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FIXED INCOME CAPITAL MARKETS

ELK POINT-JEFFERSON SCHOOL DISTRICT NO. 61-7

Capital Outlay Certificate Overview

PRESENTED BY:

Jerry Spethman
Senior Vice President
D.A. Davidson & Co.

450 Regency Parkway, Suite 400
Omaha, NE 68114
Office (402) 392-7933
E-mail: jspethman@dadco.com

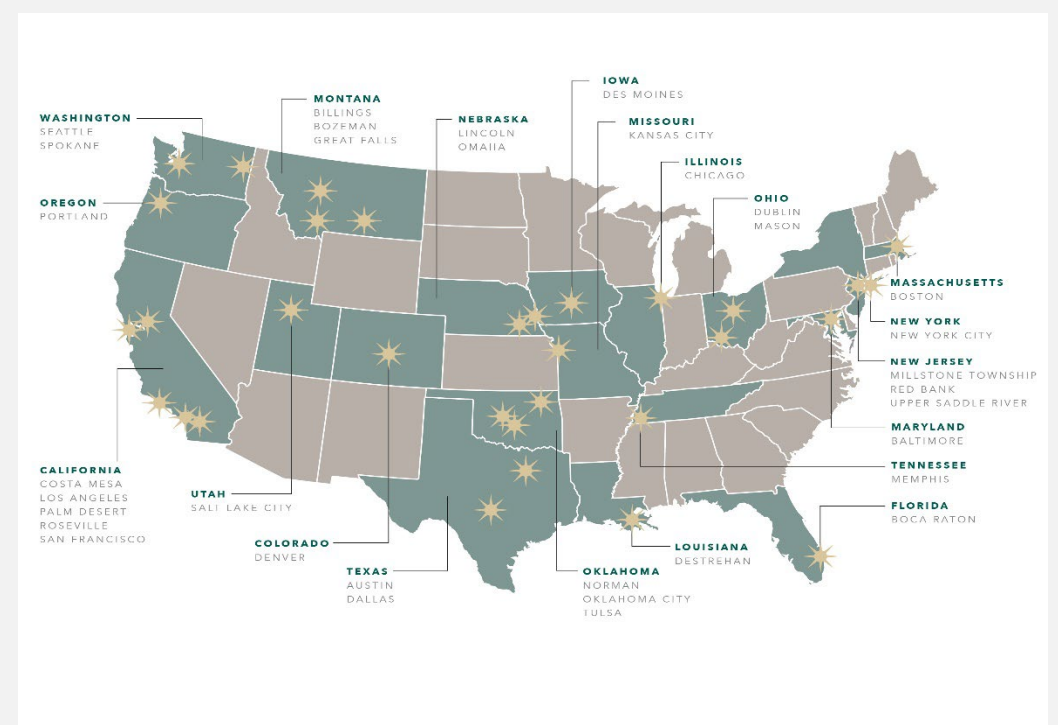
COMPANY OVERVIEW

D.A. Davidson & Co. is a full-service brokerage and investment banking firm with a Fixed Income Capital Markets Group that specializes in financing projects for communities across the United States. From securing funding for a new elementary school building to structuring multi-million-dollar financings for professional athletic facilities, we are committed to strengthening infrastructure, expanding businesses and enriching the lives of the people in our communities. Our bankers are passionate about providing service excellence and transaction follow-through to guide you through the complexities of project funding.

Davidson's public finance professionals average over a quarter century of experience and enjoy working relationships with over 500 clients nationwide. Our focus includes conventional fixed rate and variable rate debt financings, credit-enhanced structures and non-rated bonds, as well as synthetic products such as swaps, forwards, and synthetic advance refundings. Year after year, we serve as manager for billions of dollars in financings across the United States.

