THE CITY OF LAKE ELMO

STAFF REPORT

DATE: May 2, 2023
**REGULAR**

**AGENDA ITEM**: 2023A Bonding

**SUBMITTED BY**: Kristina Handt, City Administrator

---

**BACKGROUND:**
The City Council has included a couple of projects in the 2023-2027 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 this year. Projects include Old Village 7 and 2023 Streets (Fields of St. Croix 2 and Tana Ridge). I've opted not to include the small amount for well 6 ($240,000) at this time since we will have a discussion about our water options at the June work session and may no longer be moving forward with a test well this year. Should we move forward with it this year, the Council can always pass a reimbursing resolution and bond for it next year.

**ISSUE BEFORE COUNCIL:**
Should the Council authorize the issuance and sale of $5,875,000 million 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 June $6^{th}$ 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 June $6^{th}$.

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 $32,470. The agreement is just for this bond issuance and will expire 60 days after the closing on the bonds in July.

**FISCAL IMPACT:**
The estimated levy schedule can be found on page 8 of the finance plan. The city is required to levy 105% of the general fund portion of the improvement (street) projects.

**OPTIONS:**
1) Approve Resolution No. 2023-041
2) Amend and then Approve Resolution No 2023-041
3) Do not authorize the issuance of bonds

**RECOMMENDATION**:
***Motion to approve Resolution No. 2023-041: A Resolution Authorizing Issuance and Sale of $5,875,000 General Obligation Bonds, Series 2023A***

***AND***

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

**ATTACHMENTS:**

- Finance Plan
- Resolution No 2023-041
- Municipal Advisory Services Agreement with Northland Securities, Inc.

# Finance Plan

# City of Lake Emo, Minnesota

# $5,875,000
# General Obligation Improvement & Utility Revenue Bonds, Series 2023A

# May 2, 2023

150 South 5th Street, Suite 3300

Minneapolis, MN 55402

612-851-5900    800-851-2920

www.northlandsecurities.com

## Contents

## Executive Summary

The following is a summary of the recommended terms for the issuance of $5,875,000 General Obligation Improvement & Utility Revenue Bonds, Series 2023A (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 3 – Related Considerations.

| | |
|---|---|
| **Purpose** | Proceeds from the Bonds will be used to finance the City's 2023 street and utility projects and to pay 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, net revenues of the sewer and water utilities and ad valorem taxes for payment on the Bonds. |
| **Repayment Term** | The Bonds will mature annually each February 1 in the years 2024 through 2038. Interest on the Bonds will be payable on February 1, 2024, and semiannually thereafter on each February 1 and August 1. |
| **Estimated Interest Rate** | True interest cost (TIC): 3.53% |
| **Prepayment Option** | Bonds maturing on and after February 1, 2032, will be subject to redemption on February 1, 2031, and any day thereafter at a price of par plus accrued interest. |
| **Rating** | A rating will be requested from Moody's Investor Services ("Moody's"). The City's general obligation debt is currently rated "Aa1" by Moody's. |
| **Tax Status** | The Bonds will be tax-exempt, bank qualified obligations. |
| **Risk Factors** | There are certain risks associated with all debt. Risk factors related to the Bonds are discussed in Attachment 5. |
| **Type of Bond Sale** | Public Sale – Competitive Bids |
| **Proposals Received** | Tuesday, June 6, 2023 @ 10:00 A.M. |
| **Council Consideration** | Tuesday, June 6, 2023 @ 7:00 P.M. |

# Issue Overview

## Purpose

Proceeds from the Bonds will be used to finance the City's 2023 street (the "Improvement Portion") and utility (the "Revenue Portions") projects and to pay costs associated with issuing the Bonds. The Revenue Portions consist of a Sewer Portion and a Water Portion. The Bonds have been sized based on estimates provided by City staff and the City Engineer. The table below contains the sources and uses of funds for the bond issue.

