

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 20, 2024

**NEW ISSUE
BANK QUALIFIED
BOOK ENTRY ONLY**

MOODY'S RATING: Aa3

In the opinion of Dorsey & Whitney LLP, Bond Counsel, based on existing law and assuming the accuracy of certain representations and compliance with certain covenants, interest on the Bonds (i) is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"), (ii) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on noncorporate taxpayers by Section 55 of the Code, (iii) is excluded from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes, and (iv) is not an item of tax preference for Minnesota alternative minimum tax purposes. Interest on the Bonds may, however, be taken into account in determining adjusted financial statement income for purposes of the federal alternative minimum tax imposed on applicable corporations (as defined in Section 59(k) of the Code) and is included in net income for purposes of the Minnesota franchise tax imposed on corporations and financial institutions.

The City will designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code relating to the ability of financial institutions to deduct from income for federal income tax purposes a portion of the interest expense that is allocable to carrying and acquiring tax-exempt obligations. See "TAX CONSIDERATIONS" herein.

**CITY OF WASECA, MINNESOTA
\$1,500,000* General Obligation Utility Revenue Bonds, Series 2024A
(the "Bonds")**

Dated Date	Date of Delivery (anticipated to be October 24, 2024)
Sale Date	Monday, September 30, 2024 until 10:00 A.M., Central Time
Consideration of Award	Subsequent to Proposal Opening by Pricing Committee.
Security	The Bonds will be general obligations of the City of Waseca, Minnesota (the "City") for which the City will pledge its full faith and credit and power to levy direct general ad valorem taxes. In addition, the City will pledge utility revenues from the Sanitary Sewer and Water Utilities for repayment of the Bonds
Authorization	The Bonds are being issued pursuant to Minnesota Statutes, Chapters 444, and 475. See "Authority and Security" herein.
Purpose	The proceeds of the will be used to finance (i) improvements for the Sanitary Sewer and Water Utilities and (ii) pay costs of issuance on the Bonds. See "Authority and Security" herein.
Principal and Interest Payments	Principal will be paid annually on February 1, beginning February 1, 2026. Interest will be payable semiannually on February 1 and August 1, beginning August 1, 2025.
Redemption Provisions	The City may elect on February 1, 2035, and on any day thereafter, to redeem Bonds due on or after February 1, 2036, at a price of par plus accrued interest. The Bonds may be issued as term bonds at the discretion of the Underwriter (as hereinafter defined) and, in such case, will be subject to mandatory sinking fund redemption.
Book Entry	The Bonds will be issued only as fully registered obligations, and when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"). See Appendix B for "Book Entry".
Denominations	The Bonds are being issued in the denomination of \$5,000 or integral multiple thereof.
Registrar and Paying Agent	U.S. Bank Trust Company, National Association, located in Saint Paul, Minnesota ("Registrar" and "Paying Agent").
Bidding Information	Interested bidders should review the Terms of Proposal for additional instructions. See Appendix G herein.

The information contained in this Preliminary Official Statement is deemed by the City to be final as of the date hereof; however, the pricing and underwriting information is subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

Further information may be obtained from Baker Tilly Municipal Advisors, LLC 30 East Seventh Street, Suite 3025, Saint Paul, MN 55101 (651) 223-3000 or bids@bakertilly.com.

*Preliminary, subject to change.

MATURITY SCHEDULE
(Base CUSIP(1) _____)

<u>Maturity</u> <u>(February 1)</u>	<u>Principal(2)</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP(1)</u>
2026	\$ 65,000				
2027	\$ 85,000				
2028	\$ 85,000				
2029	\$ 90,000				
2030	\$ 90,000				
2031	\$ 95,000				
2032	\$ 95,000				
2033	\$100,000				
2034	\$105,000				
2035	\$105,000				
2036	\$110,000				
2037	\$115,000				
2038	\$115,000				
2039	\$120,000				
2040	\$125,000				

(1) CUSIP® is a registered trademark of the American Bankers Association (“ABA”). CUSIP data (including CUSIP identifiers and related descriptive data) contained herein is provided by CUSIP Global Services (“CGS”), which is operated on behalf of the ABA by FactSet Research Systems Inc. CUSIP data is the valuable intellectual property of the ABA and the inclusion of CUSIP data herein is not intended to create a database and does not serve in any way as a substitute for any CUSIP Service provided by CGS. CUSIP data herein is provided for convenience of reference only. Neither the City, the Municipal Advisor, the Underwriter nor their agents take any responsibility for the accuracy of such data now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

(2) Preliminary subject to change. The City reserves the right to adjust individual maturity amounts to achieve its financial objectives.

The Bonds are being offered for delivery when, as and if issued and received by the Underwriter (hereinafter defined) and subject to the approval of legality by Dorsey & Whitney LLC, Minneapolis, Minnesota, Bond Counsel. The Bonds are expected to be available for delivery to DTC, in New York, New York on or about October 24, 2024.

In connection with this offering the underwriter may over-allot or effect transactions which stabilize or maintain the market price of the Bonds offered hereby at a level above that which might otherwise prevail in the open market, and such stabilizing, if commenced, may be discontinued at any time.

