



DATE: October 5, 2021
REGULAR

AGENDA ITEM: 2021A Bonding

SUBMITTED BY: Kristina Handt, City Administrator

BACKGROUND:

The City Council has included a number projects in the 2021-2025 CIP for this year with funding proposed to come from bonding. The Council has previously approved all of the projects we will be bonding for including holding a special CIP Public hearing in June for the new city center. Projects include the new city center and public works addition, Heritage Farms Street and Utility, Tamarack Farms street, Hamlet on Sunfish Lake sewer, Old Village 5 and 6, refunding of the 2018Abonds used to pay for the purchase of the Brookfield building and refunding the water and sewer portion of the 2013A bonds. The city would use cash to pre-pay the street portion of the 2013A bonds.

ISSUE BEFORE COUNCIL:

Should the Council authorize the issuance and sale of \$21,815,000 general obligation bonds?

PROPOSAL DETAILS/ANALYSIS:

Tammy Omdahl from Northland Securities will be at the meeting to go over the finance plan, which is included in your packet, and answer any questions you may have. Also included in the packet is the resolution to authorize the issuance and sale of the bonds. Bids are due the morning of November 3rd and council would take final action on approving the bonds at the meeting that evening. At this time the interest rates are an estimate and won't be known until November 3rd.

The current proposed bond sizing is \$21,815,000 but staff may lower that amount if possible after bids on the city center are awarded October 19th.

Lastly, included in your packet is the Municipal Advisory Service Agreement with Northland Securities Inc. The agreement sets out the services Northland will provide in the bond issuance and compensation of \$52,060. The agreement is just for this bond issuance and will expire 60 days after the closing on the bonds in December.

FISCAL IMPACT:

Refunding of the 2018A bonds is estimated to save about \$160,000 and refunding of a portion of the 2013A bonds is estimated to save about \$300,000.

The estimated levy schedule can be found on page 13 of the finance plan. The city is required to levy 105% of the general fund portion of the city center/public works addition and the improvement (street) projects. There is no new bond for water projects other than the refunding of the 2013A bond. Sewer debt will increase for the Hamlet on Sunfish Lake, Heritage Farms and Old Village 5 and 6 sewer projects. As noted the refunding of the sewer portion of the 2013A bond is expected to result in a savings.

OPTIONS:

- 1) Approve Resolution No. 2021-xxx
- 2) Amend and then Approve Resolution No 2021-xxx
- 3) Do not authorize the issuance of bonds

RECOMMENDATION:

Motion to approve Resolution No. 2021-XXX: A Resolution Authorizing Issuance and Sale of \$21,815,000 General Obligation Bonds, Series 2021A

AND

Motion to approve the Municipal Services Agreement with Northland Securities, Inc.

ATTACHMENTS:

- Finance Plan
- Resolution No 2021-XX
- Municipal Advisory Services Agreement with Northland Securities, Inc.

Finance Plan

City of Lake Elmo, Minnesota

\$21,815,000

**General Obligation Improvement, CIP and
Refunding Bonds, Series 2021A**

October 5, 2021



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Executive Summary

The following is a summary of the recommended terms for the issuance of approximately \$21,815,000 General Obligation Improvement, CIP and Refunding Bonds, Series 2021A (the "Bonds"). Additional information on the proposed finance plan and issuing process can be found after the Executive Summary, in the Issue Overview and Attachment 4 – Related Considerations.

Purpose	Proceeds from the Bonds will be used to current refund the outstanding maturities of the City's Taxable Public Project Lease Revenue and Limited Tax Bonds, Series 2018A; to finance the acquisition, construction and equipping of a new city hall, fire station, law enforcement facility and public works addition; to finance the City's 2021 street improvement projects, which includes sewer improvements; to current refund a portion of the City's General Obligation Bonds, Series 2013A; and to pay the costs associated with the issuance of the Bonds.
Security	The Bonds will be a general obligation of the City. The City will pledge special assessments collected from benefitted properties for payment of the Improvement Portion of the Bonds, net sewer revenues of the City's sewer system for payment on the Sewer Portions of the Bonds, net water revenues of the City's water system for payment of the Water Portion of the Bonds, and ad valorem taxes on the CIP Portions of the Bonds.
Repayment Term	The Bonds will mature annually each February 1 in the years 2022 through 2042. Interest on the Bonds will be payable on February 1, 2022 and semiannually thereafter on each February 1 and August 1.
Estimated Interest Rate	True interest cost (TIC): 1.92%
Prepayment Option	Bonds maturing on and after February 1, 2030 will be subject to redemption on February 1, 2029 and any day thereafter at a price of par plus accrued interest.
Rating	A rating will be requested from Moody's. The City's general obligation debt is currently rated "Aa1" by Moody's.
Tax Status	The Bonds will be tax-exempt, non-bank qualified obligations.
Risk Factors	There are certain risks associated with all debt. Risk factors related to the Bonds are discussed in Attachment 6.
Type of Bond Sale	Public Sale – Competitive Bids
Proposals Received	Tuesday, November 3, 2021 @ 10:00 A.M.
Council Consideration	Tuesday, November 3, 2021 @ 7:00 P.M.

Issue Overview

Purpose

Proceeds from the Bonds will be used to:

- Current refund the January 1, 2022 through January 1, 2034 maturities, totaling \$834,000 in principal, of the City's Taxable Public Project Lease Revenue and Limited Tax Bonds, Series 2018A (the "Series 2018A Bonds") on December 20, 2021 (the "CIP Refunding Portion");
- Finance the acquisition, construction and equipping of a new city call, fire station and law enforcement facility and public works addition (the "CIP New Money Portion" and together with the CIP Refunding Portion, the "CIP Portions");
- Finance the City's 2021 street improvements (the "Improvement Portion"), a portion of which includes sewer improvements (the "Sewer Portion");
- To current refund the July 15, 2022 through July 15, 2023 maturities of the Sewer and Water Portions, totaling \$595,000 and \$1,775,000 in principal, respectively, of the City's General Obligation Bonds, Series 2013A (the "Series 2013A Bonds") on December 7, 2021 (the "2013A Refunding Portion" and together with the CIP Refunding Portion, the "Refunded Bonds"). The Series 2013A Bonds consist of a Sewer Portion, a Water Portion and an Improvement Portion. As described on page 4, the City will use cash to pre-pay the Improvement Portion of the Series 2013A Bonds.

Proceeds will also be used to pay costs associated with issuing the Bonds. The Bonds have been sized based on estimates provided by City staff and proceeds needed to refund the Refunded Bonds. The final construction costs are expected to be confirmed on October 20, 2021. The City is also using money from its water and sewer funds to reduce the amount needed to finance the CIP New Money Portion. The table below contains the sources and uses of funds for the bond issue.

	CIP (2018A Refunding)	CIP (City Hall, Fire Station, and Law Enforcement)	Street Improvement	Sanitary Sewer Revenue	2013A Water Portion	2013A Sewer Portion	Issue Summary
Sources Of Funds							
Par Amount of Bonds	\$865,000.00	\$9,920,000.00	\$4,565,000.00	\$4,025,000.00	\$610,000.00	\$1,830,000.00	\$21,815,000.00
Water Fund Cash Contribution	-	3,750,000.00	-	-	-	-	3,750,000.00
Sewer Fund Cash Contribution	-	1,500,000.00	-	-	-	-	1,500,000.00
Total Sources	\$865,000.00	\$15,170,000.00	\$4,565,000.00	\$4,025,000.00	\$610,000.00	\$1,830,000.00	\$27,065,000.00
Uses Of Funds							
Deposit to Project Construction Fund	-	15,000,000.00	4,490,951.00	3,967,664.00	-	-	23,458,615.00
Deposit to Current Refunding Fund	851,618.25	-	-	-	603,162.04	1,799,353.99	3,254,134.28
Total Underwriter's Discount (1.000%)	8,650.00	99,200.00	45,650.00	40,250.00	6,100.00	18,300.00	218,150.00
Costs of Issuance	3,777.22	43,317.86	19,934.07	17,576.06	2,663.70	7,991.09	95,260.00
Deposit to Capitalized Interest (CIF) Fund	-	24,738.75	9,508.50	-	-	-	34,247.25
Rounding Amount	954.53	2,743.39	(1,043.57)	(490.06)	(1,925.74)	4,354.92	4,593.47
Total Uses	\$865,000.00	\$15,170,000.00	\$4,565,000.00	\$4,025,000.00	\$610,000.00	\$1,830,000.00	\$27,065,000.00

The Series 2018A Bonds are eligible for prepayment on any date. The 2022 through 2034 maturities will be called for prepayment on December 20, 2021 (the "Series 2018A Call Date"). A portion of the proceeds of the Bonds will be wired to US Bank, N.A., the Trustee and Paying Agent on the Series 2018A Bonds, on the prior to the Series 2018A Call Date to prepay the outstanding principal and accrued interest on the Series 2018A Bonds. Based on current market conditions, we have estimated savings of \$159,082 with a present value of \$144,741, for refunding the Series 2018A Bonds.

The Series 2013A Bonds became eligible for prepayment on July 15, 2021. The 2022 through 2033 maturities of the Sewer and Water Portions of the Series 2013A Bonds will be called for prepayment on the December 7, 2021 (the “Series 2013A Call Date”). A portion of the proceeds of the Bonds will be wired to Northland Trust Services, Inc., the Paying Agent on the Series 2013A Bonds on the Series 2013A Call Date to prepay the outstanding principal and accrued interest on the Series 2013A Bonds. In addition, the City will wire funds in the amount of \$819,894.64 (representing \$810,000 in principal and \$9,894.64 of accrued interest) to Northland Trust Services prior to the Call Date to call the Improvement Portion of the Series 2013A Bonds. Based on current market conditions, we have estimated savings of \$299,100 with a present value of \$291,692, for the combined refunding of the Water and Sewer Portions of the Series 2013A Bonds.