| | Improvement | Sewer | Water | Issue Summary |
|---|---|---|---|---|
| **Sources Of Funds** | | | | |
| Par Amount of Bonds | $3,725,000.00 | $1,620,000.00 | $530,000.00 | $5,875,000.00 |
| **Total Sources** | **$3,725,000.00** | **$1,620,000.00** | **$530,000.00** | **$5,875,000.00** |
| **Uses Of Funds** | | | | |
| Deposit to Project Construction Fund | 3,568,318.00 | 1,581,095.00 | 518,546.00 | 5,667,959.00 |
| Total Underwriter's Discount (1.300%) | 48,425.00 | 21,060.00 | 6,890.00 | 76,375.00 |
| Deposit to Capitalized Interest (CIF) Fund | 67,005.10 | - | - | 67,005.10 |
| Costs of Issuance | 40,068.32 | 17,425.68 | 5,701.00 | 63,195.00 |
| Rounding Amount | 1,183.58 | 419.32 | (1,137.00) | 465.90 |
| **Total Uses** | **$3,725,000.00** | **$1,620,000.00** | **$530,000.00** | **$5,875,000.00** |

## Authority

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

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 then pass a resolution ordering the improvements by at least a 4/5 majority. Public hearings have been held for the Improvement Portion and all corresponding resolutions have passed with at least a 4/5 majority.

Under Chapter 444, general obligation utility 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 Improvement Portion has been structured over 10 years, with relatively level annual debt service payments. The Revenue Portions have been structured over 15 years, with relatively level annual debt service payments.

The proposed structure for the bond issue and preliminary debt service projections are illustrated in Attachment 1 and the estimated levy is illustrated in Attachment 2.

## 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 $1,091,600 for the Improvement Portion of the Bonds. The assessments will be payable over 15 years, with an interest rate of 1.00% over the average coupon on the Improvement Portion of the Bonds (currently estimated to be 4.25%) and structured for level annual payments of principal and interest. Because the special assessments are structured over 15 years, revenues will continue to be received beyond the life of the Improvement Portion of the Bonds. The plan assumes that the assessments will be levied in 2023 for initial payment in 2024.
- Utility Revenues. Net revenues of the City's sewer and water utilities will be pledged for payment of the Revenue Portions of the Bonds. 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 Revenue 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 an average annual tax levy of approximately $362,865 is needed to produce the statutory requirement of 105% of debt service, after accounting for assessments and utility revenues. 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 2023 for taxes payable in 2024.

  Given the timing of the initial revenue from the tax levy and special assessments, capitalized interest will be included in the Improvement Portion to cover the first interest payment due on February 1, 2024, before the first tax and assessment collections are received.

## 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 & Utility Revenue 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, June 6, 2023, 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 4.

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

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

**Paying Agent:** U.S. Bank Trust Company, National Association, St. Paul, Minnesota

# Attachment 1 – Preliminary Debt Service Schedules

## Total Combined 2023A Bonds

| Date | Principal | Coupon | Interest | Total P+I | Fiscal Total |
|---|---|---|---|---|---|
| 07/06/2023 | - | - | - | - | - |
| 02/01/2024 | 140,000.00 | 3.200% | 108,006.52 | 248,006.52 | 248,006.52 |
| 08/01/2024 | - | - | 92,595.00 | 92,595.00 | - |
| 02/01/2025 | 440,000.00 | 3.100% | 92,595.00 | 532,595.00 | 625,190.00 |
| 08/01/2025 | - | - | 85,775.00 | 85,775.00 | - |
| 02/01/2026 | 455,000.00 | 3.100% | 85,775.00 | 540,775.00 | 626,550.00 |
| 08/01/2026 | - | - | 78,722.50 | 78,722.50 | - |
| 02/01/2027 | 470,000.00 | 3.050% | 78,722.50 | 548,722.50 | 627,445.00 |
| 08/01/2027 | - | - | 71,555.00 | 71,555.00 | - |
| 02/01/2028 | 480,000.00 | 3.050% | 71,555.00 | 551,555.00 | 623,110.00 |
| 08/01/2028 | - | - | 64,235.00 | 64,235.00 | - |
| 02/01/2029 | 495,000.00 | 3.050% | 64,235.00 | 559,235.00 | 623,470.00 |
| 08/01/2029 | - | - | 56,686.25 | 56,686.25 | - |
| 02/01/2030 | 510,000.00 | 3.050% | 56,686.25 | 566,686.25 | 623,372.50 |
| 08/01/2030 | - | - | 48,908.75 | 48,908.75 | - |
| 02/01/2031 | 530,000.00 | 3.100% | 48,908.75 | 578,908.75 | 627,817.50 |
| 08/01/2031 | - | - | 40,693.75 | 40,693.75 | - |
| 02/01/2032 | 545,000.00 | 3.200% | 40,693.75 | 585,693.75 | 626,387.50 |
| 08/01/2032 | - | - | 31,973.75 | 31,973.75 | - |
| 02/01/2033 | 555,000.00 | 3.350% | 31,973.75 | 586,973.75 | 618,947.50 |
| 08/01/2033 | - | - | 22,677.50 | 22,677.50 | - |
| 02/01/2034 | 580,000.00 | 3.450% | 22,677.50 | 602,677.50 | 625,355.00 |
| 08/01/2034 | - | - | 12,672.50 | 12,672.50 | - |
| 02/01/2035 | 160,000.00 | 3.600% | 12,672.50 | 172,672.50 | 185,345.00 |
| 08/01/2035 | - | - | 9,792.50 | 9,792.50 | - |
| 02/01/2036 | 165,000.00 | 3.700% | 9,792.50 | 174,792.50 | 184,585.00 |
| 08/01/2036 | - | - | 6,740.00 | 6,740.00 | - |
| 02/01/2037 | 170,000.00 | 3.800% | 6,740.00 | 176,740.00 | 183,480.00 |
| 08/01/2037 | - | - | 3,510.00 | 3,510.00 | - |
| 02/01/2038 | 180,000.00 | 3.900% | 3,510.00 | 183,510.00 | 187,020.00 |
| **Total** | **$5,875,000.00** | **-** | **$1,361,081.52** | **$7,236,081.52** | **-** |