No dealer, broker, salesperson, or other person has been authorized by the City to give any information or to make any representations with respect to the Bonds, other than as contained in the Preliminary Official Statement or the Final Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the City. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the securities described herein by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

Certain information contained in the Preliminary Official Statement or the Final Official Statement may have been obtained from sources other than records of the City and, while believed to be reliable, is not guaranteed as to completeness or accuracy. The information and expressions of opinion in the Preliminary Official Statement and the Final Official Statement are subject to change, and neither the delivery of the Preliminary Official Statement nor the Final Official Statement nor any sale made under either such document shall create any implication that there has been no change in the affairs of the City since the respective date thereof. However, upon delivery of the securities, the City will provide a certificate stating there have been no material changes in the information contained in the Final Official Statement since its delivery.

References herein to laws, rules, regulations, resolutions, agreements, reports, and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. Where full texts have not been included as appendices to the Preliminary Official Statement or the Final Official Statement, they will be furnished upon request.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for the purposes of, and as that term is defined in, Securities and Exchange Commission Rule 15c2-12.

The Bonds are considered securities and have not been approved or disapproved by the Securities and Exchange Commission or any state or federal regulatory authority nor has any state or federal regulatory authority confirmed the accuracy or determined the adequacy of this Official Statement. Any representation to the contrary is a criminal offense. Investors must rely on their own examination of this Official Statement, the security pledged to repay the Bonds, the issuer and the merits and risks of the investment opportunity.

FORWARD-LOOKING STATEMENTS

This Official Statement, including its appendices, contains statements which should be considered "forward-looking statements," meaning they refer to possible future events or conditions. Such statements are generally identifiable by the words such as "plan," "expect," "estimate," "budget," "may," or similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause a deviation from the actual results, performance or achievements expressed or implied by such forward-looking statements. The City does not expect or intend to update or revise any forward-looking statements contained herein if or when its expectations, or events, conditions, or circumstances on which such statements are based occur.

CITY CONTACT INFORMATION

Additional information regarding the City may be obtained by contacting Alicia Fischer, Finance/Human Resources Director, City of Waseca, 508 South State Street, Waseca, Minnesota, 56093 phone (507) 835-9713, email: aliciaf@ci.waseca.mn.us.

CITY OF WASECA, MINNESOTA

CITY COUNCIL

Randy Zimmerman	Mayor
Julia Hall	Clerk
Jeremy Conrath	Council Person
James Ebertowski	Council Person
Mark Christiansen	Council Person
John Mansfield	Council Person
Stacey Schroeder	Council Person
Daren Arndt	Council Person

CITY MANAGER

Carl Sonnenberg

FINANCE DIRECTOR

Alicia Fischer

MUNICIPAL ADVISOR

Baker Tilly Municipal Advisors, LLC
Saint Paul, Minnesota

BOND COUNSEL

Dorsey & Whitney LLP
Minneapolis, Minnesota

REGISTRAR AND PAYING AGENT

U.S. Bank Trust Company, National Association,
Saint Paul, Minnesota

UNDERWRITER

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OFFICIAL STATEMENT

**CITY OF WASECA, MINNESOTA
\$1,500,000* GENERAL OBLIGATION UTILITY REVENUE BONDS, SERIES 2024A**

PURPOSE OF THE ISSUE AND USE OF FUNDS

PURPOSE OF THE BONDS

The proceeds of the Bonds will be used to finance (i) improvements to the Sanitary Sewer and Water Utilities and (ii) pay costs of issuance on the Bonds.

SOURCES AND USES OF FUNDS

The composition of the Bonds is as follows:

Sources of Funds:	
Principal Amount	\$ _____
[Net] Reoffering [Premium][Discount]	_____
Total Sources of Funds	\$ _____
Uses of Funds:	
Deposit to Project Fund	\$ _____
Costs of Issuance(1)	_____
Underwriter's Compensation	_____
Total Uses of Funds	\$ _____

(1) Includes fees for bond counsel, municipal advisor, registrar, rating, and other miscellaneous expenses.

INVESTMENT OF FUNDS

The proceeds of this issue are to be invested in accordance with the laws of the State relating to the depositing, holding, securing, or investing of public funds. The City shall direct the investment of Bond proceeds.

DESCRIPTION OF THE BONDS

INTEREST CALCULATION

Interest on the Bonds is payable on February 1 and August 1 of each year, commencing August 1, 2025. Interest will be payable to the holder (initially Cede & Co.) registered on the books of the Registrar as of the fifteenth day of the calendar month next preceding such interest payment date (the "Record Date"). Interest will be computed on the basis of a 360-day year of twelve 30-day months

REGISTRATION AND EXCHANGE FEATURES

Each registered Bonds shall be transferable or exchangeable only on such record at the designated corporate trust office of the "Registrar" and "Paying Agent," U.S. Bank Trust Company, National Association, Saint Paul, Minnesota, at the written request of the registered owner thereof or the owner's attorney duly authorized in writing upon surrender thereof, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or his duly authorized attorney.

*Preliminary; subject to change.

BOOK ENTRY

When issued, the Bonds will be registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). Purchases of beneficial interests in the Bonds will be made in book entry only form. See Appendix B: Book Entry.