The projected annual savings are shown in Attachment 1

Authority

The Bonds will be issued pursuant to the authority of Minnesota Statutes, Section 475.521 and Chapters 429, 444, and 475.

CIP Portions

The City has completed the process for issuance of the Capital Improvement Plan Bonds pursuant to Minnesota Statute, Section 475.521. Before issuing bonds under a Capital Improvement Plan (“CIP”), the City must hold a public hearing on the CIP and the proposed bonds and must then approve the CIP and authorize the issuance of the bonds by at least a 3/5 majority. The City held the required public hearing and approved the CIP on June 15, 2021. The reverse referendum period ended July 15, 2021, with no petitions received.

Improvement Portion

Under Chapter 429, an Improvement means any type of improvement made under authority granted by section 429.021, which includes, but is not limited to, improvements to streets and sidewalks, storm and sanitary sewer systems, and street lighting systems.

Before issuing bonds under Chapter 429, the City must hold a public hearing on the Improvements and the proposed bonds, and must pass a resolution ordering the improvements by at least a 4/5 majority. The public hearings were held for the Improvement Portion and all corresponding resolutions passed with a 4/5 majority.

System Revenue Portions

Under Chapter 444, general obligation system revenue bonds may be issued to build, construct, reconstruct, repair, enlarge, improve, or in any other manner obtain sanitary sewer, water and storm sewer facilities, and maintain and operate the facilities inside or outside a city’s corporate limits.

Structure

The CIP Refunding Portion has been structured to result in relatively level annual savings, preserving the original structure of the Series 2018A Bonds. The payment dates have been adjusted from January 1 and July 1 to February 1 and August 1.

The CIP New Money Portion has been structured over 20 years, with relatively level annual debt service payments beginning on February 1, 2023.

The Improvement Portion and Sewer Portion have been structured over 15 years, with relatively level annual debt service payments beginning on February 1, 2023.

The Water and Sewer Portions of the 2013A Refunding Portion have been structured to result in relatively level annual savings, preserving the original structures of the Water and Sewer Portions of the Series 2013A Bonds. The payment dates have been adjusted from January 15 and July 15 to February 1 and August 1.

The proposed structure for the bond issue and preliminary debt service projections for each portion of the issue are illustrated in Attachment 2 and the estimated levies are illustrated in Attachment 3.

Security and Source of Repayment

The Bonds will be general obligations of the City. The finance plan relies on the following assumptions for the revenues used to pay debt service, as provided by City staff:

- Special Assessments. The City is expected to levy special assessments against benefited properties in the amount of \$1,209,850 for the Improvement Portion of the Bonds. The assessments are structured for level annual payments with interest charged at a rate that is 1.00% over the Average Coupon of the Improvement Portion of the Bonds, rounded to the nearest 0.25% (currently estimated to be 2.75%). The assessments will be levied in 2021 for first payment in 2022.
- System Revenues. Net revenues of the City's sewer and water systems (operating fund) will be pledged for payment of the Sewer and Water Portions of the Bonds, respectively. The City will covenant to adopt sewer and water rates and charges that are sufficient to produce net revenues equal to at least 105% of the debt service requirements on the Sewer and Water Portions of the Bonds. In the event there is a deficiency in the amount of net revenues available for payment of debt service, the City may levy taxes to cover the insufficiency, but only on a temporary basis until rates are adjusted.
- Property Taxes. The remaining revenues needed to pay debt service on the Bonds are expected to come from property tax levies. The initial projections show a tax levy averaging approximately \$682,262 for the CIP Portions of the Bonds and \$260,482 for the Improvement Portion of the Bonds is needed to produce the statutory requirement of 105% of debt service, after accounting for system revenues and special assessments. The levy may be adjusted annually based on actual special assessment collections and additional monies in the debt service fund. The initial tax levy will be made in 2021 for taxes payable in 2022.

Given the timing of the initial revenue from the tax levy and special assessments, the structure includes capitalized interest for the CIP New Money Portion and the Improvement Portion of the Bonds to cover the interest payment due on February 1, 2022 for those portions.

Plan Rationale

The Finance Plan recommended in this report is based on a variety of factors and information provided by the City related to the financed project and City objectives, Northland's knowledge of the City and our experience in working with similar cities and projects. The issuance of General Obligation Improvement, CIP and Refunding Bonds provides the best means of achieving the City's objectives and cost-effective financing. The City has successfully issued and managed this type of debt for previous projects.

Issuing Process

Northland will receive bids to purchase the Bonds on Tuesday, November 2, 2021 at 10:00 AM. Market conditions and the marketability of the Bonds support issuance through a competitive

sale. This process has been chosen as it is intended to produce the lowest combination of interest expense and underwriting expense on the date and time set to receive bids. The calendar of events for the issuing process can be found in Attachment 5.

Municipal Advisor: Northland Securities, Inc., Minneapolis, Minnesota

Bond Counsel: Kennedy & Graven, Chartered, Minneapolis, Minnesota

Paying Agent: US Bank, N.A., St. Paul, Minnesota

Attachment 1 – Preliminary Debt Service Comparison

Series 2018A Portion

Date	Total P+I	Net New D/S	Old Net D/S	Savings
02/01/2022	56,459.88	55,505.35	67,765.00	12,259.65
02/01/2023	74,540.00	74,540.00	86,325.00	11,785.00
02/01/2024	74,247.50	74,247.50	86,030.00	11,782.50
02/01/2025	73,857.50	73,857.50	85,645.00	11,787.50
02/01/2026	73,402.50	73,402.50	86,170.00	12,767.50
02/01/2027	72,882.50	72,882.50	86,560.00	13,677.50
02/01/2028	72,297.50	72,297.50	85,815.00	13,517.50
02/01/2029	76,615.00	76,615.00	85,980.00	9,365.00
02/01/2030	75,775.00	75,775.00	86,010.00	10,235.00
02/01/2031	74,830.00	74,830.00	85,905.00	11,075.00
02/01/2032	73,780.00	73,780.00	86,665.00	12,885.00
02/01/2033	72,625.00	72,625.00	86,245.00	13,620.00
02/01/2034	71,365.00	71,365.00	85,690.00	14,325.00
Total	\$942,677.38	\$941,722.85	\$1,100,805.00	\$159,082.15

PV Analysis Summary (Net to Net)

Gross PV Debt Service Savings.....	143,786.35
Net PV Cashflow Savings @ 1.804%(Bond Yield)....	143,786.35
Contingency or Rounding Amount.....	954.53
Net Present Value Benefit	\$144,740.88
Net PV Benefit / \$988,612.60 PV Refunded Debt Service	14.641%
Net PV Benefit / \$834,000 Refunded Principal...	17.355%
Net PV Benefit / \$865,000 Refunding Principal..	16.733%

Water and Sewer Portions of the Series 2013A Portion

Date	Total P+I	Net New D/S	Old Net D/S	Savings
02/01/2022	4,159.13	1,729.95	41,217.50	39,487.55
02/01/2023	277,727.50	277,727.50	294,908.75	17,181.25
02/01/2024	236,602.50	236,602.50	259,607.50	23,005.00
02/01/2025	230,342.50	230,342.50	254,057.50	23,715.00
02/01/2026	228,907.50	228,907.50	248,507.50	19,600.00
02/01/2027	227,267.50	227,267.50	247,835.00	20,567.50
02/01/2028	220,422.50	220,422.50	246,525.00	26,102.50
02/01/2029	218,322.50	218,322.50	239,456.25	21,133.75
02/01/2030	210,922.50	210,922.50	231,900.00	20,977.50
02/01/2031	208,290.00	208,290.00	229,000.00	20,710.00
02/01/2032	195,365.00	195,365.00	221,000.00	25,635.00
02/01/2033	202,312.50	202,312.50	222,800.00	20,487.50
02/01/2034	198,802.50	198,802.50	219,300.00	20,497.50
Total	\$2,659,444.13	\$2,657,014.95	\$2,956,115.00	\$299,100.05

PV Analysis Summary (Net to Net)

Gross PV Debt Service Savings.....	289,532.41
Net PV Cashflow Savings @ 1.975%(AIC).....	289,532.41
Contingency or Rounding Amount.....	2,429.18
Net Present Value Benefit	\$291,961.59
Net PV Benefit / \$3,657,433.97 PV Refunded Debt Service	7.983%
Net PV Benefit / \$2,370,000 Refunded Principal...	12.319%
Net PV Benefit / \$2,440,000 Refunding Principal..	11.966%

