

# Chisholm School District School Board Meeting Agenda

Monday, June 24, 2024 at 4:30 PM  
Working Session  
Chisholm School Board Room

I. Determination of Quorum and Call to Order	
II. Approve Agenda	
A. APEX Proposal	2
<b>Attachments:</b>	
ISD 695 Presentation 062424 Final	2
III. Adjourn	

Potential Energy  
Efficiency  
Financing  
June 24 School  
Board Meeting



**BAIRD**

# APEX Proposal

Work Description	Location	Cost	Guaranteed Utility Savings	Annual O&M Savings	Potential Incentives	Net Cost	Simple Payback
<b>Building Improvements</b>							
Lighting Upgrade - Replace existing lighting with LED retrofit technology.	Building Wide	\$192,174	\$14,257	\$14,851	\$4,352	\$187,822	6.5
Building Envelope - Seal roof/wall connections and replace door weather-stripping	Building Wide	\$45,124	\$3,793	\$0	\$0	\$45,124	11.9
Destratification - Add destratification equipment to high-bay areas to reduce heating loss.	Building Wide	\$21,102	\$1,590	\$0	\$0	\$21,102	13.3
Controls - Base Bid	Building Wide	\$1,244,862	\$0	\$0	\$0	\$1,244,862	N/A
Controls - Alternate 1A	Building Wide	\$4,822	\$0	\$0	\$0	\$4,822	N/A
Controls - Alternate 1B	Building Wide	\$4,519	\$0	\$0	\$0	\$4,519	N/A
Controls - Alternate 1C	Building Wide	\$3,075	\$0	\$0	\$0	\$3,075	N/A
Controls - Alternate 2	Building Wide	\$12,589	\$0	\$0	\$0	\$12,589	N/A
Closing Schools Utility cost over the last two years, Plus Cost of new Addition	Vaughan-Steffensrud & Chisholm Elem, New Addition	\$0	\$101,801	\$0	\$0	\$0	0.0
Steam to HW Conversion - Savings from steam to HW in the High School Only	Old Building	\$0	\$29,495	\$0	\$0	\$0	0.0
<b>High School - Sub Total</b>		<b>\$1,528,266</b>	<b>\$150,935</b>	<b>\$14,851</b>	<b>\$4,352</b>	<b>\$1,523,914</b>	<b>9.2</b>
<b>Other</b>							
DES	All	\$19,750	\$0	\$0	\$0	\$19,750	N/A
<b>Totals</b>		<b>\$1,548,016</b>	<b>\$150,935</b>	<b>\$14,851</b>	<b>\$4,352</b>	<b>\$1,543,664</b>	<b>9.3</b>

**Note – savings is projected to increase by 3% per year to account for cost of energy inflation**

**Total Cost Estimate of Project**

**First Year Estimated Energy Savings: \$165,786**

# Available Funding Mechanisms for Proposed Project

## G.O. Capital Facilities Bond

Funding Source:  
Operating Capital  
Account

Investor Security: Full  
Faith & Credit (bond  
payments secured by  
dedicated tax levy)

Est. True Interest Cost:  
3.97%

Anticipated Rating: A2  
Underlying / Aa1 MN  
Credit Enhancement  
Program

## Certificate of Participation

Funding Source: General  
Fund

Investor Security: Subject  
to Non-Appropriation (No  
obligation of district to  
make future payments)

Est. True Interest Cost:  
4.27%

Anticipated Rating: A3  
Underlying / (No Credit  
Enhancement)

# Capital Facilities Bonds – Allowable uses under M.S. 123B.62

## 123B.62 BONDS FOR CERTAIN CAPITAL FACILITIES.

(a) In addition to other bonding authority, with approval of the commissioner, a district may issue general obligation bonds for certain capital projects under this section. The bonds must be used only to make capital improvements including:

(1) under section 126C.10, subdivision 14, total operating capital revenue uses specified in clauses (4), (6), (7), (8), (9), and (10);

(2) the cost of energy modifications;

(3) improving disability accessibility to school buildings;

(4) bringing school buildings into compliance with life and safety codes and fire codes; and

(5) modifying buildings and equipment for security.