PROVISIONS FOR PAYMENT

The principal on the Bonds shall be payable at the designated corporate trust office of the Registrar and Paying Agent, or by wire transfer to DTC or any successor depository. All payments of interest on the Bonds shall be paid to the registered owners as the names appear as of the Record Date and at the addresses as they appear on the registration books kept by the Registrar or at such other address as is provided to the Registrar or by wire transfer to DTC or any successor depository. If payment of principal or interest is made to DTC or any successor depository, payment shall be made by wire transfer on the payment date in same-day funds. If the payment date occurs on a date when financial institutions are not open for business, the wire transfer shall be made on the next succeeding business day. The Paying Agent shall be instructed to wire transfer payments by 1:00 p.m. (New York City time) so such payments are received at the depository by 2:30 p.m. (New York City time). Payments on the Bonds shall be made in lawful money of the United States of America which, on the date of such payment, shall be legal tender.

So long as DTC or its nominee is the registered owner of the Bonds, principal and interest on the Bonds will be paid directly to DTC by the Paying Agent. (The final disbursement of such payments to the Beneficial Owners of the Bonds will be the responsibility of the DTC Participants and Indirect Participants.

NOTICE OF REDEMPTION

The City will cause notice of the call for redemption to be published if and as required by law, and at least thirty (30) and not more than sixty (60) days prior to the designated redemption date, shall cause notice of call for redemption to be mailed, by first class mail, to the Registrar and registered holders of any Bonds to be redeemed at their addresses as they appear on the Bond Register, provided that notice shall be given to any securities depository in accordance with its operational arrangements. No defect in or failure to give such notice of redemption shall affect the validity of proceedings for the redemption of any Bond not affected by such defect or failure. Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed will, on the redemption date, become due and payable at the redemption price therein specified and from and after such date (unless the City shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon partial redemption of any Bond, a new Bond or Bonds will be delivered to the owner without charge, representing the remaining principal amount outstanding.

OPTIONAL REDEMPTION

The City may elect on February 1, 2035, and on any day thereafter, to redeem Bonds due on or after February 1, 2036. Redemption may be in whole or in part and if in part at the option of the City and in such manner as the City shall determine. If less than all the Bonds of a maturity are called for redemption, the City will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. All redemptions shall be at a price of par plus accrued interest.

MANDATORY REDEMPTION

The Term Bonds maturing on _____ [and _____] (the "Term Bonds") are subject to mandatory sinking fund redemption and shall be redeemed in part at par plus accrued interest on the mandatory dates and in the principal amounts as follows:

<u>Year</u>	<u>[] Term Bonds</u> <u>Amount</u>
[first year]	\$ _____
[second/last year]*	\$ _____

<u>Year</u>	<u>[] Term Bonds</u> <u>Amount</u>
[first year]	\$ _____
[second/last year]*	\$ _____

<u>Year</u>	<u>[] Term Bonds</u> <u>Amount</u>
[first year]	\$ _____
[second/last year]*	\$ _____

* *Final Maturity.*

The principal amount of the Term Bonds may be reduced through the earlier optional redemption, with any partial optional redemptions of the Term Bonds credited against future mandatory redemption requirements for such Term Bonds in such order as the City shall determine.

AUTHORITY AND SECURITY

AUTHORITY

The Bonds are being issued pursuant to Minnesota Statutes, Chapters 444 and 475.

SECURITY AND SOURCES OF PAYMENT

The Bonds will be general obligations of the City for which the City will pledge its full faith and credit and power to levy direct general ad valorem taxes; however, it is presently estimated that the net revenues of the sanitary sewer utility sand water utility systems (the "Systems"), together with other funds to be appropriated by the City, will produce amounts not less than five percent in excess of the amounts needed to meet when due the principal and interest payments on the Bonds; therefore the City does not anticipate the need to levy taxes for repayment of the Bonds.

Pursuant to Minnesota Statutes, Chapter 444, and the resolution authorizing the issuance and sale of the Bonds (the "Resolution"), the City covenants and agrees with the registered owners from time to time of the Bonds, that until the Bonds and the interest thereon are discharged as provided in the Resolution or paid in full, the City will impose and collect reasonable charges in accordance with Minnesota Statutes, Section 444.075 for the service, use and availability of the System according to schedules sufficient to produce net revenues sufficient to pay the Bonds and any other bonds to which said net revenues have been pledged, and the net revenues, to the extent necessary, are hereby irrevocably pledged and appropriated to the payment of the Bonds authorized in the Resolution and interest thereon when due.

RATING

Moody's Investors Service ("Moody's"), 7 World Trade Center, 250 Greenwich Street, 23rd Floor, New York, New York have assigned a rating of "Aa3" to the Bonds. Such rating reflects only the view of Moody's and any explanation of the significance of such rating may only be obtained from Moody's.

The rating is not a recommendation to buy, sell or hold the Bonds, and such rating may be subject to revision or withdrawal at any time by Moody's. Any revision or withdrawal of the rating may have an adverse effect upon the market price of the Bonds.

The City has not applied to any other rating service for a rating on the Bonds.

RISK FACTORS AND INVESTOR CONSIDERATIONS

Prospective purchasers of the Bonds should consider carefully, along with other matters referred to herein, the following risks of investment. The ability of the City to meet the debt service requirements of the Bonds is subject to various risks and uncertainties which are discussed throughout this Official Statement. Certain investment considerations are set forth below.

MAINTENANCE OF RATINGS

The Bonds will be rated as to their creditworthiness by Moody's. While the City does not anticipate any material changes in the future, no assurance can be given that the Bonds will maintain their original rating. If the rating on the Bonds decreases or is withdrawn, the Bonds may lack liquidity in the secondary market in comparison with other such municipal obligations. See "Rating" herein.

