Capital Revenue	\$ 238,837
FY 2025 Combined Bond Payments	\$ 187,000
Available General Fund Operating Revenue	\$ 51,837

Capital Facilities Bond Summary





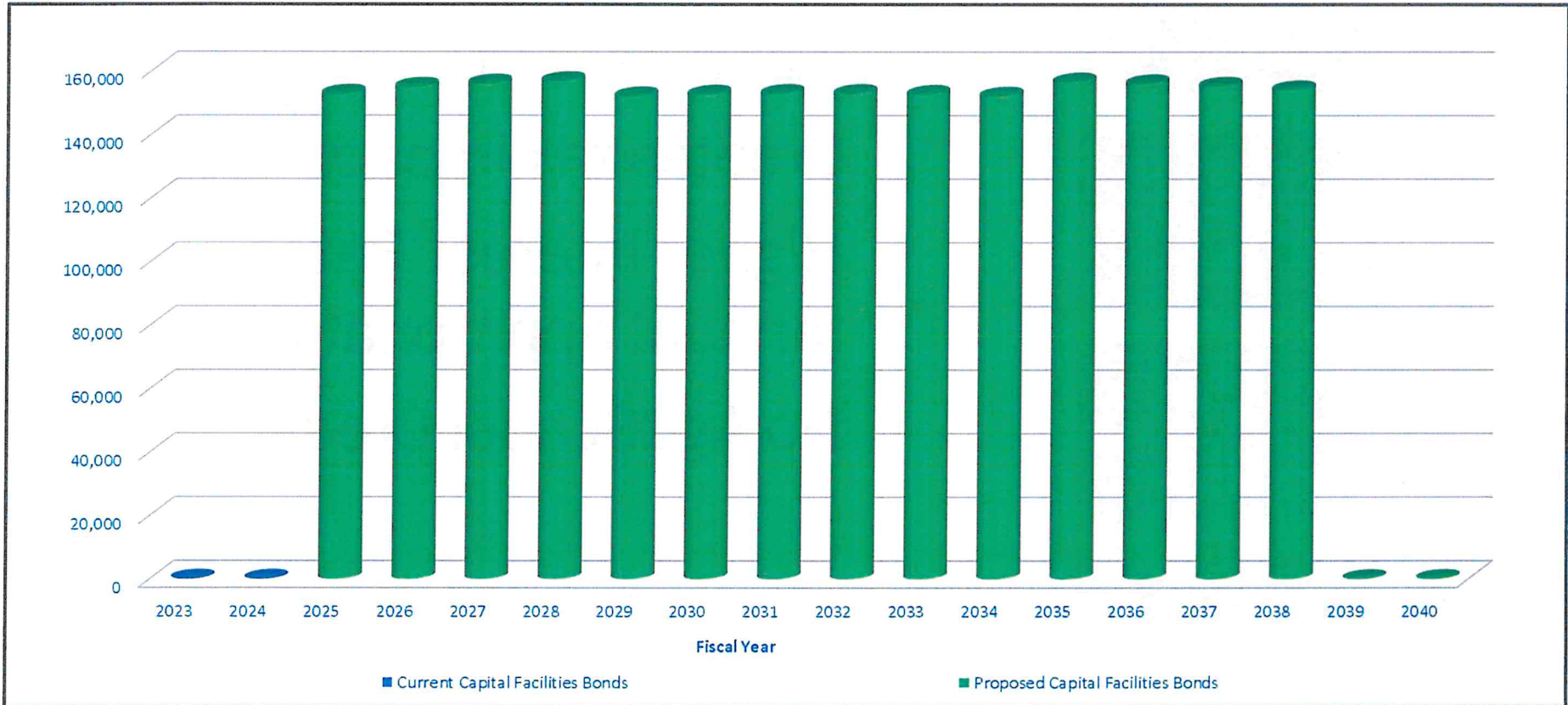
Capital Facilities Bonding Example – 15 years

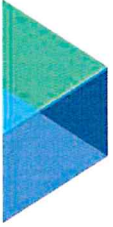
Available Project Amount	\$ 1,500,000
Proposed Bond Term	15
Est. All Inclusive Cost	4.21%

Current rates as of 6-5-23 plus .50%

Operating Capital Revenue	\$ 238,837
FY 2025 Combined Bond Payments	\$ 145,000
Available General Fund Operating Revenue	\$ 93,837

Capital Facilities Bond Summary





Lease Purchase with Lease Levy

Eligible uses include:

Instructional space

Additions limited to 20% of original building footprint

No new buildings for K-12 (Early Childhood buildings are eligible)

School Storage

- ▶ No voter approval
- ▶ Requires MDE approval
- ▶ Lease levy maximum of \$212 per APU
- ▶ Creates tax impact
- ▶ Higher Interest Rates (annual appropriation)
- ▶ No Ag2School Credit



Lease Purchase with Lease Levy

	10 year Lease	12 year Lease	15 year Lease
Project Amount	\$890,000	\$1,025,000	\$1,200,000
Term of Bond	10	12	15
Assumed AIC	5.85%	5.20%	5.15%
Payment	\$120,000	\$120,000	\$120,000
Est. District NTC Value (Pay 23)	21,542,366	21,542,366	21,542,366
Additional Tax Rate	0.56%	0.56%	0.56%

Property Type	Est. Market Value	Estimated Annual Tax Increase		
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Maximum Lease Levy FY 2024	\$ 249,905
Existing Leases	\$ 129,766
Available Lease Authority	\$ 120,139

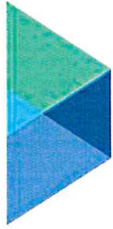
Property Type	Est. Market Value	10 year Lease	12 year Lease	15 year Lease
Residential Homestead	\$50,000	\$2	\$2	\$2
	100,000	4	4	4
	150,000	7	7	7
	175,000	9	9	9
	200,000	10	10	10

	\$/acre	10 year Lease	12 year Lease	15 year Lease
Agricultural Homestead*	6,000	\$0.17	\$0.17	\$0.17
	7,000	0.19	0.19	0.19
	8,000	0.22	0.22	0.22

* Homestead land limited to first \$1,890,000 in value. All additional land taxed like Ag non-homestead land.