*Note: maximum borrowing term is 15 years and annual payment cannot exceed amount of annual operating capital revenue.*

## OBSERVATION / REMINDER

# G.O. Capital Facilities Bonds

Yes, the District would be doing an additional borrowing

However, because the source of payment is already collected each year within the District's certified levy, NO change in overall dollars collected

Timber and Ag Landowner's will see tax break because bond levy will now qualify for Ag2School Credit

# Borrowing Summary

## Bond Debt Service Levy

### Sources & Uses

#### Sources:

Bond Proceeds:	
Par Amount	1,548,000.00
Premium	50,496.29
	<u>1,598,496.29</u>

#### Uses:

Project Fund Deposits:	
Project Fund	1,548,016.00
Delivery Date Expenses:	
Cost of Issuance	30,798.00
Underwriter's Discount	<u>19,350.00</u>
	50,148.00
Other Uses of Funds:	
Additional Proceeds	332.29
	<u>1,598,496.29</u>

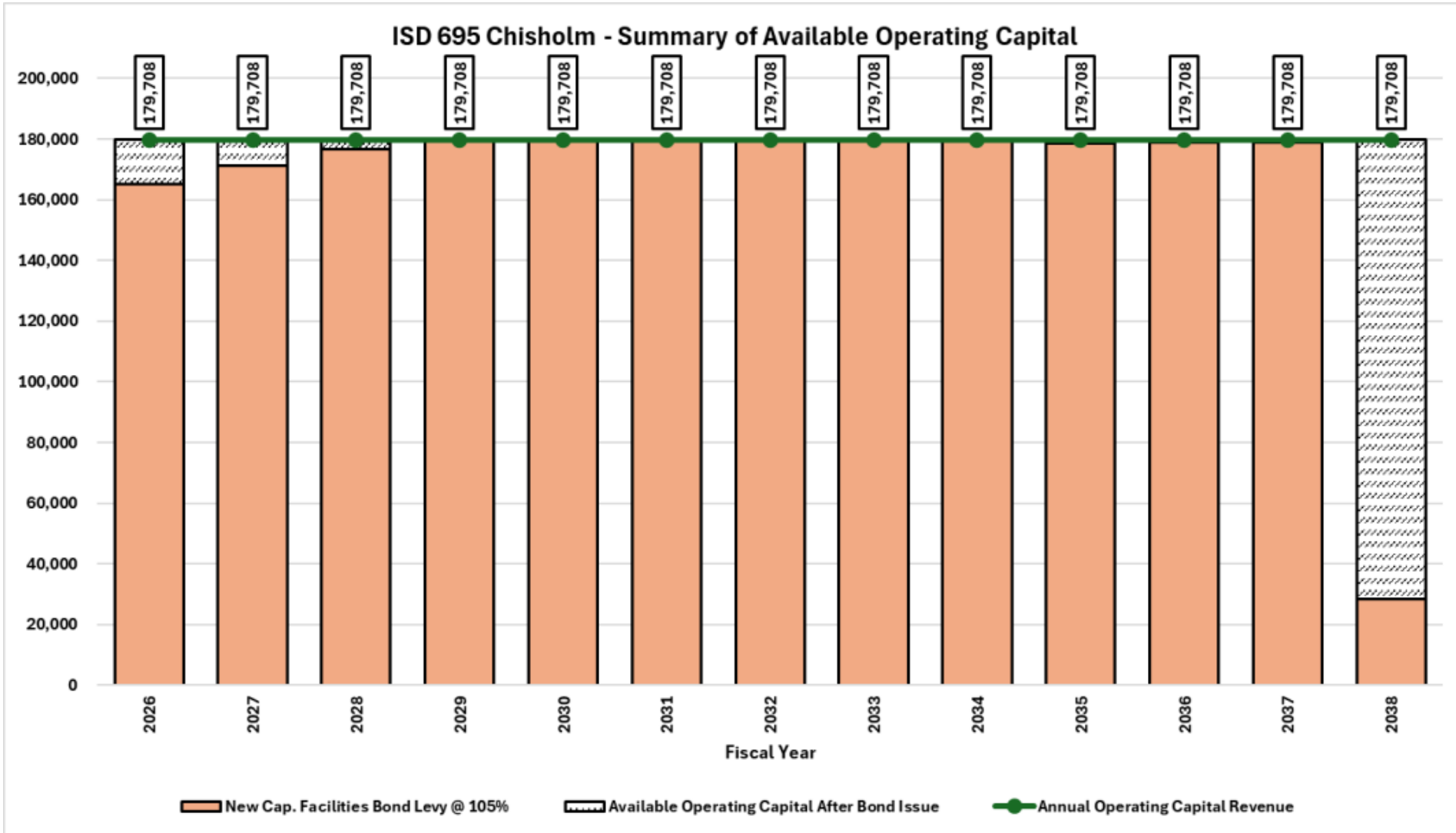
Note – bond structure utilizes current G.O. Borrowing Rates + 25 basis points or 0.25%