SECONDARY MARKET

While the purchaser of the Bonds may expect, insofar as possible, to maintain a secondary market in the Bonds, no assurance can be given concerning the future existence of such a secondary market or its maintenance by the purchasers or others, and prospective purchasers of the Bonds should therefore be prepared, if necessary, to hold their Bonds to maturity or prior redemption, if any.

FUTURE CHANGES IN LAW

Future legislative proposals, if enacted into law, clarification of the Code (defined herein) or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations, or litigation, as to which Bond Counsel expresses no opinion.

Legislation affecting municipal bonds is considered from time to time by the United States Congress and the Executive Branch. Bond Counsel's opinion is based upon the law in existence on the date of issuance of the Bonds. It is possible that legislation enacted after the date of issuance of the Bonds or proposed for consideration will have an adverse effect on the excludability of all or a part of the interest on the Bonds from gross income, the manner in which such interest is subject to federal income taxation or the market price of the Bonds.

Legislation affecting municipal bonds is considered from time to time by the Minnesota legislature and Executive Branch. It is possible that legislation enacted after the date of the Bonds or proposed for consideration will have an adverse effect on payment or timing of payment or other matters impacting the Bonds.

The City cannot predict the outcome of any such federal or state proposals as to passage, ultimate content or impact if passed, or timing of consideration or passage. Purchasers of the Bonds should reach their own conclusions regarding the impact of any such federal or state proposals.

There can be no assurance that there will not be any change in, interpretation of, or addition to the applicable laws and provisions which would have a material effect, directly or indirectly, on the affairs of the City.

LIMITATIONS ON REMEDIES AVAILABLE TO OWNERS OF THE BONDS

No Acceleration. There is no provision for acceleration of maturity of the principal of the Bonds in the event of a default in the payment of principal of or interest on the Bonds. Consequently, the owners of the Bonds may have to enforce available remedies.

No Trustee. There is no bond trustee or similar person or entity to monitor or enforce the provisions of the Resolution on behalf of the owners of the Bonds, and therefore the owners should be prepared to enforce such provisions themselves if the need to do so ever arises.

POTENTIAL IMPACTS RESULTING FROM EPIDEMICS OR PANDEMICS

The City's finances may be materially adversely affected by unforeseen impacts of future epidemics and pandemics. The City cannot predict future impacts of epidemics or pandemics, any similar outbreaks, or their impact on travel, on assemblies or gatherings, on the State, national or global economy, or on securities markets, or whether any such disruptions may have a material adverse impact on the financial condition or operations of the City, including but not limited to the payment of debt service on any of its outstanding debt obligations.

CYBERSECURITY

The City relies on computer networks, data storage, collection, and transmission to conduct the operations of the City and has implemented security measures to protect data and limit financial exposure, including securing cyber security insurance to assist with the reduction of potential risk of financial and operational damage resulting from network attacks. Even with these security measures, the City, its information technology, data stored by the City and its infrastructure may be vulnerable in the event of a deliberate system attack, including malware, ransomware, computer virus, employee error or general disruption. If breached or compromised, the networks could be disrupted and information could be accessed, disclosed, lost, or stolen. The City acknowledges that its systems could be affected by a cybersecurity attack and that a loss, disruption, or unauthorized access to data held by the City could have a material impact on the City. Further, as cybersecurity threats evolve, the City will continue to evaluate and implement security measures and work to mitigate any vulnerabilities in its system.

PURCHASER/UNDERWRITING

The Bonds are being purchased by _____ (the "Underwriter") [and its syndicate] at a purchase price of \$_____, which is the par amount of the Bonds of \$_____, less the Underwriter's discount of \$_____, plus the [net] original issue premium/discount of \$_____, plus accrued interest \$_____.

The Underwriter intends to offer the Bonds to the public at the offering prices set forth on the inside cover page of this Official Statement. The Underwriter may allow concessions to certain dealers (including dealers in a selling group of the Underwriter and other dealers depositing the Bonds into investment trusts), who may reallow concessions to other dealers. After the initial public offering, the public offering price may be varied from time to time by the Bonds.

CONTINUING DISCLOSURE

In order to permit bidders for the Bonds and other participating underwriters in the primary offering of the Bonds to comply with paragraph h (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"), the City will covenant and agree, for the benefit of the registered holders or beneficial owners from time to time of the outstanding Bonds, in the Resolution authorizing the issuance and the sale of the respective Bonds, to provide annual reports of specified information and notice of the occurrence of certain events, if material, as hereinafter described (the "Disclosure Covenants"). The information to be provided on an annual basis, the events as to which notice is to be given, if material, and a summary of other provisions of the Disclosure Covenants, including termination, amendment and remedies, are set forth in Appendix D to this Official Statement.

The City believes it has complied for the past five years in accordance with the terms of its previous continuing disclosure undertakings entered into pursuant to the Rule.

A failure by the City to comply with the Disclosure Covenants will not constitute an event of default on the Bonds (although holders or other Beneficial Owners of the Bonds will have the sole remedy of bringing an

action for specific performance). Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

FUTURE FINANCING

As of the date of the Official Statement, the City is planning to apply for a loan from the state of Minnesota Public Facilities Authority in the approximate amount of \$800,000 for improvements to its water utility.

LITIGATION

To the knowledge of the officers for the City, there is no litigation pending, or threatened, against the City, which in any way questions or affects the validity of the Bonds, or any proceedings or transactions relating to the issuance, sale, or delivery thereof.