Our public finance team serves a broad range of clients, specializing in a number of practice areas in which we have significant experience:

- City and County Governments
- State Governments
- Healthcare Finance
- Public School Districts
- Higher Education
- Charter Schools
- Resort Communities
- Tribal Finance
- Housing Agencies
- Lease-Purchase Financing
- Utility Finance
- Alternative Energy
- Rural Water and Sanitation Districts
- Elections
- Special Districts



With an over 80-year history, D.A. Davidson & Co. has demonstrated its commitment to public sector clients. Moreover, the firm has the financial strength to underwrite transactions in excess of \$100 million. For fiscal year 2023 (ending September 30, 2023), D.A. Davidson had over \$320 million in equity. D.A. Davidson and its related entities operate under D.A. Davidson Companies, an employee-owned firm offering broad-based financial services. D.A. Davidson Companies had over \$65 billion of assets under management and administration, and recorded over \$597 million of net revenue in fiscal 2023. (Source: D.A. Davidson Companies 2023 Annual Report)

Since 1982, the firm has underwritten in excess of \$3.0 billion of bonds and certificates for South Dakota issuer clients.

BASIC DEFINITION

❖ Bond

A bond is a debt instrument. It is a way for a governmental entity or a company to raise money by selling IOUs with interest payments annually.

❖ Capital Outlay Certificate

A Capital Outlay Certificate is a limited tax bond



DIFFERENCES BETWEEN BONDS AND CAPITAL OUTLAY CERTIFICATES

❖ Bonds

Authority for Issuance – 60% super majority vote in favor by District patrons at an election

Security – All taxable property located within the school district, ad valorem pledge of bond levy unlimited as to rate or amount

Length of Maturity – Not to exceed 50 years from the date of issuance

Amount – Limited to 10% of a school district's assessed valuation

❖ Capital Outlay Certificates

Authority for Issuance – Majority vote of the Board of Education

Security – Pledge of Capital Outlay Levy not to exceed \$3.00 per \$1,000 of taxable value of school district

Length of Maturity – Not to exceed 20 years from the date of issuance

Amount – Limited to 1.5% of a school district's taxable valuation without being subject to referendum or up to 3% of a school district's taxable valuation subject to referendum

CAPITAL OUTLAY CERTIFICATES

Limited Tax Capital Outlay Certificates

Authorized under South Dakota Codified Laws, Section 13-16-6 through 13-16-9, as amended:

Max Term: 20 Years

Authority: Majority vote of the Board of Education

Max Levy: \$3.00 per \$1,000 of taxable valuation

Public Hearing: (1) None if borrowing amount is less than or equal to 1.5% of a school district's taxable valuation, or (2) Required if borrowing amount exceeds 1.5% of school district's taxable valuation up to a maximum of 3%.

Qualifying Projects: Acquire or construct real property, plant or equipment. "Buildings, boilers or buses"



Limited Tax Capital Outlay
Certificates



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FIXED INCOME CAPITAL MARKETS

Debt Limitations

Bonds and Capital Outlay Certificates

UNDER THE SOUTH DAKOTA CONSTITUTION THE TOTAL INDEBTEDNESS OF A SCHOOL DISTRICT MAY NOT EXCEED 10% OF THE ASSESSED VALUE OF THE PROPERTY WITHIN SUCH SCHOOL DISTRICT. SOUTH DAKOTA LAW FURTHER PROVIDES THAT THE PORTION OF THE TOTAL DEBT REPRESENTED BY CAPITAL OUTLAY CERTIFICATES MAY NOT EXCEED 3% OF A SCHOOL DISTRICT'S TAXABLE VALUATION.

ELK POINT-JEFFERSON SCHOOL DISTRICT NO. 61-7 DEBT MARGIN AS OF APRIL 2, 2024

The District's debt margin is as follows:

Constitutional Debt Limit (10% of Assessed Value)	\$73,541,049
Less Outstanding Capital Outlay Certificates	(0)
Less Outstanding General Obligation Bonds	<u>(0)</u>
Debt Margin	<u><u>\$73,541,049</u></u>

SCHOOL VALUATION WORKSHEET FOR TAXES PAYABLE 2024

Thursday, January 11, 2024

61-7 ELK POINT-JEFFERSON

COUNTY JURISDICTION: UNION

UNION		<u>VALUE</u>	<u>DISCRETIONARY</u>	<u>TIF/INCUBATOR</u>
	AG	\$309,856,974	\$0	\$0
	OO	\$287,512,835	\$0	\$0
	M	\$369,740	\$0	\$0
	M-OO	\$404,617	\$0	\$0
	OTH	\$66,572,556	\$0	\$0
	UTIL	\$7,483,054		\$0
	Total w/o M or M-OO	\$671,425,419		

