January 28, 2019

Pre-Sale Report for

Independent School District No. 271 (Bloomington Public Schools), Minnesota

$24,220,000 General Obligation Facilities Maintenance Bonds, Series 2019A

Prepared by:

Joel Sutter, CIPMA
Senior Municipal Advisor

Greg Crowe, CIPMA
Senior Municipal Advisor

Shelby McQuay,
Municipal Advisor

Executive Summary of Proposed Debt

Proposed Issue:	$24,220,000 General Obligation Facilities Maintenance Bonds, Series 2019A This issue will finance approximately $25,106,000 in project costs. The Board authorized issuance of up to $25,300,000 in Bonds to finance these project costs and related bond issuance costs. The $24,220,000 total is our current estimate of the bond amount necessary based on the project costs to be funded and the expected premium pricing structure explained on page 2.
Purposes:	The proposed issue includes financing for a portion of the deferred maintenance projects planned for fiscal years 2020 and 2021 included in the district's state-approved 10-year plan.
Authority:	The Bonds are being issued pursuant to Minnesota Statutes, Section123B.595 and Chapter 475. The Bonds will be general obligations of the District for which its full faith, credit and taxing powers are pledged.
Term/Call Feature:	The Bonds are being issued for a term of 22 years, 11months. Principal will be due on February 1 of 2026 through 2033 and 2041 through 2042. Interest will be due every six months beginning August 1, 2019. The Bonds maturing in 2028 and thereafter will be subject to prepayment at the discretion of the District on February 1, 2027 or any date thereafter.
Bank Qualification:	Because the District is issuing more than $10,000,000 in tax-exempt obligations during the calendar year, the District will be not able to designate the Bonds as "bank qualified" obligations.
State Credit Enhancement:	By resolution the District will covenant and obligate itself to be bound by the provisions of Minnesota Statutes, Section 126C.55, which provides for payment by the State of Minnesota in the event of a potential default of a school district obligation. To qualify for the credit enhancement, the District must submit an application to the State. Ehlers will coordinate the application process to the State on your behalf.
Rating:	Under current bond ratings, the state credit enhancement would bring a Standard & Poor's "AAA" rating. The District's most recent bond issues were rated by Standard & Poor's. The current ratings on those bonds are "AAA" (credit-enhanced rating) and "AA" (underlying rating). The District will request a new rating for the Bonds. If the winning bidder on the Bonds elects to purchase bond insurance, the rating for the issue may be higher than the District's bond rating in the event that the bond rating of the insurer is higher than that of the District.

Basis for Recommendation:	Based on your objectives and characteristics of various municipal financing options, we are recommending the issuance of General Obligation Facilities Maintenance Bonds as a suitable option to finance the planned projects. • General Obligation Bonds will result in lower interest rates than some other financing options. • The District will qualify for Long-Term Facilities Maintenance Aid to finance a portion of the payments on the Bonds. • Unlike with some other financing options, the District will be able to finance the payments with an additional debt service levy.
Method of Sale/Placement:	We will solicit competitive bids for the purchase of the Bonds from underwriters and banks. We will include an allowance for discount bidding in the terms of the issue. The discount is treated as an interest item and provides the underwriter with all or a portion of their compensation in the transaction. If the Bonds are purchased at a price greater than the minimum bid amount (maximum discount), the unused allowance may be used to reduce your borrowing amount.
Premium Pricing:	In some cases, investors in municipal bonds prefer "premium" pricing structures. A premium is achieved when the coupon for any maturity (the interest rate paid by the issuer) exceeds the yield to the investor, resulting in a price paid that is greater than the face value of the bonds. The sum of the amounts paid in excess of face value is considered "reoffering premium." The underwriter of the bonds will retain a portion of this reoffering premium as their compensation (or "discount") but will pay the remainder of the premium to the District. In the attached estimates, we have assumed a par amount of $24,220,000 with an estimated net premium (the reoffering premium less the underwriter's discount) of approximately $770,864. Any premium received would be used to either to fund project costs or to finance a portion of the first year's interest payments. On the day of sale, we will adjust the amount of the bond issue and the use of funds as needed to comply with the restrictions in the statute, and to ensure that the results of the bond issue will comply with the District's objectives for available funds for construction, total principal and interest, and tax impact.
Other Considerations:	The most common procedure that Ehlers uses for the sale of bonds is to take proposals on the same day as a Board meeting and ask the Board to award sale of the bonds that same day. To provide increased flexibility for the bond sale, the resolution for the January 28 meeting authorizes Ehlers to take proposals on the Bonds and designates a Board Officer and the Superintendent or Executive Director of Finance & Support to accept the most favorable proposal if certain conditions (or "parameters") specified in the resolution are met, thereby awarding the sale of the Bonds. (The resolution is identical to the one approved by the Board on December 10, except for the change in date and the addition of paragraph 6.) We intend to accept proposals on February 21 and present the results to the designated officials for their authorization on behalf of the Board. We will then ask the board to adopt a resolution ratifying the award of sale at the February 25 Board Meeting.