The officers for the City will certify at the time of delivery of the Bonds that there is no litigation pending or in any way threatened questioning the validity of the Bonds, or any of the proceedings relating to the authorization, issuance and sale of the Bonds that would result in a material adverse impact on the financial condition of the City.

LEGAL MATTERS

The Bonds are subject to approval as to certain matters by Dorsey & Whitney LLP, of Minneapolis, Minnesota, as Bond Counsel. Bond Counsel has not participated in the preparation of this Official Statement and will not pass upon its accuracy, completeness, or sufficiency. Bond Counsel has not examined nor attempted to examine or verify any of the financial or statistical statements or data contained in this Official Statement and will express no opinion with respect thereto. A legal opinion in substantially the form.

TAX CONSIDERATIONS

The following is a summary of certain U.S. federal and Minnesota income tax considerations relating to the purchase, ownership, and disposition of the Bonds. This summary is based on the U.S. Internal Revenue Code of 1986 (the "Code") and the Treasury Regulations promulgated thereunder, judicial decisions, and published rulings and administrative pronouncements of the Internal Revenue Service (the "IRS"), all as of the date hereof and all of which are subject to change, possibly with retroactive effect. Any such change could adversely affect the matters discussed below, including the tax exemption of interest on the Series 2024A Bonds. The City has not sought and will not seek any rulings from the IRS regarding the matters discussed below, and there can be no assurance the IRS or a court will not take a contrary position regarding these matters.

Prospective purchasers of Bonds should consult their own tax advisors with respect to applicable federal, state, and local tax rules, and any pending or proposed legislation or regulatory or administrative actions, relating to the Bonds based on their own particular circumstances.

This summary is for general information only and is not intended to constitute a complete analysis of all tax considerations relating to the purchase, ownership, and disposition of Bonds. It does not address the application of the alternative minimum tax imposed on noncorporate taxpayers and applicable corporations (as defined in Section 59(k) of the Code) or the additional tax on net investment income, nor does it address the U.S. federal estate and gift tax or any state, local, or non-U.S. tax consequences except with respect to Minnesota income tax to the extent expressly specified herein. This summary is limited to consequences to U.S. holders that purchase the Bonds for cash at original issue and hold the Bonds as "capital assets" (generally, property held for investment).

This discussion does not address all aspects of U.S. federal income or state taxation that may be relevant to particular holders of Bonds in light of their specific circumstances or the tax considerations applicable to

holders that may be subject to special income tax rules, such as: holders subject to special tax accounting rules under Section 451(b) of the Code; insurance companies; brokers, dealers, or traders in stocks, securities, or currencies or notional principal contracts; foreign corporations subject to the branch profits tax; holders receiving payments in respect of the Bonds through foreign entities; and S corporations, partnerships, or other pass-through entities or investors therein.

For purposes of this discussion, the “issue price” of a maturity of Bonds is the first price at which a substantial amount of Bonds of that maturity is sold for cash to persons other than bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers.

TAX-EXEMPT INTEREST

In the opinion of Dorsey & Whitney LLP, Bond Counsel, based on existing law and assuming the accuracy of certain representations and compliance with certain covenants, interest on the Bonds (i) is excluded from gross income for federal income tax purposes under Section 103 of the Code, (ii) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on noncorporate taxpayers by Section 55 of the Code, (iii) is excluded from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes, and (iv) is not an item of tax preference for Minnesota alternative minimum tax purposes. Interest on the Bonds may, however, be taken into account in determining adjusted financial statement income for purposes of the federal alternative minimum tax imposed on applicable corporations (as defined in Section 59(k) of the Code) and is included in net income for purposes of the Minnesota franchise tax imposed on corporations and financial institutions.

The Code establishes certain requirements that must be met after the issuance of the Bonds in order that interest on the Bonds be excluded from federal gross income and from Minnesota taxable net income of individuals, estates, and trusts. These requirements include, but are not limited to, provisions regarding the use of Bond proceeds and the facilities financed or refinanced with such proceeds and restrictions on the investment of Bond proceeds and other amounts. The City has made certain representations and has covenanted to comply with certain restrictions, conditions, and requirements designed to ensure interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or noncompliance with these covenants may cause interest on the Bonds to be included in federal gross income or in Minnesota taxable net income retroactively to their date of issue. Bond Counsel has not independently verified the accuracy of these representations and will not verify the continuing compliance with these covenants. No provision has been made for redemption of or for an increase in the interest rate on the Bonds in the event that interest on the Bonds is included in federal gross income or in Minnesota taxable net income.

ORIGINAL ISSUE DISCOUNT

The Bonds may be issued with original issue discount (“OID”). A Bond will be treated as issued with OID (a “Discount Bond”) if its “stated redemption price at maturity” (*i.e.*, the sum of all amounts payable on the Bond other than payments of qualified stated interest) exceeds its issue price. OID that accrues to a holder of a Discount Bond is excluded from federal gross income and from Minnesota taxable net income of individuals, estates, and trusts to the same extent that stated interest on such Discount Bond would be so excluded. The amount of OID that accrues on a Discount Bond is added to the holder’s federal and Minnesota tax bases. OID is taxable under the Minnesota franchise tax on corporations and financial institutions.