**Yield Statistics**

| | |
|---|---|
| Bond Year Dollars | $40,895.49 |
| Average Life | 6.961 Years |
| Average Coupon | 3.3281950% |
| Net Interest Cost (NIC) | 3.5149515% |
| True Interest Cost (TIC) | 3.5330018% |
| Bond Yield for Arbitrage Purposes | 3.3152525% |
| All Inclusive Cost (AIC) | 3.7162818% |

**IRS Form 8038**

| | |
|---|---|
| Net Interest Cost | 3.3281950% |
| Weighted Average Maturity | 6.961 Years |

**Optional Redemption**

| | |
|---|---|
| 02/01/2031 | @100.000% |

*Assumes Bank Qualified “Aa1” Rates as of April 21, 2023, plus 0.25%.

## Improvement Portion

| Date | Principal | Coupon | Interest | Total P+I | Fiscal Total |
|---|---|---|---|---|---|
| 07/06/2023 | - | - | - | - | - |
| 02/01/2024 | - | - | 67,005.10 | 67,005.10 | 67,005.10 |
| 08/01/2024 | - | - | 58,833.75 | 58,833.75 | - |
| 02/01/2025 | 325,000.00 | 3.100% | 58,833.75 | 383,833.75 | 442,667.50 |
| 08/01/2025 | - | - | 53,796.25 | 53,796.25 | - |
| 02/01/2026 | 335,000.00 | 3.100% | 53,796.25 | 388,796.25 | 442,592.50 |
| 08/01/2026 | - | - | 48,603.75 | 48,603.75 | - |
| 02/01/2027 | 345,000.00 | 3.050% | 48,603.75 | 393,603.75 | 442,207.50 |
| 08/01/2027 | - | - | 43,342.50 | 43,342.50 | - |
| 02/01/2028 | 355,000.00 | 3.050% | 43,342.50 | 398,342.50 | 441,685.00 |
| 08/01/2028 | - | - | 37,928.75 | 37,928.75 | - |
| 02/01/2029 | 365,000.00 | 3.050% | 37,928.75 | 402,928.75 | 440,857.50 |
| 08/01/2029 | - | - | 32,362.50 | 32,362.50 | - |
| 02/01/2030 | 375,000.00 | 3.050% | 32,362.50 | 407,362.50 | 439,725.00 |
| 08/01/2030 | - | - | 26,643.75 | 26,643.75 | - |
| 02/01/2031 | 390,000.00 | 3.100% | 26,643.75 | 416,643.75 | 443,287.50 |
| 08/01/2031 | - | - | 20,598.75 | 20,598.75 | - |
| 02/01/2032 | 400,000.00 | 3.200% | 20,598.75 | 420,598.75 | 441,197.50 |
| 08/01/2032 | - | - | 14,198.75 | 14,198.75 | - |
| 02/01/2033 | 410,000.00 | 3.350% | 14,198.75 | 424,198.75 | 438,397.50 |
| 08/01/2033 | - | - | 7,331.25 | 7,331.25 | - |
| 02/01/2034 | 425,000.00 | 3.450% | 7,331.25 | 432,331.25 | 439,662.50 |
| **Total** | **$3,725,000.00** | **-** | **$754,285.10** | **$4,479,285.10** | **-** |