Review of Existing Debt:	We have reviewed all outstanding indebtedness for the District and find that there are no refunding opportunities at this time. We will continue to monitor the market and the call dates for the District's outstanding debt and will alert you to any future refunding opportunities.
Continuing Disclosure:	The District will be agreeing to provide certain updated Annual Financial Information and its Audited Financial Statement annually, as well as providing notices of the occurrence of certain reportable events to the Municipal Securities Rulemaking Board (the "MSRB"), as required by rules of the Securities and Exchange Commission (SEC). The District is already obligated to provide such reports for its existing bonds and has contracted with Ehlers to prepare and file the reports.
Arbitrage Monitoring:	Because the Bonds are tax-exempt obligations, the District must ensure compliance with certain Internal Revenue Service (IRS) rules throughout the life of the issue. These rules apply to all gross proceeds of the issue, including initial bond proceeds and investment earnings in construction, escrow, debt service, and any reserve funds. How issuers spend bond proceeds and how they track interest earnings on funds (arbitrage/yield restriction compliance) are common subjects of IRS inquiries. Your specific responsibilities will be detailed in the Nonarbitrage Certificate prepared by your Bond Attorney and provided at closing. We recommend that you regularly monitor compliance with these rules and/or retain the services of a qualified firm to assist you.
Investment of and Accounting for Proceeds:	In order to more efficiently segregate funds for this project and maximize interest earnings, we recommend using an investment advisor, to assist with the investment of bond proceeds until they are needed to pay project costs.
Other Service Providers:	This debt issuance will require the engagement of other public finance service providers. This section identifies those other service providers, so Ehlers can coordinate their engagement on your behalf. Where you have previously used a particular firm to provide a service, we have assumed that you will continue that relationship. For services you have not previously required, we have identified a service provider. Fees charged by these service providers will be paid from proceeds of the obligation, unless you notify us that you wish to pay them from other sources. Our pre-sale bond sizing includes a good faith estimate of these fees, but the final fees may vary. If you have any questions pertaining to the identified service providers or their role, or if you would like to use a different service provider for any of the listed services please contact us. **Bond Counsel:** Knutson, Flynn & Deans, P.A. **Paying Agent:** Bond Trust Services Corporation **Rating Agency:** Standard & Poor's Global Ratings (S&P)

This presale report summarizes our understanding of the District's objectives for the structure and terms of this financing as of this date. As additional facts become known or capital markets conditions change, we may need to modify the structure and/or terms of this financing to achieve results consistent with the District's objectives.