Date	Principal	Interest	Net Debt Service	105% Levy	Levy Year	Collect Year
02/01/2026	65,000.00	92,429.87	157,429.87	165,301.36	2024	2025
02/01/2027	97,000.00	66,072.40	163,072.40	171,226.02	2025	2026
02/01/2028	107,000.00	61,222.40	168,222.40	176,633.52	2026	2027
02/01/2029	115,000.00	55,872.40	170,872.40	179,416.02	2027	2028
02/01/2030	121,000.00	50,122.40	171,122.40	179,678.52	2028	2029
02/01/2031	127,000.00	44,072.40	171,072.40	179,626.02	2029	2030
02/01/2032	133,000.00	37,722.40	170,722.40	179,258.52	2030	2031
02/01/2033	140,000.00	31,072.40	171,072.40	179,626.02	2031	2032
02/01/2034	146,000.00	24,590.40	170,590.40	179,119.92	2032	2033
02/01/2035	151,000.00	19,203.00	170,203.00	178,713.15	2033	2034
02/01/2036	157,000.00	13,449.90	170,449.90	178,972.40	2034	2035
02/01/2037	163,000.00	7,421.10	170,421.10	178,942.16	2035	2036
02/01/2038	26,000.00	1,047.80	27,047.80	28,400.19	2036	2037
	<u>1,548,000.00</u>	<u>504,298.87</u>	<u>2,052,298.87</u>	<u>2,154,913.81</u>		

### Bond Statistics

Dated Date	10/01/2024
Delivery Date	10/01/2024
Last Maturity	02/01/2038
Arbitrage Yield	3.769680%
True Interest Cost (TIC)	3.971497%
Net Interest Cost (NIC)	4.003322%
All-In TIC	4.285515%
Average Coupon	4.266849%
Average Life (years)	7.635
Duration of Issue (years)	6.421