Attachment 2 – Preliminary Debt Service Schedules

Total Combined 2021A Bonds

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
12/07/2021	-	-	-	-	-
02/01/2022	55,000.00	0.350%	48,247.14	103,247.14	103,247.14
08/01/2022	-	-	160,727.50	160,727.50	-
02/01/2023	1,290,000.00	0.450%	160,727.50	1,450,727.50	1,611,455.00
08/01/2023	-	-	157,825.00	157,825.00	-
02/01/2024	1,255,000.00	0.600%	157,825.00	1,412,825.00	1,570,650.00
08/01/2024	-	-	154,060.00	154,060.00	-
02/01/2025	1,255,000.00	0.700%	154,060.00	1,409,060.00	1,563,120.00
08/01/2025	-	-	149,667.50	149,667.50	-
02/01/2026	1,265,000.00	0.800%	149,667.50	1,414,667.50	1,564,335.00
08/01/2026	-	-	144,607.50	144,607.50	-
02/01/2027	1,265,000.00	0.900%	144,607.50	1,409,607.50	1,554,215.00
08/01/2027	-	-	138,915.00	138,915.00	-
02/01/2028	1,270,000.00	1.050%	138,915.00	1,408,915.00	1,547,830.00
08/01/2028	-	-	132,247.50	132,247.50	-
02/01/2029	1,285,000.00	1.200%	132,247.50	1,417,247.50	1,549,495.00
08/01/2029	-	-	124,537.50	124,537.50	-
02/01/2030	1,295,000.00	1.350%	124,537.50	1,419,537.50	1,544,075.00
08/01/2030	-	-	115,796.25	115,796.25	-
02/01/2031	1,315,000.00	1.500%	115,796.25	1,430,796.25	1,546,592.50
08/01/2031	-	-	105,933.75	105,933.75	-
02/01/2032	1,315,000.00	1.650%	105,933.75	1,420,933.75	1,526,867.50
08/01/2032	-	-	95,085.00	95,085.00	-
02/01/2033	1,345,000.00	1.800%	95,085.00	1,440,085.00	1,535,170.00
08/01/2033	-	-	82,980.00	82,980.00	-
02/01/2034	1,360,000.00	1.950%	82,980.00	1,442,980.00	1,525,960.00
08/01/2034	-	-	69,720.00	69,720.00	-
02/01/2035	1,115,000.00	2.050%	69,720.00	1,184,720.00	1,254,440.00
08/01/2035	-	-	58,291.25	58,291.25	-
02/01/2036	1,140,000.00	2.150%	58,291.25	1,198,291.25	1,256,582.50
08/01/2036	-	-	46,036.25	46,036.25	-
02/01/2037	1,170,000.00	2.200%	46,036.25	1,216,036.25	1,262,072.50
08/01/2037	-	-	33,166.25	33,166.25	-
02/01/2038	540,000.00	2.250%	33,166.25	573,166.25	606,332.50
08/01/2038	-	-	27,091.25	27,091.25	-
02/01/2039	550,000.00	2.300%	27,091.25	577,091.25	604,182.50
08/01/2039	-	-	20,766.25	20,766.25	-
02/01/2040	565,000.00	2.350%	20,766.25	585,766.25	606,532.50
08/01/2040	-	-	14,127.50	14,127.50	-
02/01/2041	575,000.00	2.400%	14,127.50	589,127.50	603,255.00
08/01/2041	-	-	7,227.50	7,227.50	-
02/01/2042	590,000.00	2.450%	7,227.50	597,227.50	604,455.00
Total	\$21,815,000.00	-	\$3,725,864.64	\$25,540,864.64	-

Yield Statistics

Bond Year Dollars	\$204,187.25
Average Life	9.360 Years
Average Coupon	1.8247293%
Net Interest Cost (NIC)	1.9315675%
True Interest Cost (TIC)	1.9228371%
Bond Yield for Arbitrage Purposes	1.8038148%
All Inclusive Cost (AIC)	1.9753502%

IRS Form 8038

Net Interest Cost	1.8247293%
Weighted Average Maturity	9.360 Years

Optional Redemption

02/01/2029	@100.000%
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*Based on Preliminary “Aa1” Rates as of August 16, 2021, plus 0.25%.

CIP Portions (2018A Refunding, City Hall, Fire Station, and Law Enforcement)

DATE	CIP (City Hall, Fire Station, and Law Enforcement)		TOTAL	Fiscal Total
	CIP (2018A Refunding)			
02/01/2022	56,459.88	24,738.75	81,198.63	81,198.63
08/01/2022	4,770.00	82,462.50	87,232.50	-
02/01/2023	69,770.00	522,462.50	592,232.50	679,465.00
08/01/2023	4,623.75	81,472.50	86,096.25	-
02/01/2024	69,623.75	526,472.50	596,096.25	682,192.50
08/01/2024	4,428.75	80,137.50	84,566.25	-
02/01/2025	69,428.75	525,137.50	594,566.25	679,132.50
08/01/2025	4,201.25	78,580.00	82,781.25	-
02/01/2026	69,201.25	528,580.00	597,781.25	680,562.50
08/01/2026	3,941.25	76,780.00	80,721.25	-
02/01/2027	68,941.25	526,780.00	595,721.25	676,442.50
08/01/2027	3,648.75	74,755.00	78,403.75	-
02/01/2028	68,648.75	529,755.00	598,403.75	676,807.50
08/01/2028	3,307.50	72,366.25	75,673.75	-
02/01/2029	73,307.50	532,366.25	605,673.75	681,347.50
08/01/2029	2,887.50	69,606.25	72,493.75	-
02/01/2030	72,887.50	534,606.25	607,493.75	679,987.50
08/01/2030	2,415.00	66,467.50	68,882.50	-
02/01/2031	72,415.00	541,467.50	613,882.50	682,765.00
08/01/2031	1,890.00	62,905.00	64,795.00	-
02/01/2032	71,890.00	542,905.00	614,795.00	679,590.00
08/01/2032	1,312.50	58,945.00	60,257.50	-
02/01/2033	71,312.50	548,945.00	620,257.50	680,515.00
08/01/2033	682.50	54,535.00	55,217.50	-
02/01/2034	70,682.50	549,535.00	620,217.50	675,435.00
08/01/2034	-	49,708.75	49,708.75	-
02/01/2035	-	554,708.75	554,708.75	604,417.50
08/01/2035	-	44,532.50	44,532.50	-
02/01/2036	-	559,532.50	559,532.50	604,065.00
08/01/2036	-	38,996.25	38,996.25	-
02/01/2037	-	568,996.25	568,996.25	607,992.50
08/01/2037	-	33,166.25	33,166.25	-
02/01/2038	-	573,166.25	573,166.25	606,332.50
08/01/2038	-	27,091.25	27,091.25	-
02/01/2039	-	577,091.25	577,091.25	604,182.50
08/01/2039	-	20,766.25	20,766.25	-
02/01/2040	-	585,766.25	585,766.25	606,532.50
08/01/2040	-	14,127.50	14,127.50	-
02/01/2041	-	589,127.50	589,127.50	603,255.00
08/01/2041	-	7,227.50	7,227.50	-
02/01/2042	-	597,227.50	597,227.50	604,455.00
Total	\$942,677.38	\$12,133,996.25	\$13,076,673.63	-

Improvement Portion

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
12/07/2021	-	-	-	-	-
02/01/2022	-	-	9,508.50	9,508.50	9,508.50
08/01/2022	-	-	31,695.00	31,695.00	-
02/01/2023	285,000.00	0.450%	31,695.00	316,695.00	348,390.00
08/01/2023	-	-	31,053.75	31,053.75	-
02/01/2024	285,000.00	0.600%	31,053.75	316,053.75	347,107.50
08/01/2024	-	-	30,198.75	30,198.75	-
02/01/2025	285,000.00	0.700%	30,198.75	315,198.75	345,397.50
08/01/2025	-	-	29,201.25	29,201.25	-
02/01/2026	290,000.00	0.800%	29,201.25	319,201.25	348,402.50
08/01/2026	-	-	28,041.25	28,041.25	-
02/01/2027	290,000.00	0.900%	28,041.25	318,041.25	346,082.50
08/01/2027	-	-	26,736.25	26,736.25	-
02/01/2028	290,000.00	1.050%	26,736.25	316,736.25	343,472.50
08/01/2028	-	-	25,213.75	25,213.75	-
02/01/2029	295,000.00	1.200%	25,213.75	320,213.75	345,427.50
08/01/2029	-	-	23,443.75	23,443.75	-
02/01/2030	300,000.00	1.350%	23,443.75	323,443.75	346,887.50
08/01/2030	-	-	21,418.75	21,418.75	-
02/01/2031	305,000.00	1.500%	21,418.75	326,418.75	347,837.50
08/01/2031	-	-	19,131.25	19,131.25	-
02/01/2032	310,000.00	1.650%	19,131.25	329,131.25	348,262.50
08/01/2032	-	-	16,573.75	16,573.75	-
02/01/2033	315,000.00	1.800%	16,573.75	331,573.75	348,147.50
08/01/2033	-	-	13,738.75	13,738.75	-
02/01/2034	320,000.00	1.950%	13,738.75	333,738.75	347,477.50
08/01/2034	-	-	10,618.75	10,618.75	-
02/01/2035	325,000.00	2.050%	10,618.75	335,618.75	346,237.50
08/01/2035	-	-	7,287.50	7,287.50	-
02/01/2036	330,000.00	2.150%	7,287.50	337,287.50	344,575.00
08/01/2036	-	-	3,740.00	3,740.00	-
02/01/2037	340,000.00	2.200%	3,740.00	343,740.00	347,480.00
Total	\$4,565,000.00	-	\$645,693.50	\$5,210,693.50	-