Proposed Debt Issuance Schedule

School Board Approves Resolution of Intent to Issue Bonds:	December 10, 2018
Pre-Sale Review by School Board; Board Approves Revised Resolution of Intent to Issue Bonds:	January 28, 2019
Due Diligence Call to Review Official Statement:	Week of February 4, 2019
Distribute Official Statement:	February 7, 2019
Conference Call with Rating Agency:	February 7-11, 2019
Ehlers Receives and Evaluates Proposals for Purchase of Bonds; Designated Officials Award Sale of Bonds:	February 21, 2019
Board Approves Resolution Ratifying Award of Sale:	February 25, 2019
Estimated Closing Date:	March 14, 2019

Attachments

Estimated Sources and Uses of Funds

Estimated Debt Service Schedule

Updated Long-Term Financing Plan for Debt and Capital Payments and Levies

Revised Resolution of Intent to Issue Bonds (provided separately)

Ehlers Contacts

Municipal Advisors:	Joel Sutter	(651) 697-8514
	Greg Crowe	(651) 697-8522
	Shelby McQuay	(651) 697-8548
Disclosure Coordinator:	Silvia Johnson	(651) 697-8580
Financial Analyst:	Brian Shannon	(651) 697-8515

The Preliminary Official Statement for this financing will be sent to the School Board at their home or email address for review prior to the sale date.

Bloomington School District No. 271

Estimated Sources and Uses of Funds - Proposed 2019A Facilities Maintenance Bonds
Pre-Sale Estimates
January 16, 2019

Bond Amount	**$24,220,000**
Estimated Project Cost	**$25,106,000**
Dated Date of Bonds	**3/21/2019**
Sources of Funds	
Par Amount	$24,220,000
Estimated Investment Earnings*	248,584
Estimated Reoffering Premium **	1,013,064
Debt Service Funds on Hand***	771,986
Total Sources	$26,253,633
Uses of Funds	
Estimated Underwriter's Discount**	$242,200
Capitalized Interest ***	771,986
Estimated Legal and Fiscal Costs#	132,500
Net Funds Available for Project Costs	**25,106,947**
Total Uses	$26,253,633
Est. Deposit to Construction Fund	**$24,858,364**

* Estimated investment earnings are based on an average interest rate of 1.00% and an average life of 1 year.

** The underwriter of the bonds may receive a reoffering premium in the sale of the bonds. They will retain a portion of the premium as their compensation, or underwriter's discount. The remainder of the premium will be either be deposited in the debt service fund and used to pay a portion of the interest on the bonds in the first year, or deposited in the construction fund and used to fund portion of the project costs.

*** The District will use debt service funds on hand and/or bond proceeds to finance the first year's payments.

\# Includes fees for municipal advisor, bond counsel, rating agency, paying agent, and county certificates.

ESTIMATES FOR PRE-SALE REPORT

Bloomington School District No. 271

Estimated Payment and Levy Schedule for 2019 Facilities Maintenance Bonds
January 16, 2019

Levy Pay-able Year	Fiscal Year	Principal	Est. Rate	Interest	Paid from Other Funds		Initial Debt Levy
2018	2019	0		0	0		0
2019	2020	0	3.33%	771,986	771,986	*	0
2020	2021	0	3.33%	896,500			941,325
2021	2022	0	3.33%	896,500			941,325
2022	2023	0	3.33%	896,500			941,325
2023	2024	0	3.33%	896,500			941,325
2024	2025	0	3.33%	896,500			941,325
2025	2026	2,025,000	3.33%	896,500			3,067,575
2026	2027	2,140,000	3.33%	795,250			3,082,013
2027	2028	2,170,000	3.33%	688,250			3,001,163
2028	2029	2,270,000	3.33%	601,450			3,015,023
2029	2030	2,365,000	3.33%	533,350			3,043,268
2030	2031	3,375,000	3.33%	462,400			4,029,270
2031	2032	2,540,000	3.33%	352,713			3,037,348
2032	2033	2,610,000	3.33%	270,163			3,024,171
2033	2034	0	3.33%	178,813			187,753
2034	2035	0	3.33%	178,813			187,753
2035	2036	0	3.33%	178,813			187,753
2036	2037	0	3.33%	178,813			187,753
2037	2038	0	3.33%	178,813			187,753
2038	2039	0	3.33%	178,813			187,753
2039	2040	0	3.33%	178,813			187,753
2040	2041	4,075,000	3.33%	178,813			4,466,503
2041	2042	650,000	3.33%	26,000			709,800
Totals		24,220,000		11,311,061			36,497,029

* The interest due during fiscal year 2020 would be paid from bond proceeds or funds on hand in the debt service fund.