## Sewer Portion

| Date | Principal | Coupon | Interest | Total P+I | Fiscal Total |
|---|---|---|---|---|---|
| 07/06/2023 | - | - | - | - | - |
| 02/01/2024 | 105,000.00 | 3.200% | 30,896.63 | 135,896.63 | 135,896.63 |
| 08/01/2024 | - | - | 25,448.75 | 25,448.75 | - |
| 02/01/2025 | 85,000.00 | 3.100% | 25,448.75 | 110,448.75 | 135,897.50 |
| 08/01/2025 | - | - | 24,131.25 | 24,131.25 | - |
| 02/01/2026 | 90,000.00 | 3.100% | 24,131.25 | 114,131.25 | 138,262.50 |
| 08/01/2026 | - | - | 22,736.25 | 22,736.25 | - |
| 02/01/2027 | 95,000.00 | 3.050% | 22,736.25 | 117,736.25 | 140,472.50 |
| 08/01/2027 | - | - | 21,287.50 | 21,287.50 | - |
| 02/01/2028 | 95,000.00 | 3.050% | 21,287.50 | 116,287.50 | 137,575.00 |
| 08/01/2028 | - | - | 19,838.75 | 19,838.75 | - |
| 02/01/2029 | 100,000.00 | 3.050% | 19,838.75 | 119,838.75 | 139,677.50 |
| 08/01/2029 | - | - | 18,313.75 | 18,313.75 | - |
| 02/01/2030 | 100,000.00 | 3.050% | 18,313.75 | 118,313.75 | 136,627.50 |
| 08/01/2030 | - | - | 16,788.75 | 16,788.75 | - |
| 02/01/2031 | 105,000.00 | 3.100% | 16,788.75 | 121,788.75 | 138,577.50 |
| 08/01/2031 | - | - | 15,161.25 | 15,161.25 | - |
| 02/01/2032 | 110,000.00 | 3.200% | 15,161.25 | 125,161.25 | 140,322.50 |
| 08/01/2032 | - | - | 13,401.25 | 13,401.25 | - |
| 02/01/2033 | 110,000.00 | 3.350% | 13,401.25 | 123,401.25 | 136,802.50 |
| 08/01/2033 | - | - | 11,558.75 | 11,558.75 | - |
| 02/01/2034 | 115,000.00 | 3.450% | 11,558.75 | 126,558.75 | 138,117.50 |
| 08/01/2034 | - | - | 9,575.00 | 9,575.00 | - |
| 02/01/2035 | 120,000.00 | 3.600% | 9,575.00 | 129,575.00 | 139,150.00 |
| 08/01/2035 | - | - | 7,415.00 | 7,415.00 | - |
| 02/01/2036 | 125,000.00 | 3.700% | 7,415.00 | 132,415.00 | 139,830.00 |
| 08/01/2036 | - | - | 5,102.50 | 5,102.50 | - |
| 02/01/2037 | 130,000.00 | 3.800% | 5,102.50 | 135,102.50 | 140,205.00 |
| 08/01/2037 | - | - | 2,632.50 | 2,632.50 | - |
| 02/01/2038 | 135,000.00 | 3.900% | 2,632.50 | 137,632.50 | 140,265.00 |
| **Total** | **$1,620,000.00** | **-** | **$457,679.13** | **$2,077,679.13** | **-** |