TOTAL DISTRICT VALUATION for Tax Purposes	\$671,425,419	\$0	\$0
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|---|---|-------------|
| 1 | YOUR SCHOOL DISTRICT HAS THE FOLLOWING AMOUNT OF OPT OUT AVAILABLE: | \$0 |
| 2 | STATE RECOGNIZED LOCAL EFFORT FROM TAXABLE VALUATION IS EQUAL TO: | \$1,711,026 |
| 3 | AMOUNT OF DISCRETIONARY/TIF RECOGNIZED AS LOCAL EFFORT: | \$0 |
| 4 | TOTAL STATE RECOGNIZED LOCAL EFFORT IS EQUAL TO: | \$1,711,026 |
| 5 | YOUR MAXIMUM TAX REQUEST MAY BE: | \$1,711,026 |
| 6 | ADDITIONAL AMOUNT TO BE LEVIED FOR SPECIAL ED: | \$0 |

ELK POINT-JEFFERSON SCHOOL DISTRICT NO. 61-7 C.O. CERTIFICATE BORROWING STATISTICS

• 2023 Pay 2024 Taxable Valuation:	\$671,425,419
• Maximum Borrowing Percentage:	x <u>3.00%</u>
• Maximum Borrowing Amount:	<u>\$ 20,142,762</u>
• 2023 Pay 2024 Taxable Valuation:	\$671,425,419
• Max Per Project Borrowing Percentage*:	x <u>1.50%</u>
• Max Per Project Borrowing Amount*:	<u>\$ 10,071,381</u>

• *Not subject to referendum

ELK POINT-JEFFERSON SCHOOL DISTRICT NO. 61-7

20-YEAR LIMITED TAX CAPITAL OUTLAY CERTIFICATE EXAMPLE - ASSUMPTIONS

PROJECTED CLOSING DATE:	August 25, 2024
PROJECTED BORROWING AMOUNT:	\$7,500,000
MAXIMUM ANNUAL PAYMENT AMOUNT:	\$595,500
AVERAGE ANNUAL LEVY STARTING FY 2024-25:	\$0.88 PER \$1,000
DISTRICT'S 2023 PAY 2024 TAXABLE VALUE:	\$671,425,419
NET CERTIFICATE PROCEEDS FOR PROJECT:	\$8,043,715.35

CERTIFICATE DEBT SERVICE



ELK POINT-JEFFERSON SCHOOL DISTRICT No. 61-7
(UNION COUNTY, SOUTH DAKOTA)

South Dakota Health and Educational Facilities Authority (SDHEFA) Credit Enhancement Program
LIMITED TAX CAPITAL OUTLAY CERTIFICATES, SERIES 2024
Assumes BQ, 'AA+' SDHEFA Rated (AA- Underlying), 2044 Final Maturity
[Preliminary -- for discussion only]