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ESTIMATES FOR PRE-SALE REPORT

Bloomington School District No. 271
Preliminary Financing Plan for Future Facilites Maintenance Projects

Updated Facilities Maintenance Funding Plan
Deferred Maint. Costs Average $15M/yr through 2033
$7M/yr Thereafter; 6 Bond Issues

January 16, 2019

	Future Facilities Maintenance Bond Issues					
	1st Issue	2nd Issue	3rd Issue	4th Issue	5th Issue	6th Issue
Bond Issue Amount:	$24,220,000	$14,550,000	$18,605,000	$12,075,000	$20,175,000	$24,075,000
Average Int. Rate:	3.33%	4.00%	4.00%	4.00%	4.00%	4.00%
Dated Date:	3/21/2019	3/21/2021	3/21/2023	3/21/2025	4/1/2027	4/1/2030

Levy		Tax Capa-		Debt Service Levies - Existing Bonds [2]							Other Levies		Facilities Maintenance Funding							Combined Totals	
Pay.	Fiscal	city Value [1]		Building	Alt. Fac. / FM	OPEB	LTFM	Est. Debt	Net	Tax	Lease	Capital	General Fund			LTFM		Addl. Debt	Debt	Total	Tax
Year	Year	($000s)		Bonds	Bonds	Bonds	Debt Aid	Excess [3]	Levy	Rate	Levy [4]	Project Levy [5]	Revenue [7]	Principal	Interest	Debt Aid		Excess [3]	Levy	Levy	Rate
2018	2019	133,197	5.9%	7,150,343	4,617,808	767,186	(1,691,323)	(10,293)	10,833,720	8.13	1,463,304	7,859,746	3,055,470	-	-			-	-	23,212,240	17.43
2019	2020	142,247	6.8%	7,361,918	4,502,205	764,692	(1,691,323)	(387,621)	10,549,870	7.42	1,564,166	8,328,038	3,595,322	-	771,986	-	6	-	-	24,037,396	16.90
2020	2021	146,515	3.0%	10,002,300	2,429,818	400,215	(1,691,323)	(568,297)	10,572,714	7.22	1,564,166	8,893,906	2,750,000	-	896,500	-		-	941,325	24,722,115	16.87
2021	2022	151,395	3.3%	10,307,325	2,429,818	398,010	(1,691,323)	(577,455)	10,866,375	7.18	1,564,166	9,160,723	3,010,000	-	1,381,500	-	6	-	941,325	25,542,594	16.87
2022	2023	155,937	3.0%	9,767,363	2,429,818	400,835	(1,691,323)	(591,082)	10,315,611	6.62	1,564,166	9,465,869	3,415,000	-	1,478,500	-		-	1,552,425	26,313,075	16.87
2023	2024	160,615	3.0%	3,456,338	2,429,818	6,482,813	(1,691,323)	(566,911)	10,110,735	6.30	1,494,319	9,749,845	4,260,000	-	2,098,667	-	6	(69,859)	1,482,566	27,097,469	16.87