## Water Portion

| Date | Principal | Coupon | Interest | Total P+I | Fiscal Total |
|---:|---:|---:|---:|---:|---:|
| 07/06/2023 | - | - | - | - | - |
| 02/01/2024 | 35,000.00 | 3.200% | 10,104.79 | 45,104.79 | 45,104.79 |
| 08/01/2024 | - | - | 8,312.50 | 8,312.50 | - |
| 02/01/2025 | 30,000.00 | 3.100% | 8,312.50 | 38,312.50 | 46,625.00 |
| 08/01/2025 | - | - | 7,847.50 | 7,847.50 | - |
| 02/01/2026 | 30,000.00 | 3.100% | 7,847.50 | 37,847.50 | 45,695.00 |
| 08/01/2026 | - | - | 7,382.50 | 7,382.50 | - |
| 02/01/2027 | 30,000.00 | 3.050% | 7,382.50 | 37,382.50 | 44,765.00 |
| 08/01/2027 | - | - | 6,925.00 | 6,925.00 | - |
| 02/01/2028 | 30,000.00 | 3.050% | 6,925.00 | 36,925.00 | 43,850.00 |
| 08/01/2028 | - | - | 6,467.50 | 6,467.50 | - |
| 02/01/2029 | 30,000.00 | 3.050% | 6,467.50 | 36,467.50 | 42,935.00 |
| 08/01/2029 | - | - | 6,010.00 | 6,010.00 | - |
| 02/01/2030 | 35,000.00 | 3.050% | 6,010.00 | 41,010.00 | 47,020.00 |
| 08/01/2030 | - | - | 5,476.25 | 5,476.25 | - |
| 02/01/2031 | 35,000.00 | 3.100% | 5,476.25 | 40,476.25 | 45,952.50 |
| 08/01/2031 | - | - | 4,933.75 | 4,933.75 | - |
| 02/01/2032 | 35,000.00 | 3.200% | 4,933.75 | 39,933.75 | 44,867.50 |
| 08/01/2032 | - | - | 4,373.75 | 4,373.75 | - |
| 02/01/2033 | 35,000.00 | 3.350% | 4,373.75 | 39,373.75 | 43,747.50 |
| 08/01/2033 | - | - | 3,787.50 | 3,787.50 | - |
| 02/01/2034 | 40,000.00 | 3.450% | 3,787.50 | 43,787.50 | 47,575.00 |
| 08/01/2034 | - | - | 3,097.50 | 3,097.50 | - |
| 02/01/2035 | 40,000.00 | 3.600% | 3,097.50 | 43,097.50 | 46,195.00 |
| 08/01/2035 | - | - | 2,377.50 | 2,377.50 | - |
| 02/01/2036 | 40,000.00 | 3.700% | 2,377.50 | 42,377.50 | 44,755.00 |
| 08/01/2036 | - | - | 1,637.50 | 1,637.50 | - |
| 02/01/2037 | 40,000.00 | 3.800% | 1,637.50 | 41,637.50 | 43,275.00 |
| 08/01/2037 | - | - | 877.50 | 877.50 | - |
| 02/01/2038 | 45,000.00 | 3.900% | 877.50 | 45,877.50 | 46,755.00 |
| **Total** | **$530,000.00** | **-** | **$149,117.29** | **$679,117.29** | **-** |

# Attachment 2 – Estimated Levy Schedule

## Improvement Portion

| Date | Total P+I | CIF | 105% Levy | Less: Special Assessment Revenue* | Net Levy | Levy Year | Collection Year |
|---|---|---|---|---|---|---|---|
| 02/01/2024 | 67,005.10 | (67,005.10) | - | - | - | | |
| 02/01/2025 | 442,667.50 | - | 464,800.88 | 100,424.11 | 364,376.77 | 2023 | 2024 |
| 02/01/2026 | 442,592.50 | - | 464,722.13 | 100,424.11 | 364,298.02 | 2024 | 2025 |
| 02/01/2027 | 442,207.50 | - | 464,317.88 | 100,424.10 | 363,893.78 | 2025 | 2026 |
| 02/01/2028 | 441,685.00 | - | 463,769.25 | 100,424.12 | 363,345.13 | 2026 | 2027 |
| 02/01/2029 | 440,857.50 | - | 462,900.38 | 100,424.10 | 362,476.28 | 2027 | 2028 |
| 02/01/2030 | 439,725.00 | - | 461,711.25 | 100,424.11 | 361,287.14 | 2028 | 2029 |
| 02/01/2031 | 443,287.50 | - | 465,451.88 | 100,424.11 | 365,027.77 | 2029 | 2030 |
| 02/01/2032 | 441,197.50 | - | 463,257.38 | 100,424.10 | 362,833.28 | 2030 | 2031 |
| 02/01/2033 | 438,397.50 | - | 460,317.38 | 100,424.12 | 359,893.26 | 2031 | 2032 |
| 02/01/2034 | 439,662.50 | - | 461,645.63 | 100,424.11 | 361,221.52 | 2032 | 2033 |
| 02/01/2035 | - | - | - | 100,424.11 | - | 2033 | 2034 |
| 02/01/2036 | - | - | - | 100,424.12 | - | 2034 | 2035 |
| 02/01/2037 | - | - | - | 100,424.11 | - | 2035 | 2036 |
| 02/01/2038 | - | - | - | 100,424.12 | - | 2036 | 2037 |
| 02/01/2039 | - | - | - | 100,424.10 | - | 2037 | 2038 |
| **Total** | **$4,479,285.10** | **(67,005.10)** | **$4,632,894.00** | **$1,506,361.65** | **$3,628,652.91** | | |