Sewer Portion

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
12/07/2021	-	-	-	-	-
02/01/2022	-	-	8,380.88	8,380.88	8,380.88
08/01/2022	-	-	27,936.25	27,936.25	-
02/01/2023	250,000.00	0.450%	27,936.25	277,936.25	305,872.50
08/01/2023	-	-	27,373.75	27,373.75	-
02/01/2024	250,000.00	0.600%	27,373.75	277,373.75	304,747.50
08/01/2024	-	-	26,623.75	26,623.75	-
02/01/2025	255,000.00	0.700%	26,623.75	281,623.75	308,247.50
08/01/2025	-	-	25,731.25	25,731.25	-
02/01/2026	255,000.00	0.800%	25,731.25	280,731.25	306,462.50
08/01/2026	-	-	24,711.25	24,711.25	-
02/01/2027	255,000.00	0.900%	24,711.25	279,711.25	304,422.50
08/01/2027	-	-	23,563.75	23,563.75	-
02/01/2028	260,000.00	1.050%	23,563.75	283,563.75	307,127.50
08/01/2028	-	-	22,198.75	22,198.75	-
02/01/2029	260,000.00	1.200%	22,198.75	282,198.75	304,397.50
08/01/2029	-	-	20,638.75	20,638.75	-
02/01/2030	265,000.00	1.350%	20,638.75	285,638.75	306,277.50
08/01/2030	-	-	18,850.00	18,850.00	-
02/01/2031	270,000.00	1.500%	18,850.00	288,850.00	307,700.00
08/01/2031	-	-	16,825.00	16,825.00	-
02/01/2032	270,000.00	1.650%	16,825.00	286,825.00	303,650.00
08/01/2032	-	-	14,597.50	14,597.50	-
02/01/2033	275,000.00	1.800%	14,597.50	289,597.50	304,195.00
08/01/2033	-	-	12,122.50	12,122.50	-
02/01/2034	280,000.00	1.950%	12,122.50	292,122.50	304,245.00
08/01/2034	-	-	9,392.50	9,392.50	-
02/01/2035	285,000.00	2.050%	9,392.50	294,392.50	303,785.00
08/01/2035	-	-	6,471.25	6,471.25	-
02/01/2036	295,000.00	2.150%	6,471.25	301,471.25	307,942.50
08/01/2036	-	-	3,300.00	3,300.00	-
02/01/2037	300,000.00	2.200%	3,300.00	303,300.00	306,600.00
Total	\$4,025,000.00	-	\$569,053.38	\$4,594,053.38	-

2013A Water Portion

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
12/07/2021	-	-	-	-	-
02/01/2022	-	-	1,037.25	1,037.25	1,037.25
08/01/2022	-	-	3,457.50	3,457.50	-
02/01/2023	65,000.00	0.450%	3,457.50	68,457.50	71,915.00
08/01/2023	-	-	3,311.25	3,311.25	-
02/01/2024	50,000.00	0.600%	3,311.25	53,311.25	56,622.50
08/01/2024	-	-	3,161.25	3,161.25	-
02/01/2025	50,000.00	0.700%	3,161.25	53,161.25	56,322.50
08/01/2025	-	-	2,986.25	2,986.25	-
02/01/2026	50,000.00	0.800%	2,986.25	52,986.25	55,972.50
08/01/2026	-	-	2,786.25	2,786.25	-
02/01/2027	55,000.00	0.900%	2,786.25	57,786.25	60,572.50
08/01/2027	-	-	2,538.75	2,538.75	-
02/01/2028	50,000.00	1.050%	2,538.75	52,538.75	55,077.50
08/01/2028	-	-	2,276.25	2,276.25	-
02/01/2029	50,000.00	1.200%	2,276.25	52,276.25	54,552.50
08/01/2029	-	-	1,976.25	1,976.25	-
02/01/2030	50,000.00	1.350%	1,976.25	51,976.25	53,952.50
08/01/2030	-	-	1,638.75	1,638.75	-
02/01/2031	50,000.00	1.500%	1,638.75	51,638.75	53,277.50
08/01/2031	-	-	1,263.75	1,263.75	-
02/01/2032	45,000.00	1.650%	1,263.75	46,263.75	47,527.50
08/01/2032	-	-	892.50	892.50	-
02/01/2033	45,000.00	1.800%	892.50	45,892.50	46,785.00
08/01/2033	-	-	487.50	487.50	-
02/01/2034	50,000.00	1.950%	487.50	50,487.50	50,975.00
Total	\$610,000.00	-	\$54,589.75	\$664,589.75	-

2013A Sewer Portion

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
12/07/2021	-	-	-	-	-
02/01/2022	-	-	3,121.88	3,121.88	3,121.88
08/01/2022	-	-	10,406.25	10,406.25	-
02/01/2023	185,000.00	0.450%	10,406.25	195,406.25	205,812.50
08/01/2023	-	-	9,990.00	9,990.00	-
02/01/2024	160,000.00	0.600%	9,990.00	169,990.00	179,980.00
08/01/2024	-	-	9,510.00	9,510.00	-
02/01/2025	155,000.00	0.700%	9,510.00	164,510.00	174,020.00
08/01/2025	-	-	8,967.50	8,967.50	-
02/01/2026	155,000.00	0.800%	8,967.50	163,967.50	172,935.00
08/01/2026	-	-	8,347.50	8,347.50	-
02/01/2027	150,000.00	0.900%	8,347.50	158,347.50	166,695.00
08/01/2027	-	-	7,672.50	7,672.50	-
02/01/2028	150,000.00	1.050%	7,672.50	157,672.50	165,345.00
08/01/2028	-	-	6,885.00	6,885.00	-
02/01/2029	150,000.00	1.200%	6,885.00	156,885.00	163,770.00
08/01/2029	-	-	5,985.00	5,985.00	-
02/01/2030	145,000.00	1.350%	5,985.00	150,985.00	156,970.00
08/01/2030	-	-	5,006.25	5,006.25	-
02/01/2031	145,000.00	1.500%	5,006.25	150,006.25	155,012.50
08/01/2031	-	-	3,918.75	3,918.75	-
02/01/2032	140,000.00	1.650%	3,918.75	143,918.75	147,837.50
08/01/2032	-	-	2,763.75	2,763.75	-
02/01/2033	150,000.00	1.800%	2,763.75	152,763.75	155,527.50
08/01/2033	-	-	1,413.75	1,413.75	-
02/01/2034	145,000.00	1.950%	1,413.75	146,413.75	147,827.50
Total	\$1,830,000.00	-	\$164,854.38	\$1,994,854.38	-

Attachment 3 – Estimated Levy Schedules

CIP Portions (2018A Refunding and City Hall, Fire Station, and Law Enforcement Center)

Date	Total P+I	CIF	105% Levy	Levy Year	Collection Year
02/01/2022	81,198.63	(24,738.75)	59,282.87	2020	2021
02/01/2023	679,465.00	-	713,438.25	2021	2022
02/01/2024	682,192.50	-	716,302.13	2022	2023
02/01/2025	679,132.50	-	713,089.13	2023	2024
02/01/2026	680,562.50	-	714,590.63	2024	2025
02/01/2027	676,442.50	-	710,264.63	2025	2026
02/01/2028	676,807.50	-	710,647.88	2026	2027
02/01/2029	681,347.50	-	715,414.88	2027	2028
02/01/2030	679,987.50	-	713,986.88	2028	2029
02/01/2031	682,765.00	-	716,903.25	2029	2030
02/01/2032	679,590.00	-	713,569.50	2030	2031
02/01/2033	680,515.00	-	714,540.75	2031	2032
02/01/2034	675,435.00	-	709,206.75	2032	2033
02/01/2035	604,417.50	-	634,638.38	2033	2034
02/01/2036	604,065.00	-	634,268.25	2034	2035
02/01/2037	607,992.50	-	638,392.13	2035	2036
02/01/2038	606,332.50	-	636,649.13	2036	2037
02/01/2039	604,182.50	-	634,391.63	2037	2038
02/01/2040	606,532.50	-	636,859.13	2038	2039
02/01/2041	603,255.00	-	633,417.75	2039	2040
02/01/2042	604,455.00	-	634,677.75	2040	2041
Total	\$13,076,673.63	(24,738.75)	\$13,704,531.62		

Improvement Portion

Date	Total P+I	CIF	105% Levy	Less: Special	Net Levy	Levy Year	Collection Year
				Assessment Revenue*			
02/01/2022	9,508.50	(9,508.50)	-	-	-		
02/01/2023	348,390.00	-	365,809.50	103,601.41	262,208.09	2021	2022
02/01/2024	347,107.50	-	364,462.88	103,601.42	260,861.46	2022	2023
02/01/2025	345,397.50	-	362,667.38	103,601.41	259,065.97	2023	2024
02/01/2026	348,402.50	-	365,822.63	103,601.42	262,221.21	2024	2025
02/01/2027	346,082.50	-	363,386.63	103,601.40	259,785.23	2025	2026
02/01/2028	343,472.50	-	360,646.13	103,601.42	257,044.71	2026	2027
02/01/2029	345,427.50	-	362,698.88	103,601.41	259,097.47	2027	2028
02/01/2030	346,887.50	-	364,231.88	103,601.42	260,630.46	2028	2029
02/01/2031	347,837.50	-	365,229.38	103,601.40	261,627.98	2029	2030
02/01/2032	348,262.50	-	365,675.63	103,601.41	262,074.22	2030	2031
02/01/2033	348,147.50	-	365,554.88	103,601.40	261,953.48	2031	2032
02/01/2034	347,477.50	-	364,851.38	103,601.41	261,249.97	2032	2033
02/01/2035	346,237.50	-	363,549.38	103,601.40	259,947.98	2033	2034
02/01/2036	344,575.00	-	361,803.75	103,601.42	258,202.33	2034	2035
02/01/2037	347,480.00	-	364,854.00	103,601.41	261,252.59	2035	2036
Total	\$5,210,693.50	(9,508.50)	\$5,461,244.25	\$1,554,021.16	\$3,907,223.09		

*Special assessment revenue is based on assessments totaling \$1,209,850 assessed at a rate of 2.75% (1% over the average coupon of the Improvement Portion and rounded to the nearest 0.25%), spread over 15 years with equal annual payments.

Attachment 4 – Related Considerations

Not Bank Qualified

We understand the City (in combination with any subordinate taxing jurisdictions or debt issued in the City's name by 501(c)3 corporations) anticipates issuing more than \$10,000,000 in tax-exempt debt during this calendar year. Therefore, the Bonds will not be designated as "bank qualified" obligations pursuant to Federal Tax Law.