Dated Date 09/25/2024
Delivery Date 09/25/2024

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
02/01/2025			131,250	131,250	
06/30/2025					131,250
08/01/2025	225,000	5.000%	187,500	412,500	
02/01/2026			181,875	181,875	
06/30/2026					594,375
08/01/2026	235,000	5.000%	181,875	416,875	
02/01/2027			176,000	176,000	
06/30/2027					592,875
08/01/2027	245,000	5.000%	176,000	421,000	
02/01/2028			169,875	169,875	
06/30/2028					590,875
08/01/2028	260,000	5.000%	169,875	429,875	
02/01/2029			163,375	163,375	
06/30/2029					593,250
08/01/2029	275,000	5.000%	163,375	438,375	
02/01/2030			156,500	156,500	
06/30/2030					594,875
08/01/2030	285,000	5.000%	156,500	441,500	
02/01/2031			149,375	149,375	
06/30/2031					590,875
08/01/2031	300,000	5.000%	149,375	449,375	
02/01/2032			141,875	141,875	
06/30/2032					591,250
08/01/2032	315,000	5.000%	141,875	456,875	
02/01/2033			134,000	134,000	
06/30/2033					590,875
08/01/2033	335,000	5.000%	134,000	469,000	
02/01/2034			125,625	125,625	
06/30/2034					594,625
08/01/2034	350,000	5.000%	125,625	475,625	
02/01/2035			116,875	116,875	
06/30/2035					592,500
08/01/2035	370,000	5.000%	116,875	486,875	
02/01/2036			107,625	107,625	
06/30/2036					594,500
08/01/2036	390,000	5.000%	107,625	497,625	
02/01/2037			97,875	97,875	
06/30/2037					595,500
08/01/2037	405,000	5.000%	97,875	502,875	
02/01/2038			87,750	87,750	
06/30/2038					590,625
08/01/2038	430,000	5.000%	87,750	517,750	
02/01/2039			77,000	77,000	
06/30/2039					594,750
08/01/2039	450,000	5.000%	77,000	527,000	
02/01/2040			65,750	65,750	
06/30/2040					592,750
08/01/2040	475,000	5.000%	65,750	540,750	
02/01/2041			53,875	53,875	
06/30/2041					594,625
08/01/2041	500,000	5.000%	53,875	553,875	
02/01/2042			41,375	41,375	
06/30/2042					595,250
08/01/2042	525,000	5.000%	41,375	566,375	
02/01/2043			28,250	28,250	
06/30/2043					594,625
08/01/2043	550,000	5.000%	28,250	578,250	
02/01/2044			14,500	14,500	
06/30/2044					592,750
08/01/2044	580,000	5.000%	14,500	594,500	
06/30/2045					594,500
	7,500,000		4,497,500	11,997,500	11,997,500

TAX LEVY

ELK POINT-JEFFERSON SCHOOL DISTRICT No. 61-7
(UNION COUNTY, SOUTH DAKOTA)
South Dakota Health and Educational Facilities Authority (SDHEFA) Credit Enhancement Program
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[Preliminary -- for discussion only]

Period Ending	Principal	Interest	Debt Service	Net Levy	Assessed Valuation	Mill Levy
06/30/2025		131,250.00	131,250.00	131,250.00	671,425,419.00	0.195480
06/30/2026	225,000.00	369,375.00	594,375.00	594,375.00	671,425,419.00	0.885244
06/30/2027	235,000.00	357,875.00	592,875.00	592,875.00	671,425,419.00	0.883009
06/30/2028	245,000.00	345,875.00	590,875.00	590,875.00	671,425,419.00	0.880031
06/30/2029	260,000.00	333,250.00	593,250.00	593,250.00	671,425,419.00	0.883568
06/30/2030	275,000.00	319,875.00	594,875.00	594,875.00	671,425,419.00	0.885988
06/30/2031	285,000.00	305,875.00	590,875.00	590,875.00	671,425,419.00	0.880031
06/30/2032	300,000.00	291,250.00	591,250.00	591,250.00	671,425,419.00	0.880589
06/30/2033	315,000.00	275,875.00	590,875.00	590,875.00	671,425,419.00	0.880031
06/30/2034	335,000.00	259,625.00	594,625.00	594,625.00	671,425,419.00	0.885616
06/30/2035	350,000.00	242,500.00	592,500.00	592,500.00	671,425,419.00	0.882451
06/30/2036	370,000.00	224,500.00	594,500.00	594,500.00	671,425,419.00	0.885430
06/30/2037	390,000.00	205,500.00	595,500.00	595,500.00	671,425,419.00	0.886919
06/30/2038	405,000.00	185,625.00	590,625.00	590,625.00	671,425,419.00	0.879658
06/30/2039	430,000.00	164,750.00	594,750.00	594,750.00	671,425,419.00	0.885802
06/30/2040	450,000.00	142,750.00	592,750.00	592,750.00	671,425,419.00	0.882823
06/30/2041	475,000.00	119,625.00	594,625.00	594,625.00	671,425,419.00	0.885616
06/30/2042	500,000.00	95,250.00	595,250.00	595,250.00	671,425,419.00	0.886547
06/30/2043	525,000.00	69,625.00	594,625.00	594,625.00	671,425,419.00	0.885616
06/30/2044	550,000.00	42,750.00	592,750.00	592,750.00	671,425,419.00	0.882823
06/30/2045	580,000.00	14,500.00	594,500.00	594,500.00	671,425,419.00	0.885430
	7,500,000.00	4,497,500.00	11,997,500.00	11,997,500.00		