*Special assessment revenue is based on assessments totaling $1,091,600 assessed at a rate of 4.25% (1% over the average coupon, rounded to the nearest 0.25%), spread over 15 years with equal annual payments.

# Attachment 3 – Related Considerations

## Bank Qualification

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 $10,000,000 or less in tax-exempt debt during this calendar year. Therefore, the Bonds will 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 "24- month spending exemption."

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, Inc.

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. The report contains annual financial information and operating data that "mirrors" material information presented in the Official Statement. The specific contents of the annual report will be described in the Undertaking that appears in the appendix of the Official Statement. Northland currently serves as dissemination agent for the City, assisting with the annual reporting. The information for the Bonds will be incorporated into our reporting.

## 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).

## Rating

A rating will be requested from Moody's Investor Services. 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. Northland will assist City staff in preparing for and conducting the rating call.

## Attachment 4 – 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.*

| April 2023 | | | | | | |
|---|---|---|---|---|---|---|
| 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 | | | | | | |

| May 2023 | | | | | | |
|---|---|---|---|---|---|---|
| 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 | | | |

| June 2023 | | | | | | |
|---|---|---|---|---|---|---|
| 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 2023 | | | | | | |
|---|---|---|---|---|---|---|
| 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

| Date | Action | Responsible Party |
|---|---|---|
| March 31 | General Information Certificate Relating to the Issuance of the Bonds sent to the City | Northland |
| April 14 | General Information Certificate Returned to Northland | City Staff |
| April 19 | City confirms the project costs to be included in the Finance Plan and for Set Sale Resolution | City Staff |
| April 25 | Set Sale Resolution and Finance Plan Sent to City for Council Packets | Northland, Bond Counsel |
| April 28 | Preliminary Official Statement Sent to City for Sign Off and to Rating Agency (Moody's) | City Staff, Northland |
| May 2 | Set Sale Resolution Adopted and review of Finance Plan – 7:00 p.m. | **City Council Action,** Northland, Bond Counsel |
| Week of May 8 or May 15 | Rating Conference Call | Northland, City Staff, Rating Agency |
| May 17 | City confirms amounts for project costs to be financed | Northland, City Staff |
| May 19 | Comments and Signoff on POS due to Northland | City Staff |

| Date | Action | Responsible Party |
|---|---|---|
| May 26 | Rating Received | Rating Agency, City Staff, Northland |
| May 30 | Awarding Resolution sent to City | Bond Council, Northland |
| June 6 | Bond Sale – 10:00 a.m.<br><br>Awarding Resolution Adopted – 7:00 p.m. | **City Council Action,** Northland, Bond Counsel |
| July 6 | Closing on the Bonds | Northland, City Staff, Bond Counsel |

# Attachment 5 - 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 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.

Utility Revenues: The City pledges the net revenues of the sewer and water utilities to the payment of principal and interest on the Bonds. 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: May 2, 2023

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 2nd day of May, 2023, at 7:00 o'clock P.M. for the purpose in part of authorizing the competitive negotiated sale of the $5,875,000 General Obligation Improvement and Utility Revenue Bonds, Series 2023A of said City.

The following members were present:

and the following were absent:

Member ____________ introduced the following resolution and moved its adoption:

RESOLUTION 2023-041 PROVIDING FOR THE COMPETITIVE NEGOTIATED SALE OF $5,875,000 GENERAL OBLIGATION IMPROVEMENT AND UTILITY REVENUE BONDS, SERIES 2023A

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 $5,875,000 General Obligation Improvement and Utility Revenue Bonds, Series 2023A (the "Bonds") to finance the (i) City's 2023 street and utility improvement projects; and (ii) 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 City Administrator, 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 City Administrator 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 2nd day of May, 2023, 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