# ISD 695 Operating Capital Summary



**Operating Capital Revenue (from Pay 2024 / FY 2025 Levy Report**

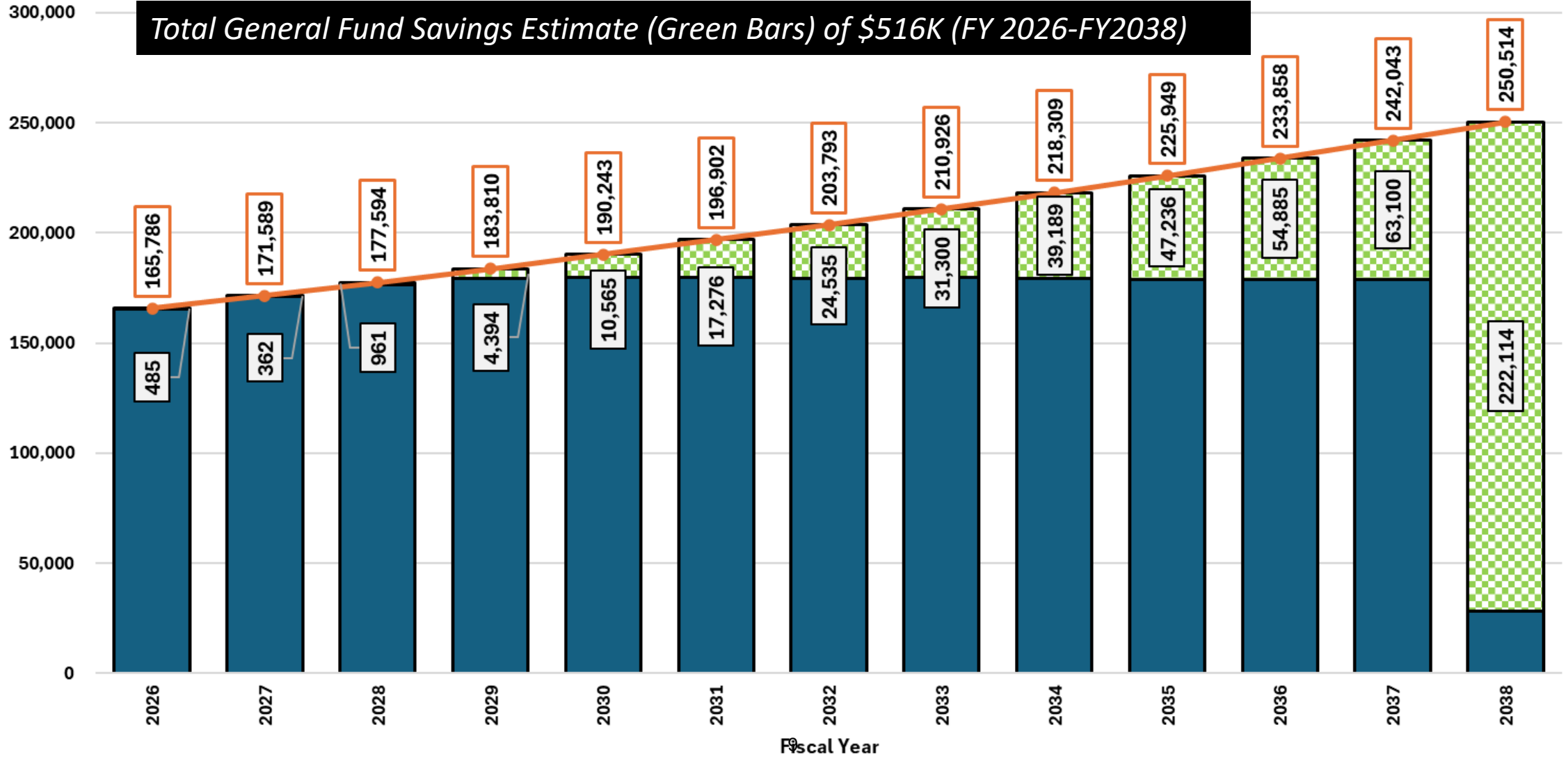
**OPERATING CAPITAL**		
163	AVE BUILDING AGE (EST) (NOT > 50 YEARS)	50.00
164	MAINTENANCE COST INDEX = 1 + [.01X(163)] =	1.5000
165	OPERATING CAPITAL ALLOWANCE = \$79 + [\$109X(164)] =	242.50
166	MENSTRUAL PRODUCTS/OPIATE ANTOGONISTS ALLOWANCE = \$2 =	2
167	YEAR ROUND PU SERVED	
168	OPERATING CAP REVENUE = (57)X(165) + (57)X(166) + (167)X\$31 =	179,707.50
169	UNEQUALIZED REVENUE = (57)X(166) =	1,470.00

Note – this financing structure utilizes nearly 100% of the district’s operating capital revenue through FY 2037