Agricultural Non Homestead	6,000	0.33	0.33	0.33
	7,000	0.39	0.39	0.39
	8,000	0.45	0.45	0.45

- ▶ Assumes level payments
- ▶ Rates as of 6-5-2023 plus 0.50%



Financing Summary

	No Tax Increase		New Tax Created		
	Capital Facilities	Capital Facilities	Lease Levy	Lease Levy	Lease Levy
Bond Funded Project Amount	\$1,500,000	\$1,500,000	\$890,000	\$1,025,000	\$1,200,000
Term of Bonds	10 years	15 years	10 years	12 years	15 years
Estimated Payment	\$187,000	\$145,000	\$120,000	\$120,000	\$120,000
% Usage of Revenue Sources	78%	61%	100%	100%	100%



Combined Funding Sources

\$860,000 - Capital Facilities Bonds

Available Project Amount	\$ 860,000
Proposed Bond Term	10
Est. All Inclusive Cost	4.10%

Operating Capital Revenue	\$ 238,837
FY 2025 Combined Bond Payments	\$ 108,000
Available General Fund Operating Revenue	\$ 130,837

\$860,000 – Lease Levy

	10 year Lease	12 year Lease
Project Amount	\$860,000	\$860,000
Term of Bond	10	12
Assumed AIC Payment	5.43%	5.35%
Est. District NTC Value (Pay 23)	\$116,000	\$102,000
Additional Tax Rate	21,542,366	21,542,366
	0.54%	0.47%
Estimated Annual Tax Increase		

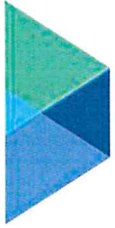
Property Type	Est. Market Value	10 year Lease	12 year Lease
Residential Homestead	\$50,000	\$2	\$1
	100,000	4	3
	150,000	7	6
	175,000	8	7
	200,000	10	9

	\$/acre	10 year Lease	12 year Lease
Agricultural Homestead*	6,000	\$0.16	\$0.14
	7,000	0.19	0.17
	8,000	0.22	0.19

* Homestead land limited to first \$1,890,000 in value. All additional land taxed like Ag non-homestead land.

Agricultural Non Homestead	6,000	0.32	0.28
	7,000	0.38	0.33
	8,000	0.43	0.38

- ▶ Assumes level payments
- ▶ Rates as of 6-5-2023 plus 0.50%



Combined Tax Impact with Ag2School Credit

Project Amount	10 year Lease	Capital Facilities	Total
\$860,000	\$860,000	\$860,000	\$1,720,000
Term of Bond	10	10	
Assumed AIC	5.43%	4.10%	
Payment	\$116,000	\$108,000	
Est. District NTC Value (Pay 23)	21,542,366	21,542,366	
Additional Tax Rate	0.54%	0.50%	
Estimated Annual Tax Increase			

Property Type	Est. Market Value	Estimated Annual Tax Increase		
Residential Homestead	\$50,000	\$2	\$0	\$2
	100,000	4	0	4
	150,000	7	0	7
	175,000	8	0	8
	200,000	10	0	10

	\$/acre	Estimated Annual Tax Increase		
Agricultural Homestead*	6,000	\$0.16	-\$0.11	\$0.06
	7,000	0.19	-0.12	0.07
	8,000	0.22	-0.14	0.08

* Homestead land limited to first \$1,890,000 in value. All additional land taxed like Ag non-homestead land.

Agricultural Non Homestead	6,000	0.32	-0.21	0.11
	7,000	0.38	-0.25	0.13
	8,000	0.43	-0.28	0.15

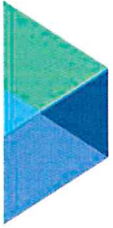
Assumptions

1. Assumes interest rates as of 6-5-23 plus 0.50%
2. No growth assumed in district net tax capacity



Summary - Combined Funding Sources

	No Tax Increase	New Tax Created
	Capital Facilities	Lease Levy
Bond Funded Project Amount	\$860,000	\$860,000
Term of Bonds	10 years	10 years
Estimated Payment	\$108,000	\$116,000
% Usage of Revenue Sources	45%	98%



Summary – All Funding Sources

▶ Remaining School Building Bonds	\$2,315,000
▶ Capital Facility Bonds	860,000
▶ Lease Purchase	860,000
▶ Brown & Hill Property Sale Proceeds	325,000
▶ LTFM – Track Resurface	<u>110,000</u>
Total	\$4,470,000



Contact Us



Steve Pumper

Senior Vice President

612-509-2565

spumper@pmanetwork.com



Michael Hart

Director, Public Finance

612-509-2569

mhart@pmanetwork.com

Website:

www.pmanetwork.com



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