$5,875,000*
GENERAL OBLIGATION IMPROVEMENT AND UTILITY REVENUE BONDS, SERIES 2023A

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 Administrator, or designee, on Tuesday, June 6, 2023, 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 Tuesday, June 6, 2023 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 612-851-4968, 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 Tuesday, June 6, 2023. 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 U.S. Bank Trust Company, 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 July 6, 2023)

## AUTHORITY/PURPOSE/SECURITY

The Bonds are being issued pursuant to Minnesota Statutes, Chapters 429, 444 and 475. Proceeds will be used to finance the City's 2023 street and utility improvement projects within the City and to pay costs associated with the issuance of the Bonds. The Bonds are payable from special assessments levied against benefited properties, net revenues of the City's sewer and water utilities 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, 2024, 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 next preceding such interest payment date.

## MATURITIES

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

| Year | Amount | Year | Amount | Year | Amount |
|---|---|---|---|---|---|
| 2024 | $140,000 | 2029 | $495,000 | 2034 | $580,000 |
| 2025 | 440,000 | 2030 | 510,000 | 2035 | 160,000 |
| 2026 | 455,000 | 2031 | 530,000 | 2036 | 165,000 |
| 2027 | 470,000 | 2032 | 545,000 | 2037 | 170,000 |
| 2028 | 480,000 | 2033 | 555,000 | 2038 | 180,000 |

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 (5$^{th}$) 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 of 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, 2032 through 2038 are subject to redemption and prepayment at the option of the City on February 1, 2031 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 $5,798,625 (98.70%) and accrued interest on the principal sum of $5,875,000 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:

Kristina Handt, City Administrator
3880 Laverne Ave. N.
Lake Elmo, Minnesota 55042

A good faith deposit (the "Deposit") in the amount of $117,500 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.

**BANK QUALIFICATION**

The City will 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: May 2, 2023 BY ORDER OF THE LAKE ELMO CITY COUNCIL

/s/ Kristina Handt
City Administrator

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 and Utility Revenue Bonds, Series 2023A (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 of this Certificate means, with respect to a purchaser of the Bonds, if the Underwriter and the purchaser are subject, directly or indirectly, to (i) more than fifty percent (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 of another); (ii) more than fifty percent (50%) common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another); or (iii) more than fifty percent (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).

(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 ________________.

(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 PRICE)*

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 and Utility Revenue Bonds, Series 2023A (the "Bonds"), 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 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 $________).

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.

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 Bonds, 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 means, with respect to a purchaser of the Bonds, if the Underwriter and the purchaser are subject, directly or indirectly, to (i) more than fifty percent (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 of another); (ii) more than fifty percent (50%) common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another); or (iii) more than fifty percent (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).

(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 ________________.

(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 ____________________________________________

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

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

## WITNESSETH

WHEREAS, the Client desires to have Northland provide it with advice on the structure, terms, timing and other matters related to the issuance of the General Obligation Improvement and Utility Revenue Bonds, Series 2023A (the "Debt") serving in the role of municipal (financial) advisor, and

WHEREAS, Northland 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, Northland 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 Client and Northland 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, Northland desires to furnish services to the Client as hereinafter described,

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

## SERVICES TO BE PROVIDED BY NORTHLAND

Northland shall provide the Client 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 Client officials to define the scope and the objectives for the Debt.
2. Investigate and consider reasonably feasible financing alternatives.
3. Assist the Client 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 Client and other project and bond issue related meetings as needed and as requested.

**Bond Sale**

1. Assist the Client with the preparation, review and approval of the preliminary official statement (POS).
2. Assist the Client 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 Client with furnishing the rating agency(s) with any additional information required to conduct the rating review. Assist the Client with preparing and conducting the rating call or other presentation.
4. Assist the Client in receiving the bids, compute the accuracy of the bids received, and recommend to the Client the most favorable bid for award.
5. Coordinate with bond counsel the preparation of required contracts and resolutions.

**Post-Sale Support**

1. Assist the Client 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 Client 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, Northland shall be paid a lump sum of $32,470. The fee due to Northland shall be payable by the Client upon the closing of the Bonds.