Arbitrage Compliance

Project/Construction Fund. All tax-exempt bond issues are subject to federal rebate requirements which require all arbitrage earned to be rebated to the U.S. Treasury. A rebate exemption the City expects to qualify for is the "6-month exception" for the Refunding Portions and the "24-month exception" for the New Money Portions.

Debt Service Fund. The City must maintain a bona fide debt service fund for the Bonds or be subject to yield restriction in the debt service fund. A bona fide debt service fund involves an equal matching of revenues to debt service expense with a balance forward permitted equal to the greater of the investment earnings in the fund during that year or 1/12 of the debt service of that year.

The City should become familiar with the various Arbitrage Compliance requirements for this bond issue. The Resolution for the Bonds prepared by Bond Counsel explains the requirements in greater detail.

Continuing Disclosure

Type: Full

Dissemination Agent: Northland Securities

The requirements for continuing disclosure are governed by SEC Rule 15c2-12. The primary requirements of Rule 15c2-12 actually fall on underwriters. The Rule sets forth due diligence needed prior to the underwriter's purchase of municipal securities. Part of this requirement is obtaining commitment from the issuer to provide continuing disclosure. The document describing the continuing disclosure commitments (the "Undertaking") is contained in the Official Statement that will be prepared to offer the Bonds to investors.

The City has more than \$10,000,000 of outstanding debt and is required to undertake "full" continuing disclosure. Full disclosure requires annual posting of the audit and a separate continuing disclosure report, as well as the reporting of certain "material events." Material events set forth in the Rule, including, but not limited to, bond rating changes, call notices, and issuance of "financial obligations" (such as USDA loans, Public Finance Authority loans and lease agreements) must be reported within ten days of occurrence. Northland currently serves as dissemination agent for the City. We will assist with getting your annual report filed in compliance with full continuing disclosure regulations.

Premiums

In the current market environment, it is likely that bids received from underwriters will include premiums. A premium bid occurs when the purchaser pays the City an amount in excess of the par amount of a maturity in exchange for a higher coupon (interest rate). The use of premiums reflects the bidder's view on future market conditions, tax considerations for investors and other factors. Ultimately, the true interest cost ("TIC") calculation will determine the lowest bid, regardless of premium.

A premium bid produces additional funds that can be used in several ways:

-
- The premium means that the City needs less bond proceeds and can reduce the size of the issue by the amount of the premium.
 - The premium can be deposited in the Construction Fund and used to pay additional project costs, rather than used to reduce the size of the issue.
 - The premium can be deposited in the Debt Service Fund and used to pay principal and interest.

Northland will work with City staff prior to the sale day to determine use of premium (if any). A consideration for use of premium is the bank qualification of the Bonds.

Rating

A rating will be requested from Moody's. The City's general obligation debt is currently rated "Aa1" by Moody's. The rating process will include a conference call with the rating analyst from Moody's. Northland will assist City staff in preparing for and conducting the rating calls.

Attachment 5 – Calendar of Events

The following checklist of items denotes each milestone activity as well as the members of the finance team who will have the responsibility to complete it. *Please note this proposed timetable assumes regularly scheduled City Council meetings.*

June 2021						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

July 2021						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

August 2021						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

September 2021						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

October 2021						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

November 2021						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

December 2021						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

January 2022						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

	Holiday
	Important Date

Date	Action	Responsible Party
Heritage Farms=12/15/20 Tamarck Estates=12/15/20 OV 5 and 6=2/16/21	Call for Special Assessment Hearing	City Council Action
HF= 12/18 TE= 12/18 OV5and 6=TBD	Publish Notice of Special Assessment Hearing (1 st Publication)	City Staff
HF=12/23/20 TE=12/21/20 OV5and6=TBD	Mail Note of Public Hearing (at least 10 day prior to Public Hearing)	City Staff
HF=1/15 TE=1/15 OV5and6= TBD	Publish Notice of Special Assessment Hearing (2 nd Publication, at least 1 week after first publication and 3 days prior to hearing)	City Staff
HF=1/19/21 TE=1/19/21 OV5and 6=3/16/21	Hold Special Assessment Hearing and Adopt Resolution Ordering the Improvements (requires 4/5 vote)	City Council Action
May 17	City staff confirmed the project costs to be included in the CIP for city hall, fire station and law enforcement project	City staff
May 18	Draft CIP Plan sent to City staff for review	Bond Counsel, Northland, City Staff
May 25	Notice of CIP Hearing provided to paper no later than this date (for publishing in May 28, 2021 paper)	Bond Counsel, City Staff
June 1	Notices of CIP Hearing published no later than this date	Bond Counsel, City Staff
June 2	Final Draft CIP Plan sent to City for Council Packet	Bond Counsel
June 9	Resolution Approving the CIP and Authorizing the Issuance of the Bonds (CIP) sent to City	Bond Counsel, Northland
June 15	Hold Public Hearing for CIP; Adopt Resolution Approving the CIP Plan and Authorizing the Issuance of the CIP Bonds	City Council Action, Northland, Bond Counsel
July 15	Reverse Referendum Period for CIP Portion over	
August 19	General Information Certificate Relating to the Issuance of the Bonds sent to the City	Northland
September 3	General Information Certificate Returned to Northland	City Staff
September 22	Preliminary Official Statement Sent to City for Sign Off and to Rating Agency (Moody's)	Northland, City
September 29	Set Sale Resolution Sent to City for Council Packets Finance Plan Sent to the City	Northland, Bond Counsel
September 30	EDA Adopts Resolution Providing for the Redemption of the Series 2018A Bonds	EDA Board Action
Week of October 4 or October 11	Rating Conference Call	Northland, City, Rating Agency

Date	Action	Responsible Party
October 5	Set Sale Resolution for Bonds Adopted and review of Finance Plan – 7:00 p.m.	City Council Action, Northland, Bond Counsel
October 20	City confirms project costs to be financed.	Northland, City Staff
October 22	Rating Received	Rating Agency, City, Northland
November 3	Bond Sale – 10:00 a.m. Construction Bid Award for New City Hall, Fire Station and Law Enforcement Project; Authorizing Resolution Adopted – 7:00 p.m.	City Council Action, Northland, Bond Counsel
December 1	City wires funds to Paying Agent to call the Improvement Portion of the Series 2013A Bonds	City Staff
December 7	Closing on the Bonds (New money proceeds available; portion of proceeds wired to Paying Agent to call Series 2013A Bonds and EDA Series 2018A Bonds) Series 2013A Bonds Called for Redemption	Northland, City Staff, Bond Counsel
December 20	EDA Series 2018A Bonds Called for Redemption	

Attachment 6 - Risk Factors

Property Taxes: Property tax levies shown in this Finance Plan are based on projected debt service and other revenues. Final levies will be set based on the results of sale. Levies should be reviewed annually and adjusted as needed. The debt service levy must be included in the preliminary levy for annual Truth in Taxation hearings. Future Legislative changes in the property tax system, including the imposition of levy limits and changes in calculation of property values, would affect plans for payment of debt service. Delinquent payment of property taxes would reduce revenues available to pay debt service.

Special Assessments: Special assessments for the financed projects have not been levied at this time. This Finance Plan is based on the assumptions listed earlier in this report. Changes in the terms and timing for the actual assessments will alter the projected flow of funds for payment of debt service on the Improvement Portion of the Bonds. Also, special assessments may be prepaid. It is likely that the income earned on the investment of prepaid assessments will be less than the interest paid if the assessments remained outstanding. Delinquencies in assessment collections would reduce revenues needed to pay debt service. The collection of deferred assessments, if any, has not been included in the revenue projections. Projected assessment income should be reviewed annually and adjusted as needed.

System Revenues: The City pledges the net revenues of the sewer and water systems to the payment of principal and interest on the Sewer and Water Portions of the Bonds, respectively. The failure to adjust rates and charges as needed and the loss of significant customers will affect available net revenues. If the net revenues are insufficient, the City is required to levy property taxes or use other revenues to cover the deficiency. Property taxes can only be used on a temporary basis and may not be an ongoing source of revenue to pay debt service.

General: In addition to the risks described above, there are certain general risks associated with the issuance of bonds. These risks include, but are not limited to:

- Failure to comply with covenants in bond resolution.
- Failure to comply with Undertaking for continuing disclosure.
- Failure to comply with IRS regulations, including regulations related to use of the proceeds and arbitrage/rebate. The IRS regulations govern the ability of the City to issue its bonds as tax-exempt securities and failure to comply with the IRS regulations may lead to loss of tax-exemption.

EXTRACT OF MINUTES OF A MEETING OF THE
CITY COUNCIL OF THE
CITY OF LAKE ELMO, MINNESOTA

HELD: October 5, 2021

Pursuant to due call and notice thereof, a regular meeting of the City Council of the City of Lake Elmo, Washington County, Minnesota, was duly held at the City Hall in said City on the 5th day of October, 2021, at 7:00 o'clock P.M. for the purpose in part of authorizing the competitive negotiated sale of the \$21,815,000 General Obligation Improvement, CIP and Refunding Bonds, Series 2021A of said City.