OID on a Discount Bond generally accrues pursuant to a constant-yield method that reflects semiannual compounding on dates that are determined by reference to the maturity date of the Discount Bond. The amount of OID that accrues for any particular semiannual accrual period generally is equal to the excess of (1) the product of (a) one-half of the yield on such Discount Bonds (adjusted as necessary for an initial short period) and (b) the adjusted issue price of such Discount Bonds, over (2) the amount of stated interest actually payable. For this purpose, the adjusted issue price is determined by adding to the issue price for such Discount Bonds the OID that is treated as having accrued during all prior accrual periods. If a Discount Bond is sold or otherwise disposed of between compounding dates, then the OID that would have accrued for that accrual period for federal income tax purposes is allocated ratably to the days in that accrual period.

If a Discount Bond is purchased for a cost that exceeds the sum of the issue price plus accrued interest and accrued OID, the amount of OID that is deemed to accrue thereafter to the purchaser is reduced by an amount that reflects amortization of such excess over the remaining term of the Discount Bond. If the excess is greater than the amount of remaining OID, the basis reduction rules for amortizable bond premium may result in taxable gain upon sale or other disposition of the Bonds, even if the Bonds are sold, redeemed, or retired for an amount equal to or less than their cost.

It is possible under certain state and local income tax laws that OID on a Discount Bond may be taxable in the year of accrual and may be deemed to accrue differently than under federal law.

MARKET DISCOUNT

If a Bond is purchased for a cost that is less than the Bond's issue price (plus accrued OID, if any), the purchaser may be treated as having purchased the Bond with market discount (unless a statutory *de minimis* rule applies). Market discount is treated as ordinary income and generally is recognized on the maturity or earlier disposition of the Bond (to the extent that the gain realized does not exceed the accrued market discount on the Bond).

BOND PREMIUM

A holder that acquires a Bond for an amount in excess of its stated redemption price at maturity generally must, from time to time, reduce the holder's federal and Minnesota tax bases for the Bond. Premium generally is amortized for federal income tax purposes and Minnesota income and franchise tax purposes on the basis of a bondholder's constant yield to maturity or to certain call dates with semiannual compounding. Accordingly, holders who acquire Bonds at a premium might recognize taxable gain upon sale of the Bonds, even if such Bonds are sold for an amount equal to or less than their original cost. Amortized premium is not deductible for federal income tax purposes or for purposes of the Minnesota income tax applicable to individuals, estates, and trusts.

Related Tax Considerations

Section 86 of the Code and corresponding provisions of Minnesota law require recipients of certain social security and railroad retirement benefits to take interest on the Bonds into account in determining the taxability of such benefits.

Section 265(a) of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds, and Minnesota law similarly denies a deduction for such interest in the case of individuals, estates, and trusts. In the case of a financial institution, generally no deduction is allowed under Section 265(b) of the Code for that portion of the holder's interest expense that is allocable to interest on tax-exempt obligations, such as the Bonds, unless the obligations are "qualified tax-exempt obligations." Indebtedness may be allocated to the Bonds for this purpose even though not directly traceable to the purchase of the Bonds.

The Bonds are "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. Accordingly, although interest expense allocable to the Bonds is not subject to the disallowance under Section 265(b) of the Code, the deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds may be subject to reduction under Section 291 of the Code.

Income or loss on the Bonds may be taken into account in determining adjusted financial statement income for purposes of the federal alternative minimum tax imposed on applicable corporations.

The ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Bonds may affect a holder's federal, state, or local tax liability in some additional circumstances. The nature and extent of these other tax consequences depends upon the particular tax status of the holder and the holder's other items of income or deduction.

SALE OR OTHER DISPOSITION

A holder will generally recognize gain or loss on the sale, exchange, redemption, retirement, or other disposition of a Bond equal to the difference between (i) the amount realized less amounts attributable to any accrued but unpaid stated interest and (ii) the holder's adjusted tax basis in the Bond. The amount realized includes the cash and the fair market value of any property received by the holder in exchange for the Bond. A holder's adjusted tax basis in a Bond generally will be equal to the amount that the holder paid for the Bond, increased by any accrued OID with respect to the Bond and reduced by the amount of any amortized bond premium on the Bond. Except to the extent attributable to market discount (which will be taxable as ordinary income to the extent not previously included in income), any gain or loss will be capital gain or loss and will be long-term capital gain or loss if the holder held the Bond for more than one year. Long-term capital gains recognized by certain non-corporate persons, including individuals, generally are taxable at a reduced rate. The deductibility of capital losses is subject to significant limitations.

INFORMATION REPORTING AND BACKUP WITHHOLDING

Payments of interest on the Bonds (including any allocable bond premium or accrued OID) and proceeds from the sale or other disposition of the Bonds are expected to be reported to the IRS as required under applicable Treasury Regulations. Backup withholding will apply to these payments if the holder fails to provide an accurate taxpayer identification number and certification that it is not subject to backup withholding (generally on an IRS Form W-9) or otherwise fails to comply with the applicable backup withholding requirements. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against the holder's U.S. federal income tax liability, provided that the required information is timely furnished to the IRS. Certain holders are exempt from information reporting. Potential holders should consult their own tax advisors regarding qualification for an exemption and the procedures for obtaining such an exemption.