2024	2025	166,734	3.8%	-	2,429,818	4,733,957	(1,691,323)	(556,604)	4,915,848	2.95	1,494,319	10,042,340	9,410,000	-	2,222,700	-		(63,572)	2,270,263	28,132,775	16.87
2025	2026	168,401	1.0%	-	3,548,068	-	(1,691,323)	(322,370)	1,534,375	0.91	1,494,319	10,424,892	10,600,000	2,025,000	2,625,200	-	6	(99,301)	4,360,784	28,414,374	16.87
2026	2027	170,085	1.0%	-	3,487,588	-	(1,691,323)	(159,663)	1,636,602	0.96	1,494,319	11,179,141	9,600,000	2,140,000	2,604,450	-		(191,767)	4,789,906	28,699,967	16.87
2027	2028	171,786	1.0%	-	3,354,763	-	(1,691,323)	(156,941)	1,506,499	0.88	1,494,319	11,290,932	10,000,000	2,170,000	3,169,950	-	6	(206,916)	4,693,906	28,985,655	16.87
2028	2029	173,504	1.0%	-	3,550,431	-	(1,691,323)	(150,964)	1,708,143	0.98	1,494,319	11,403,841	9,100,000	2,270,000	3,217,650	-		(201,915)	5,560,118	29,266,421	16.87
2029	2030	175,239	1.0%	-	3,755,076	-	(1,691,323)	(159,769)	1,903,983	1.09	1,494,319	11,517,880	9,100,000	2,365,000	3,149,550	-		(241,119)	5,549,158	29,565,340	16.87
2030	2031	176,991	1.0%	-	3,962,976	-	(1,691,323)	(168,978)	2,102,674	1.19	1,494,319	11,633,059	8,100,000	3,375,000	4,041,600	-	6	(238,862)	6,537,418	29,867,470	16.88
2031	2032	178,761	1.0%	-	4,171,663	-	(1,691,323)	(178,334)	2,302,006	1.29	1,494,319	11,749,389	8,100,000	2,540,000	3,931,913	-		(283,435)	6,512,073	30,157,787	16.87
2032	2033	180,549	1.0%	-	4,382,648	-	(1,691,323)	(187,725)	2,503,600	1.39	1,494,319	11,866,883	8,100,000	2,610,000	3,849,363	-		(280,289)	6,502,042	30,466,843	16.87
2033	2034	182,354	1.0%	-	8,798,029	-	(1,691,323)	(197,219)	6,909,487	3.79	1,494,319	11,985,552	6,610,000	-	3,758,013	-		(279,979)	3,665,934	30,665,291	16.82
2034	2035	184,178	1.0%	-	9,058,586	-	(1,691,323)	(395,911)	6,971,352	3.79	1,494,319	12,105,407	6,615,000	-	3,758,013	-		(152,368)	3,793,545	30,979,623	16.82
2035	2036	186,020	1.0%	-	9,472,496	-	(1,691,323)	(407,636)	7,373,537	3.96	1,494,319	12,226,462	6,415,000	-	3,758,013	-		(163,853)	3,782,060	31,291,377	16.82
2036	2037	187,880	1.0%	-	9,674,070	-	(1,691,323)	(426,262)	7,556,485	4.02	1,494,319	12,348,726	6,420,000	-	3,758,013	-		(162,819)	3,783,094	31,602,623	16.82