The following members were present:

and the following were absent:

Member _____ introduced the following resolution and moved its adoption:

RESOLUTION 2021-107

PROVIDING FOR THE COMPETITIVE NEGOTIATED
SALE OF \$21,815,000
GENERAL OBLIGATION IMPROVEMENT, CIP AND REFUNDING BONDS,
SERIES 2021A

WHEREAS, the City Council of the City of Lake Elmo, Minnesota, (the "City") has heretofore determined that it is necessary and expedient to issue its \$21,815,000 General Obligation Improvement, CIP and Refunding Bonds, Series 2021A (the "Bonds") to (i) acquire certain real property from the Economic Development Authority of the City of Lake Elmo (the "EDA") by refunding the outstanding maturities of the EDA's Taxable Public Project Lease Revenue and Limited Tax Bonds, Series 2018A; (ii) finance a portion of the capital improvements set forth in the City's capital improvement plan for the years 2021 through 2025, including without limitation capital improvements related to the acquisition, construction and equipping of a new city hall, fire station, law enforcement facility and public works addition; (iii) finance the City's 2021 street improvement projects, which includes sanitary sewer improvements; (iv) refund a portion of the City's General Obligation Bonds, Series 2013A; and (v) finance the costs of issuing the Bonds; and

WHEREAS, the City has retained Northland Securities, Inc., in Minneapolis, Minnesota ("Northland"), as its independent municipal advisor and is therefore authorized to sell these obligations by a competitive negotiated sale in accordance with Minnesota Statutes, Section 475.60, Subdivision 2(9); and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Lake Elmo, Minnesota, as follows:

1. Authorization; Findings. The City Council hereby authorizes Northland to solicit bids for the competitive negotiated sale of the Bonds.
2. Meeting; Bid Opening. This City Council shall meet at the time and place specified in the Notice of Sale attached hereto as **Exhibit A** for the purpose of considering sealed bids for, and awarding the sale of, the Bonds. The Finance Director, or designee, shall open bids at the time and place specified in such Notice of Sale.
3. Notice of Sale. The terms and conditions of the Bonds and the negotiation thereof are fully set forth in the "Notice of Sale" attached hereto as **Exhibit A** and hereby approved and made a part hereof.
4. Official Statement. In connection with said competitive negotiated sale, the Finance Director and other officers or employees of the City are hereby authorized to cooperate with Northland and participate in the preparation of an official statement for the Bonds, and to execute and deliver it on behalf of the City upon its completion.

The motion for the adoption of the foregoing resolution was duly seconded by member _____ and, after full discussion thereof and upon a vote being taken thereon, the following voted in favor thereof:

Approved this 5th day of October, 2021, by the City Council of the City of Lake Elmo, Minnesota.

CITY OF LAKE ELMO, MINNESOTA

Mayor

ATTEST:

City Clerk

EXHIBIT A
NOTICE OF SALE

\$21,815,000*

GENERAL OBLIGATION IMPROVEMENT, CIP AND REFUNDING BONDS, SERIES 2021A

CITY OF LAKE ELMO, MINNESOTA
(Book-Entry Only)

NOTICE IS HEREBY GIVEN that these Bonds will be offered for sale according to the following terms:

TIME AND PLACE:

Proposals (also referred to herein as “bids”) will be opened by the City’s Finance Director, or designee, on Wednesday, November 3, 2021, at 10:00 A.M., CT, at the offices of Northland Securities, Inc. (the City’s “Municipal Advisor”), 150 South 5th Street, Suite 3300, Minneapolis, Minnesota 55402. Consideration of the Proposals for award of the sale will be by the City Council at its meeting at the City Offices beginning Wednesday, November 3, 2021 at 7:00 P.M., CT.

SUBMISSION OF PROPOSALS

Proposals may be:

- a) submitted to the office of Northland Securities, Inc.,
- b) faxed to Northland Securities, Inc. at 612-851-5918,
- c) emailed to PublicSale@northlandsecurities.com
- d) for proposals submitted prior to the sale, the final price and coupon rates may be submitted to Northland Securities, Inc. by telephone at 612-851-5900 or 612-851-4945, or
- e) submitted electronically.

Notice is hereby given that electronic proposals will be received via PARITY™, or its successor, in the manner described below, until 10:00 A.M., CT, on Wednesday, November 3, 2021. Proposals may be submitted electronically via PARITY™ or its successor, pursuant to this Notice until 10:00 A.M., CT, but no Proposal will be received after the time for receiving Proposals specified above. To the extent any instructions or directions set forth in PARITY™, or its successor, conflict with this Notice, the terms of this Notice shall control. For further information about PARITY™, or its successor, potential bidders may contact Northland Securities, Inc. or i-Deal® at 1359 Broadway, 2nd floor, New York, NY 10018, telephone 212-849-5021.

Neither the City nor Northland Securities, Inc. assumes any liability if there is a malfunction of PARITY™ or its successor. All bidders are advised that each Proposal shall be deemed to constitute a contract between the bidder and the City to purchase the Bonds regardless of the manner in which the Proposal is submitted.

BOOK-ENTRY SYSTEM

The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. The Bonds will be issued in fully registered form and one bond certificate, representing the aggregate principal amount of the Bonds maturing in each year, will be registered in the

* The City reserves the right to increase or decrease the principal amount of the Bonds. Any such increase or decrease will be made in multiples of \$5,000 and may be made in any maturity. If any maturity is adjusted, the purchase price will also be adjusted to maintain the same gross spread.

name of Cede & Co. as nominee of Depository Trust Company (“DTC”), New York, New York, which will act as securities depository of the Bonds.

Individual purchases of the Bonds may be made in the principal amount of \$5,000 or any multiple thereof of a single maturity through book entries made on the books and records of DTC and its participants. Principal and interest are payable by the City through US Bank, National Association, St. Paul, Minnesota (the “Paying Agent/Registrar”), to DTC, or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants will be the responsibility of such participants and other nominees of beneficial owners. The successful bidder, as a condition of delivery of the Bonds, will be required to deposit the bond certificates with DTC. The City will pay reasonable and customary charges for the services of the Paying Agent/Registrar.

DATE OF ORIGINAL ISSUE OF BONDS

Date of Delivery (Estimated to be December 7, 2021)

AUTHORITY/PURPOSE/SECURITY

The Bonds are being issued pursuant to Minnesota Statutes, Section 475.521 and Chapters 429, 444 and 475. Proceeds will be used to current refund the outstanding maturities of the Economic Development Authority of the City of Lake Elmo’s Taxable Public Project Lease Revenue and Limited Tax Bonds, Series 2018A; to finance a fire station and law enforcement building project and public works addition; to finance the City’s 2021 street improvement projects, which includes sanitary sewer improvements; to current refund a portion of the City’s General Obligation Bonds, Series 2013A, and to pay the costs associated with the issuance of the Bonds. The Bonds are payable from special assessments against benefited property, net sewer and water revenues, and additionally secured by ad valorem taxes on all taxable property within the City. The full faith and credit of the City is pledged to their payment and the City has validly obligated itself to levy ad valorem taxes in the event of any deficiency in the debt service account established for this issue.

INTEREST PAYMENTS

Interest is due semiannually on each February 1 and August 1, commencing February 1, 2022, to registered owners of the Bonds appearing of record in the Bond Register as of the close of business on the fifteenth day (whether or not a business day) of the calendar month preceding such interest payment date.

MATURITIES

Principal is due annually on February 1, inclusive, in each of the years and amounts as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2022	\$55,000	2028	\$1,270,000	2033	\$1,345,000	2038	\$540,000
2023	1,290,000	2029	1,285,000	2034	1,360,000	2039	550,000
2024	1,255,000	2030	1,295,000	2035	1,115,000	2040	565,000
2025	1,255,000	2031	1,315,000	2036	1,140,000	2041	575,000
2026	1,265,000	2032	1,315,000	2037	1,170,000	2042	590,000
2027	1,265,000						

Proposals for the Bonds may contain a maturity schedule providing for any combination of serial bonds and term bonds, subject to mandatory redemption, so long as the amount of principal maturing or subject to mandatory redemption in each year conforms to the maturity schedule set forth above.

INTEREST RATES

All rates must be in integral multiples of 1/20th or 1/8th of 1%. *The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity.* All Bonds of the same maturity must bear a single uniform rate from date of issue to maturity.

ESTABLISHMENT OF ISSUE PRICE (HOLD-THE-OFFERING-PRICE RULE MAY APPLY – BIDS NOT CANCELLABLE)

The winning bidder shall assist the City in establishing the issue price of the Bonds and shall execute and deliver to the City at closing an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit A, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the City and Bond Counsel. All actions to be taken by the City under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the City by the City’s Municipal Advisor and any notice or report to be provided to the City may be provided to the City’s Municipal Advisor.

The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the “competitive sale requirements”) because:

- (1) the City shall disseminate this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the City may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the City anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.

In the event that the competitive sale requirements are not satisfied, the City shall promptly so advise the winning bidder. The City may then determine to treat the initial offering price to the public as of the award date of the Bonds as the issue price of each maturity by imposing on the winning bidder the Hold-the-Offering-Price Rule as described in the following paragraph (the “Hold-the-Offering-Price Rule”). Bids will **not** be subject to cancellation in the event that the City determines to apply the Hold-the-Offering-Price Rule to the Bonds. **Bidders should prepare their bids on the assumption that the Bonds will be subject to the Hold-the-Offering-Price Rule in order to establish the issue price of the Bonds.**

By submitting a bid, the winning bidder shall (i) confirm that the underwriters have offered or will offer the Bonds to the public on or before the date of award at the offering price or prices (the “Initial Offering Price”), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the Hold-the-Offering Price Rule shall apply to any person at a price that is higher than the Initial Offering Price to the public during the period starting on the award date for the Bonds and ending on the **earlier** of the following:

- (1) the close of the fifth (5th) business day after the award date; or
- (2) the date on which the underwriters have sold at least 10% of a maturity of the Bonds to the public at a price that is no higher than the Initial Offering Price to the public (the “10% Test”), at which time only that particular maturity will no longer be subject to the Hold-the-Offering-Price Rule.