BANK-QUALIFIED TAX-EXEMPT OBLIGATIONS

The City will designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code, relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

MUNICIPAL ADVISOR

The City has retained Baker Tilly Municipal Advisors, LLC (the "Municipal Advisor" or "BTMA") as municipal advisor in connection with certain aspects of the issuance of the Bonds. BTMA is a municipal advisor registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. BTMA is a subsidiary of Baker Tilly Advisory Group, LP ("BTAG") which is indirectly owned by (a) H&F Waterloo Holdings, L.P., an affiliate of Hellman & Friedman LLC ("H&F"), an investment adviser registered with the Securities and Exchange Commission (the "SEC"), (b) Valeas Capital Partners Fund I Waterloo Aggregator LP, an affiliate of Valeas Capital Partners Management LP ("Valeas"), an investment adviser registered with the SEC, and (c) individuals who are principals of BTAG. None of these parties own a majority interest in BTAG, or indirectly, BTMA. Baker Tilly Advisory Group, LP and Baker Tilly US, LLP, trading as Baker Tilly, operate under an alternative practice structure and are members of the global network of Baker Tilly International, Ltd. Baker Tilly US, LLP ("BTUS") is a licensed CPA firm providing assurance services to its clients. BTAG and its subsidiary entities provide tax and consulting services to their clients and are not licensed CPA firms.

BTMA has been retained by the City to provide certain municipal advisory services to City and, in that capacity, has assisted the City in preparing this Official Statement. The information contained in the Official Statement has been compiled from the sources stated or, if not otherwise sourced, from records and other materials provided by the City. The Municipal Advisor makes no representation, warranty or guarantee regarding the accuracy or completeness of the information in this Official Statement, and its assistance in preparing this Official Statement should not be construed as a representation that it has independently verified such information.

The Municipal Advisor's duties, responsibilities and fees arise solely as Municipal Advisor to the City, and it has no secondary obligations or other responsibility. The Municipal Advisor's fees are expected to be paid from proceeds of the Bonds. BTMA provides certain specific municipal advisory services to the City but is neither a placement agent to the City nor a broker/dealer.

Other Financial Industry Activities and Affiliations:

Baker Tilly Wealth Management, LLC ("BTWM"), an SEC registered investment adviser, and Baker Tilly Capital, LLC ("BTC"), a broker/dealer registered with the SEC and member of the Financial Industry Regulatory Authority ("FINRA"), are controlled subsidiaries of BTAG. Both H&F and Valeas, are registered with the SEC as investment advisers and serve as managers of, or advisers to, certain private investment funds, some of which indirectly own BTAG.

BTWM and other subsidiaries of BTAG may provide advisory services to the clients of BTMA. BTMA has no other activities or arrangements that are material to its municipal advisory business or its clients with a related person who is a broker-dealer, investment company, other investment adviser or financial planner, bank, law firm or other financial entity.

MISCELLANEOUS

The information contained in this Official Statement has been compiled from the City officials and other sources deemed to be reliable, and while not guaranteed as to completeness or accuracy, it is believed to be correct as of this date. However, the Official Statement speaks only as of its date, and the information contained herein is subject to change.

The references, excerpts, and summaries of all documents referred to herein do not purport to be complete statements of the provisions of such documents, and reference is directed to all such documents for full and complete statements of all matters of fact relating to the Bonds, the security for the payment of the Bonds and the rights and obligations of the owners thereof.

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract with the owners of the Bonds.

CERTIFICATION

The City has authorized the distribution of the Preliminary Official Statement for use in connection with the initial sale of the Bonds and a Final Official Statement following award of the Bonds. The City certifies to the best of its knowledge and belief that this Official Statement, as of its date and as it relates to the City and its economic and financial condition, (i) is complete and accurate; (ii) does not contain any untrue statement of a material fact; and (iii) does not omit any material facts or information which would make the statements contained herein misleading.

**GENERAL INFORMATION OF THE CITY
CITY PROPERTY VALUES**

Trend of Values(1)

Assessment/ Collection Year	Assessor's Estimated Market Value	Sales Ratio(2)	Economic Market Value(3)	Market Value Homestead Exclusion	Taxable Market Value	Adjusted Taxable Net Tax Capacity
2023/24	\$709,506,000	93.5%	\$766,052,472	\$46,884,989	\$660,187,212	\$7,644,224
2022/23	640,107,200	86.8	742,386,925	51,199,423	588,790,003	6,958,504
2021/22	549,524,500	90.2	609,243,264	55,872,000	489,723,200	5,713,787
2020/21	519,163,700	92.4	561,390,976	57,443,700	458,502,500	5,411,963
2019/20	495,201,300	92.3	538,595,031	58,094,300	433,924,400	5,144,334

(1) For a description of the Minnesota property tax system, see Appendix E.

(2) Sales Ratio Study for the year of assessment as posted by the Minnesota Department of Revenue, <https://www.revenue.state.mn.us/economic-market-values-reports>.

(3) Economic market values for the year of assessment as posted by the Minnesota Department of Revenue, <https://www.revenue.state.mn.us/economic-market-values-reports>.

Source: Waseca County, Minnesota, August 2024, except as otherwise noted.