2037	2038	189,759	1.0%	-	8,656,673	-	(1,691,323)	(435,333)	6,530,016	3.44	1,494,319	12,472,213	7,640,000	-	3,758,013	-		(162,912)	3,783,001	31,919,549	16.82
2038	2039	191,656	1.0%	-	8,692,688	-	(1,691,323)	(389,550)	6,611,814	3.45	1,494,319	12,596,936	7,750,000	-	3,758,013	-		(162,904)	3,783,009	32,236,077	16.82
2039	2040	193,573	1.0%	-	8,871,030	-	(1,691,323)	(391,171)	6,788,536	3.51	1,494,319	12,722,905	7,775,000	-	3,758,013	-		(162,905)	3,783,008	32,563,768	16.82
2040	2041	195,508	1.0%	-	4,477,410	-	(1,691,323)	(399,196)	2,386,891	1.22	1,494,319	12,850,134	8,100,000	4,075,000	3,758,013	-		(162,905)	8,061,758	32,893,102	16.82
2041	2042	197,464	1.0%	-	-	-	-	-	-	-	1,494,319	12,978,635	8,100,000	7,730,000	3,605,200	(1,691,323)		(355,448)	9,855,189	32,428,142	16.42
2042	2043	199,438	1.0%	-	-	-	-	-	-	-	1,494,319	13,108,422	8,100,000	8,290,000	3,296,000	(1,691,323)		(427,488)	10,046,489	32,749,229	16.42
2043	2044	201,433	1.0%	-	-	-	-	-	-	-	1,494,319	13,239,506	8,100,000	8,815,000	2,964,400	(1,691,323)		(432,855)	10,244,192	33,078,016	16.42
2044	2045	203,447	1.0%	-	-	-	-	-	-	-	1,494,319	13,371,901	8,100,000	9,365,000	2,611,800	(1,691,323)		(441,510)	10,442,807	33,409,026	16.42
2045	2046	205,481	1.0%	-	-	-	-	-	-	-	1,494,319	13,505,620	8,100,000	9,940,000	2,237,200	(1,691,323)		(450,058)	10,644,679	33,744,617	16.42
2046	2047	207,536	1.0%	-	-	-	-	-	-	-	1,494,319	13,640,676	8,100,000	10,535,000	1,839,600	(1,691,323)		(458,758)	10,843,249	34,078,244	16.42
2047	2048	209,612	1.0%	-	-	-	-	-	-	-	1,494,319	13,777,083	8,100,000	11,160,000	1,418,200	(1,691,323)		(467,302)	11,048,485	34,419,886	16.42
2048	2049	211,708	1.0%	-	-	-	-	-	-	-	1,494,319	13,914,854	8,100,000	11,810,000	971,800	(1,691,323)		(476,153)	11,253,414	34,762,586	16.42
2049	2050	213,825	1.0%	-	-	-	-	-	-	-	1,494,319	14,054,002	8,100,000	12,485,000	499,400	(1,691,323)		(484,977)	11,457,320	35,105,641	16.42
2050	2051	215,963	1.0%	-	-	-	-	-	-	-	1,494,319	14,194,542	8,100,000	-	-	-			-	23,788,861	11.02
Totals				48,045,585	119,183,297	13,947,708	(38,900,429)	(7,785,287)	134,490,873		52,549,521	418,476,398	240,520,792	113,700,000	84,947,228	(15,221,907)		(7,282,229)	181,964,542	996,197,180	