# ISD 695 Energy Savings Summary

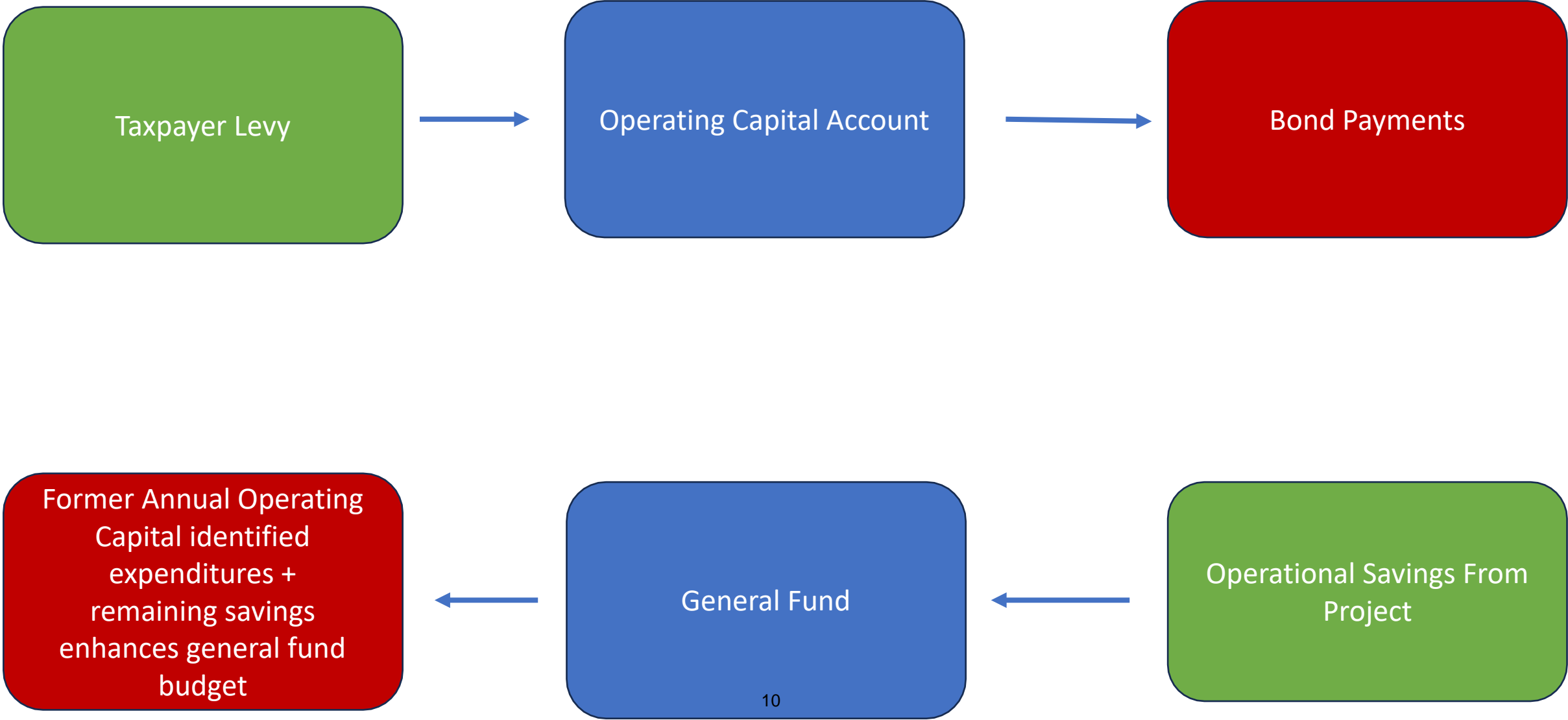
ISD 695 Chisholm - Summary of Annual General Fund Energy Savings

*Total General Fund Savings Estimate (Green Bars) of \$516K (FY 2026-FY2038)*



New Cap. Facilities Bond Levy @ 105%
  District GF Savings
  Est. Total Energy Savings

# Potential Flow of Funds (Energy Savings Indirectly Make Bond Payments)





Questions/Conversation