Northland 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 Client 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.
- Client staff expenses.
- Airfare and lodging expenses of one Northland official and Client 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 Client under the terms of this Agreement to issue the Debt. If the Debt is not issued, Northland 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

Northland, as your Municipal Advisor, mitigates conflicts through its adherence to its fiduciary duty to the Client, which includes a duty of loyalty to the Client in performing all municipal advisory activities for the Client. This duty of loyalty obligates Northland to deal honestly and with the utmost good faith with the Client and to act in the Client's best interests without regard to our own financial or other interests. In addition, because Northland is a broker-dealer with significant capital due to the nature of its overall business, the success and profitability of Northland is not dependent on maximizing short-term revenue generated from individualized recommendations to its clients but instead is dependent on long-term profitably built on a foundation of integrity, quality of service and strict adherence to its fiduciary duty. Furthermore, Northland's municipal advisory supervisory structure leverages our long-standing and comprehensive broker-dealer supervisory processes and practices, and provides strong safeguards against individual representatives of Northland potentially departing from our regulatory duties due to personal interests. The disclosures below describe, as applicable, any additional mitigations that may be relevant with respect to any specific conflict disclosed below.

Northland serves a wide variety of other clients that may from time to time have interests that could have a direct or indirect impact on the interests of the Client. For example, Northland serves as Municipal Advisor to other Municipal Advisory clients and, in such cases, owes a regulatory duty to such other clients just as it does to the Client under this Agreement. These other clients may, from time to time and depending on the specific circumstances, have competing interests, such as accessing the new issue market with the most advantageous timing and with limited competition at the time of the offering. In acting in the interests of its various clients, Northland could potentially face a conflict of interest arising from these competing client interests. In other cases, as a broker-dealer that engages in underwritings of new issuances of municipal securities by other municipal entities, the interests of Northland to achieve a successful and profitable underwriting for its municipal entity underwriting clients could potentially constitute a conflict of interest if, as in the example above, the municipal entities that Northland serves as underwriter or municipal advisor have competing interests in seeking to access the new issue market with the most advantageous timing and with limited competition at the time of the offering. However, none of these other engagements or relationships would impair Northland's ability to fulfill its regulatory duties to the Client.

The compensation for services provided in this Agreement is customary in the municipal securities market, however, it may pose a conflict of interest. The fees due under this Agreement are in a fixed amount established at the outset of the Agreement. The amount is usually based upon an analysis by Client and Northland of, among other things, the expected duration and complexity of the transaction and the Scope of Services to be performed by Northland. This form of compensation presents a potential conflict of interest because, if the transaction requires more work than originally contemplated, Northland may suffer a loss. Thus, Northland may recommend less time-consuming alternatives, or fail to do a thorough analysis of alternatives. This conflict of interest is mitigated by supervisory policies and procedures to ensure the scope of services within the transaction align with other comparable engagements. By executing this Agreement, the Client acknowledges and accepts the potential conflicts of interest posed by the compensation to Northland. Northland does not participate in any payments to be retained, nor participate in any fee splitting agreements or arrangements.

Northland is also a broker-dealer that engages in a broad range of securities-related activities to service its clients, in addition to serving as a Municipal Advisor or Underwriter. Such securities-related activities, which may include but are not limited to the buying and selling of outstanding securities, including securities of the Client, may be undertaken on behalf of, or as counterparty to, the Client, and current or potential investors in the securities of the Client. These other Northland clients may, from time to time and depending on the specific circumstances, have interests in conflict with those of the Client, such as when their buying or selling of the Client's securities may have an adverse effect on the market for the Client's securities. However, any potential conflict arising from Northland effecting or otherwise assisting such other clients in connection with such transactions is mitigated by means of such activities being engaged in on customary terms through other business units of Northland that operate independently from Northland's Municipal Advisory business, thereby reducing or eliminating the likelihood that the interests of such other clients would have an impact on the services provided by Northland to the Client under this Agreement. Northland has policies and procedures in place to ensure that Northland as a broker-dealer is not participating in bidding or determining market prices for the Client's transaction that is covered under this Agreement.

Northland Capital Holdings is the parent company of Northland Securities. A subsidiary of Northland Capital Holdings is Northland Trust, Inc. Northland Trust provides paying agent services to issuers of municipal bonds. The Client 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 Northland Securities.

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

## 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 Client can find information about these forms and accessing information related to Northland 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 Client and Northland and their successors or assigns.

## TERM OF THIS AGREEMENT

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

Dated this 2nd day of May, 2023.

**Northland Securities, Inc.**

By: Tammy Omdal

Tammy Omdal, Managing Director

By: Clifton Schultz

Clifton Schultz, Managing Director

**City of Lake Elmo, Minnesota**

By: ______________________________

Its: ______________________________