The City acknowledges that, in making the representations set forth above, the winning bidder will rely on (i) the agreement of each underwriter to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule, if applicable to the Bonds, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The City further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price of the Bonds, including but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule, if applicable to the Bonds, and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule if applicable to the Bonds.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable, (A) to comply with the Hold-the-Offering-Price Rule, if applicable if and for so long as directed by the winning bidder and as set forth in the related pricing wires, (B) to promptly notify the winning bidder of any sales of Bonds that to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below), and (C) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the winning bidder shall assume that each order submitted by the underwriter, dealer or broker-dealer is a sale to the public, and (ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter or dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to comply with the Hold-the-Offering-Price Rule, if applicable, in each case if and for so long as directed by the winning bidder or the underwriter and as set forth in the related pricing wires.

Notes: Sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

- (1) "public" means any person other than an underwriter or a related party,*
- (2) "underwriter" means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public).*

- (3) *a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation or another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership or another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and*
- (4) *“sale date” means the date that the Bonds are awarded by the City to the winning bidder.*

ADJUSTMENTS TO PRINCIPAL AMOUNT AFTER PROPOSALS

The City reserves the right to increase or decrease the principal amount of the Bonds. Any such increase or decrease will be made in multiples of \$5,000 and may be made in any maturity. If any maturity is adjusted, the purchase price will also be adjusted to maintain the same gross spread. Such adjustments shall be made promptly after the sale and prior to the award of Proposals by the City and shall be at the sole discretion of the City. The successful bidder may not withdraw or modify its Proposal once submitted to the City for any reason, including post-sale adjustment. Any adjustment shall be conclusive and shall be binding upon the successful bidder.

OPTIONAL REDEMPTION

Bonds maturing on February 1, 2030 through 2042 are subject to redemption and prepayment at the option of the City on February 1, 2029 and any date thereafter, at a price of par plus accrued interest. Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the maturities and principal amounts within each maturity to be redeemed shall be determined by the City and if only part of the Bonds having a common maturity date are called for prepayment, the specific Bonds to be prepaid shall be chosen by lot by the Bond Registrar.

CUSIP NUMBERS

If the Bonds qualify for assignment of CUSIP numbers such numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the successful bidder thereof to accept delivery of and pay for the Bonds in accordance with terms of the purchase contract. The CUSIP Service Bureau charge for the assignment of CUSIP identification numbers shall be paid by the successful bidder.

DELIVERY

Delivery of the Bonds will be within forty days after award, subject to an approving legal opinion by Kennedy & Graven Chartered, Bond Counsel. The legal opinion will be paid by the City and delivery will be anywhere in the continental United States without cost to the successful bidder at DTC.

TYPE OF PROPOSAL

Proposals of not less than \$21,596,850 (99.00%) and accrued interest on the principal sum of \$21,815,000 must be filed with the undersigned prior to the time of sale. Proposals must be unconditional except as to legality. Proposals for the Bonds should be delivered to Northland Securities, Inc. and addressed to:

Sam Magureanu, Finance Director
Lake Elmo City Hall
3800 Laverne Ave. N
Lake Elmo, Minnesota 55042

A good faith deposit (the “Deposit”) in the amount of \$436,300 in the form of a federal wire transfer (payable to the order of the City) is only required from the apparent winning bidder, and must be received within two hours after the time stated for the receipt of Proposals. The apparent winning bidder will receive notification of the wire instructions from the Municipal Advisor promptly after the sale. If the Deposit is not received from the apparent winning bidder in the time allotted, the City may choose to reject their Proposal and then proceed to offer the Bonds to the next lowest bidder based on the terms of their original proposal, so long as said bidder wires funds for the Deposit amount within two hours of said offer.

The City will retain the Deposit of the successful bidder, the amount of which will be deducted at settlement and no interest will accrue to the successful bidder. In the event the successful bidder fails to comply with the accepted Proposal, said amount will be retained by the City. No Proposal can be withdrawn after the time set for receiving Proposals unless the meeting of the City scheduled for award of the Bonds is adjourned, recessed, or continued to another date without award of the Bonds having been made.

AWARD

The Bonds will be awarded on the basis of the lowest interest rate to be determined on a true interest cost (TIC) basis. The City’s computation of the interest rate of each Proposal, in accordance with customary practice, will be controlling. In the event of a tie, the sale of the Bonds will be awarded by lot. The City will reserve the right to: (i) waive non-substantive informalities of any Proposal or of matters relating to the receipt of Proposals and award of the Bonds, (ii) reject all Proposals without cause, and (iii) reject any Proposal which the City determines to have failed to comply with the terms herein.

INFORMATION FROM SUCCESSFUL BIDDER

The successful bidder will be required to provide, in a timely manner, certain information relating to the initial offering price of the Bonds necessary to compute the yield on the Bonds pursuant to the provisions of the Internal Revenue Code of 1986, as amended.

OFFICIAL STATEMENT

By awarding the Bonds to any underwriter or underwriting syndicate submitting a Proposal therefor, the City agrees that, no more than seven business days after the date of such award, it shall provide to the senior managing underwriter of the syndicate to which the Bonds are awarded, the Final Official Statement in an electronic format as prescribed by the Municipal Securities Rulemaking Board (MSRB).

FULL CONTINUING DISCLOSURE UNDERTAKING

The City will covenant in the resolution awarding the sale of the Bonds and in a Continuing Disclosure Undertaking to provide, or cause to be provided, annual financial information, including audited financial statements of the City, and notices of certain material events, as required by SEC Rule 15c2-12.

NOT BANK QUALIFIED

The City will not designate the Bonds as qualified tax-exempt obligations for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

BOND INSURANCE AT UNDERWRITER'S OPTION

If the Bonds qualify for issuance of any policy of municipal bond insurance or commitment therefor at the option of the successful bidder, the purchase of any such insurance policy or the issuance of any such commitment shall be at the sole option and expense of the successful bidder of the Bonds. Any increase in the costs of issuance of the Bonds resulting from such purchase of insurance shall be paid by the successful bidder, except that, if the City has requested and received a rating on the Bonds from a rating agency, the City will pay that rating fee. Any other rating agency fees shall be the responsibility of the successful bidder. Failure of the municipal bond insurer to issue the policy after the Bonds have been awarded to the successful bidder shall not constitute cause for failure or refusal by the successful bidder to accept delivery on the Bonds.

The City reserves the right to reject any and all Proposals, to waive informalities and to adjourn the sale.

Dated: October 5, 2021
COUNCIL

BY ORDER OF THE LAKE ELMO, MINNESOTA CITY

/s/ Sam Magureanu
Finance Director

Additional information may be obtained from:
Northland Securities, Inc.
150 South 5th Street, Suite 3300
Minneapolis, Minnesota 55402
Telephone No.: 612-851-5900

EXHIBIT A

(ISSUE PRICE CERTIFICATE – COMPETITIVE SALE SATISFIED)

The undersigned, for and on behalf of [NAME OF PURCHASER/REPRESENTATIVE] (the [“Purchaser”] [“Representative,” on behalf of itself and other underwriters listed below (collectively, the “Underwriting Group”)]], with respect to the sale and issuance of the General Obligation Improvement, CIP and Refunding Bonds, Series 2021A (the “Bonds”), issued by the City of Lake Elmo, Minnesota (the “Issuer”), in the original aggregate principal amount of \$_____, certifies as follows:

1. Reasonably Expected Initial Offering Price.

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by the [Purchaser] [Underwriting Group] are the prices listed in EXHIBIT A attached hereto (the “Expected Offering Prices”). The Expected Offering Prices are the prices of the Maturities of the Bonds used by the [Purchaser] [Underwriting Group] in formulating its bid to purchase the Bonds. Attached hereto as EXHIBIT B is a true and correct copy of the bid provided by the [Purchaser] [Underwriting Group] to purchase the Bonds.

(b) The [Purchaser] [Underwriting Group] was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by the [Purchaser] [Underwriting Group] constituted a firm offer to purchase the Bonds.

(d) Capitalized terms that are used herein that are otherwise not defined shall have the meanings assigned to such terms in Section 5 hereof.

2. Purchase Price. The [Purchaser] [Representative] acknowledges that it is purchasing the Bonds for an aggregate purchase price of \$_____ (par amount of Bonds of \$_____, plus original issue premium of \$_____, less original issue discount of \$_____, less [a Purchaser’s] [an underwriter’s] discount of \$_____), plus accrued interest in the amount of \$_____.

3. Receipt of Bonds. The undersigned hereby acknowledges receipt of \$_____ in original aggregate principal amount of the Bonds from the Issuer, fully executed and authenticated. [The [Purchaser] [Representative] has paid to [NAME OF INSURER] the sum of \$_____ as a premium for an insurance policy for the Bonds.]

4. Representations. The representations set forth in this Certificate of Purchaser (the “Certificate”) are limited to factual matters only. Nothing in this Certificate represents the interpretation by the [Purchaser] [Representative] of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder. The undersigned understands that the foregoing information will be relied upon by: (i) the Issuer with respect to certain of the representations set forth in a tax certificate of the Issuer executed on the date hereof with respect to compliance with the federal income tax rules affecting the Bonds; and (ii) Kennedy & Graven, Chartered, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of Information Return for Tax-Exempt Governmental Obligations, Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

5. Defined Terms.

(a) “Maturity” means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes hereof generally means any two or more persons who have greater than fifty percent (50%) common ownership, directly or indirectly.

(c) “Sale Date” means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is November 3, 2021.

(d) “Underwriter” means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

IN WITNESS WHEREOF, the undersigned officer has executed this Certificate of Purchaser as of the date and year first written above.