1 Tax capacity estimates are final values for taxes payable in 2018 and a preliminary value for 2019, with estimated percentage changes for later years as shown above. The tax capacity for pay 2021 and pay 2024 includes an increase of 3% plus the estimated increases due to the decertification of the Carlton and Penn & American TIF districts, respectively.
2 Initial debt service levies are set at 105 percent of the principal and interest payments during the next fiscal year.
3 The debt excess adjustment for taxes payable in 2018 and 209 are the actual amount. Estimates for future years are based on 4.5% of the prior years' total debt service levy.
4 Lease levy amounts for future years are based on the best available estimates of future payments for all current and planned future leases.
5 These estimates assume that the current Capital Projects Levy would be renewed at the same tax rate when it expires.
6 For each of the Facilities Maintenance bond issues, interest payments due during the first year would be paid from funds on hand in the debt service fund.
7 Assumes additional bond issues after 2030 for FY 2034 through FY 2040 facilities maintenance project expenses in an aggregate total of $7,475,000 with principal payments beginning in FY 2051 or later.

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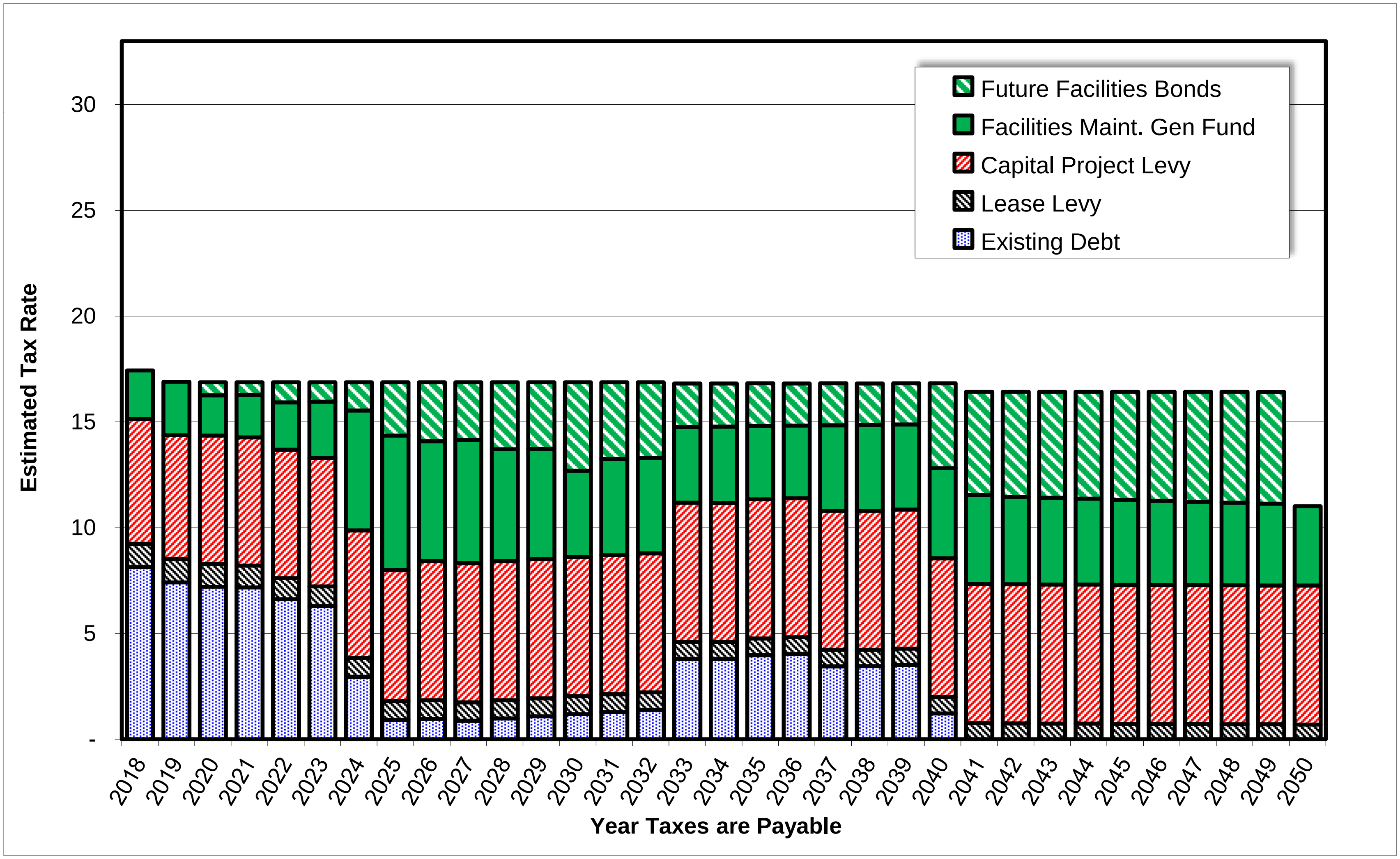
ESTIMATES FOR PRE-SALE REPORT

Bloomington School District No. 271

Estimated Tax Rates for Capital and Debt Service Levies

Updated Facilities Maintenance Funding Plan
Deferred Maint. Costs Average $15M/yr through 2033
$7M/yr Thereafter; 6 Bond Issues

Date Prepared: **January 16, 2019**



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