[PURCHASER] [REPRESENTATIVE]

By _____

Name _____

Its _____

[Account Members:]

(ISSUE PRICE CERTIFICATE – HOLD-THE-OFFERING-PRICE RULE APPLIES)

The undersigned, for and on behalf of [NAME OF PURCHASER/REPRESENTATIVE] (the [“Purchaser”] [“Representative,” on behalf of itself and other underwriters listed below (collectively, the “Underwriting Group”)], with respect to the sale and issuance of the General Obligation Improvement, CIP and Refunding Bonds, Series 2021A (the “Bonds”), issued by the City of Lake Elmo, Minnesota (the “Issuer”), in the original aggregate principal amount of \$ _____, certifies as follows:

1. Initial Offering Price for the Bonds.

(a) The [Purchaser] [Underwriting Group] offered each Maturity of the Bonds to the Public for purchase at the respective initial offering prices listed in EXHIBIT A attached hereto (the “Initial Offering Prices”). A copy of the pricing wire or equivalent communication for the Bonds is attached hereto as EXHIBIT A. Capitalized terms used herein that are otherwise not defined shall have the meanings assigned to such terms in Section 5 hereof.

(b) As set forth in the [Notice of Sale] [Terms of Proposal] and the bid award, the [Purchaser has] [members of the Underwriting Group have] agreed in writing that, (i) for each Maturity of the Bonds,

[it] [they] would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “Hold-the-Offering-Price Rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the Hold-the-Offering-Price Rule. Pursuant to such agreement, no Underwriter has offered or sold any Maturity of the Bonds at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

2. Purchase Price. The [Purchaser] [Representative] acknowledges that it is purchasing the Bonds for an aggregate purchase price of \$_____ (par amount of Bonds of \$_____, plus original issue premium of \$_____, less original issue discount of \$_____, less [a Purchaser’s] [an underwriter’s] discount of \$_____), plus accrued interest in the amount of \$_____.

3. Receipt of Bonds. The undersigned hereby acknowledges receipt of \$_____ in original aggregate principal amount of the Bonds from the Issuer, fully executed and authenticated. [The [Purchaser] [Representative] has paid to [NAME OF INSURER] the sum of \$_____ as a premium for an insurance policy for the Bonds.]

4. Representations. The representations set forth in this Certificate of Purchaser (the “Certificate”) are limited to factual matters only. Nothing in this Certificate represents the interpretation by the [Purchaser] [Representative] of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder. The undersigned understands that the foregoing information will be relied upon by: (i) the Issuer with respect to certain of the representations set forth in a tax certificate of the Issuer executed on the date hereof with respect to compliance with the federal income tax rules affecting the Bonds; and (ii) Kennedy & Graven, Chartered, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of Information Return for Tax-Exempt Governmental Obligations, Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

5. Defined Terms.

(a) “Holding Period” means, with respect to each Maturity of the Bonds, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which the [Purchaser has] [Underwriters have] sold at least ten percent (10%) of such Maturity to the Public at prices that are no higher than the Initial Offering Price for such Maturity.

(b) “Maturity” means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(c) “Public” means any person (including an individual trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this Certificate generally means any two or more persons who have greater than fifty percent (50%) common ownership, directly or indirectly.

(d) “Sale Date” means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is November 3, 2021.

(e) “Underwriter” means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly

with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

IN WITNESS WHEREOF, the undersigned officer has executed this Certificate of Purchaser as of the date and year first written above.

[PURCHASER] [REPRESENTATIVE]

By _____

Name _____

Its _____

[Account Members:]

**MUNICIPAL ADVISORY SERVICE AGREEMENT
BY AND BETWEEN
THE CITY OF LAKE ELMO, MINNESOTA
AND
NORTHLAND SECURITIES, INC.**

This Agreement made and entered into by and between the City of Lake Elmo, Minnesota (hereinafter "City") and Northland Securities, Inc., of Minneapolis, Minnesota (hereinafter "NSI").

WITNESSETH

WHEREAS, the City desires to have NSI provide it with advice on the structure, terms, timing and other matters related to the issuance of the General Obligation Improvement, CIP and Refunding Bonds, Series 2021A (the "Debt") serving in the role of municipal (financial) advisor, and

WHEREAS, NSI is a registered municipal advisor with both the Securities and Exchange Commission ("SEC") and the Municipal Securities Rulemaking Board ("MSRB") (registration # 866-00082-00), and

WHEREAS, NSI will act as municipal advisor in accordance with the duties and responsibilities of Rule G-42 of the MSRB, and

WHEREAS, the MSRB provides a municipal advisory client brochure on its website (www.msrb.org) that describes the protections that may be provided by the MSRB rules, including professional competency, fair dealing, duty of loyalty, remedies for disputes and how to file a complaint with an appropriate regulatory authority, and

WHEREAS, the City and NSI are entering into this Agreement to define the municipal advisory relationship at the earliest opportunity related to the inception of the municipal advisory relationship for the Debt, and

WHEREAS, NSI desires to furnish services to the City as hereinafter described,

NOW, THEREFORE, it is agreed by and between the parties as follows:

SERVICES TO BE PROVIDED BY NSI

NSI shall provide the City with services necessary to analyze, structure, offer for sale and close the Debt. The services will be tailored to meet the needs of this engagement and may include:

Planning and Development

1. Assist City officials to define the scope and the objectives for the Debt.
2. Investigate and consider reasonably feasible financing alternatives.
3. Assist the City in understanding the material risks, potential benefits, structure and other characteristics of the recommended plan for the Debt, including issue structure, estimated debt

service payments, projected revenues, method of issuance, bond rating, sale timing, and call provisions.

4. Prepare a schedule of events related to the issuance process.
5. Coordinate with bond counsel any actions needed to authorize the issuance of the Debt.
6. Attend meetings of the City Council and other project and bond issue related meetings as needed and as requested.

Bond Sale

1. Assist the City with the preparation, review and approval of the preliminary official statement (POS).
2. Assist the City and bond counsel with preparing and publishing the Official Notice of Sale if required by law.
3. Prepare and submit application for bond rating(s) and assist the City with furnishing the rating agency(s) with any additional information required to conduct the rating review. Assist the City with preparing and conducting the rating call or other presentation.
4. Assist the City in receiving the bids, compute the accuracy of the bids received, and recommend to the City the most favorable bid for award.
5. Coordinate with bond counsel the preparation of required contracts and resolutions.

Post-Sale Support

1. Assist the City with the preparation of final official statement, distribution to the underwriter and posting on EMMA.
2. Coordinate the bond issue closing, including making all arrangements for bond printing, registration, and delivery.
3. Furnish to the City a complete transcript of the transaction, if not provided by bond counsel.

There are no specific limitations on the scope of this agreement.

COMPENSATION

For providing these services with respect to the Debt, NSI shall be paid a lump sum of \$52,060. The fee due to NSI shall be payable by the City upon the closing of the Bonds.

NSI agrees to pay the following expenses from its fee:

- Out-of-pocket expenses such as travel, long distance phone, and copy costs.
- Production and distribution of material to rating agencies and/or bond insurance companies.
- Preparation of the bond transcript.

The City agrees to pay for all other expenses related to the processing of the bond issue(s) including, but not limited to, the following:

- Engineering and/or architectural fees.
- Publication of legal notices.
- Bond counsel and local attorney fees.
- Fees for various debt certificates.
- The cost of printing Official Statements, if any.
- City staff expenses.
- Airfare and lodging expenses of one NSI official and City officials when and if traveling for rating agency presentations.
- Rating agency fees, if any.

- Bond insurance fees, if any.
- Accounting and other related fees.

It is expressly understood that there is no obligation on the part of the City under the terms of this Agreement to issue the Debt. If the Debt is not issued, NSI agrees to pay its own expenses and receive no fee for any municipal advisory services it has rendered pursuant to this Agreement.

CONFLICTS OF INTEREST

NSI is not aware of any material conflicts of interest that could reasonably be anticipated to impair NSI's ability to provide advice to or on behalf of the City in accordance with the standards of conduct for municipal advisors.

The compensation for services provided in this Agreement is customary in the municipal securities market, but may pose a conflict of interest. Since the fee is payable at closing and only if the Debt is issued, NSI may have an incentive to encourage issuance. Compensation linked to the size of the transaction may provide incentive to increase the amount of the Debt. Compensation considerations will not impair NSI's ability to provide unbiased and competent advice or to fulfill its fiduciary duty to the City. In executing this Agreement, the City acknowledges and accepts the potential conflicts of interest posed by the compensation to NSI.

Northland Capital Holdings is the parent company of NSI. Another subsidiary of Northland Capital Holdings is Northland Trust, Inc. Northland Trust provides paying agent services to issuers of municipal bonds. The City is solely responsible for the decision on the source of paying agent services. Any engagement of Northland Trust is outside the scope of this Agreement. No compensation paid to Northland Trust is shared with NSI.

NSI does not provide executive search, organizational development, compensation systems or other management consulting services that may directly or indirectly affect City staff that recommend the engagement of municipal advisor services and may pose a conflict of interest.

LEGAL AND DISCIPLINARY ACTIONS

There are no legal or disciplinary events reported by the Securities and Exchange Commission contained in Form MA or Form MA-I. The City can find information about these forms and accessing information related to NSI at www.sec.gov/municipal/oms-edgar-links.

SUCCESSORS OR ASSIGNS

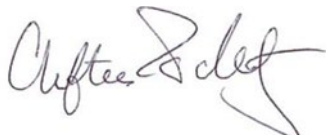
The terms and provisions of this Agreement are binding upon and inure to the benefit of the City and NSI and their successors or assigns.

TERM OF THIS AGREEMENT

This Agreement may be terminated by thirty (30) days written notice by either the City or NSI and it shall terminate sixty (60) days following the closing date related to the issuance of the Debt.

Dated this 5th day of October, 2021.

Northland Securities, Inc.



By: _____

Clifton Schultz, Managing Director

City of Lake Elmo, Minnesota

By: _____

Its: _____