2023/24 Adjusted Taxable Net Tax Capacity: \$7,644,224

Real Estate:		
Residential Homestead	\$4,376,187	56.8%
Commercial/Industrial and Public Utility	2,232,241	29.0
Residential Non-Homestead	1,049,238	13.6
Agricultural	20,191	0.2
Personal Property	<u>28,240</u>	<u>0.4</u>
2023/24 Net Tax Capacity	\$7,706,097	100.0%
Less: Captured Tax Increment	<u>(61,873)</u>	
2023/24 Adjusted Taxable Net Tax Capacity	\$7,644,224	

Excludes mobile home valuation of \$10940

Ten of the Largest Taxpayers in the City

Taxpayer	Type of Property	2023/24 Net Tax Capacity
Conagra Foods Packaged	Vegetable Processing	\$450,642
MJ Property Holdings LLC	Real Estate	123,248
Wal-Mart	Retail	83,992
Lineage Logistics LLC	Industrial	79,014
Xcel Energy	Utility	63,889
Berry Family LLC	Industrial	62,048
Individuals	Residential	47,356
Spire Credit Union	Bank	46,800
ML Wingate LLC	Industrial	41,699
Woodville Holding LLC	Manufacturing	<u>41,248</u>
Total		\$1,039,936(1)

(1) Conagra Foods Packaged represents 5.9% of the City's 2023/24 adjusted taxable net tax capacity. The remaining nine taxpayers represent 7.7% of the City's 2023/24 adjusted taxable net tax capacity.

CITY INDEBTEDNESS

Legal Debt Limit and Debt Margin(1)

Legal Debt Limit (3% of 2023/24 Estimated Market Value)	\$21,285,180
Less: Outstanding Debt Subject to Limit	<u>(2,345,000)</u>
 Legal Debt Margin as of October 24, 2024	 \$18,940,180

(1) The legal debt margin is referred to statutorily as the “Net Debt Limit” and may be increased by debt service funds and current revenues which are applicable to the payment of debt in the current fiscal year.

NOTE: Certain types of debt are not subject to the legal debt limit. See Appendix E – Debt Limitations.

General Obligation Debt Supported Solely by Taxes(1)

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Est. Principal Outstanding As of 10-24-24</u>
12-18-14	\$2,200,000	Public Safety Building	2-1-2035	\$1,370,000
12-18-14	1,305,000	Street Reconstruction	2-1-2025	150,000
12-18-14	1,375,000	Refunding	2-1-2033	<u>825,000</u>
Total				\$2,345,000

* *These issues are subject to the legal debt limit.*

General Obligation Tax Abatement Debt

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Est. Principal Outstanding As of 10-24-24</u>
12-18-14	\$620,000	Park Shelter	2-1-2026	\$140,000

General Obligation Utility Revenue Debt

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Est. Principal Outstanding As of 10-24-24</u>
7-10-09	\$9,603,499	PFA Wastewater	8-20-2029	\$2,491,000
12-18-14	850,000	Water and Sewer Refunding	2-1-2026	170,000
9-5-18	2,573,350	PFA Drinking Water	8-20-2033	1,475,000
9-5-18	3,692,936	PFA Clean Water	8-20-2033	2,177,000
10-7-20	1,020,000	Water and Sewer	2-1-2031	725,000
10-24-24	1,500,000	Utility	2-1-2040	<u>1,500,000</u>
Total				\$8,538,000

Estimated Calendar Year Debt Service Payments

Year	G.O. Debt Supported by Taxes		G.O. Tax Abatement Debt	
	Principal	Principal & Interest	Principal	Principal & Interest
2024 (at 10-24)	(Paid)	(Paid)	(Paid)	(Paid)
2025	\$ 335,000	\$ 403,875	\$ 70,000	\$ 73,150
2026	195,000	255,925	70,000	71,050
2027	200,000	255,000		
2028	205,000	253,925		
2029	210,000	252,700		
2030	220,000	256,172		
2031	225,000	254,100		
2032	230,000	251,544		
2033	240,000	253,650		
2034	140,000	147,256		
2035	145,000	147,447		
Total	\$2,345,000(1)	\$2,731,594	\$140,000	\$144,200

Year	Utility Revenue Debt	
	Principal	Principal & Interest(2)
2024 (at 10-24)	(Paid)	(Paid)
2025	\$1,238,000	\$661,433
2026	1,308,000	734,600
2027	970,666	664,878
2028	973,667	660,096
2029	988,667	667,195
2030	609,000	667,118
2031	619,000	668,904
2032	513,000	555,192
2033	523,000	557,974
2034	105,000	132,515
2035	105,000	129,155
2036	110,000	130,573
2037	115,000	131,616
2038	115,000	127,401
2039	120,000	127,785
2040	125,000	127,656
Total	\$8,538,000(3)	\$6,744,091

(1) 93.8% of this debt will be retired within ten years.

(2) Includes estimated debt service on the Bonds

(3) 91.9% of this debt will be retired within ten years.

Overlapping Debt

Taxing Unit(1)	2023/24 Adjusted Taxable Net Tax Capacity	Est. G.O. Debt As of 10-24-24(2)	Debt Applicable to Tax Capacity in City	
			Percent	Amount
Waseca County	\$39,231,440	\$4,300,000	22.9%	\$ 838,500
I.S.D. No. 829 (Waseca)	18,501,254	25,280,000	45.9	<u>10,440,640</u>
Total				\$11,279,140

(1) Only those units with outstanding general obligation debt are shown here.

(2) Excludes general obligation tax and aid anticipation certificates and revenue-supported debt.

Debt Ratios(1)

	G.O. Direct Debt	G.O. Direct & Overlapping Debt
2023/24 Estimated Market Value (\$709,506,000)	0.35%	1.94%
Per Capita (9,221 – 2023 U.S. Census Estimate)	\$269	\$1,493

(1) Excludes general obligation utility revenue debt, revenue debt, and other debt obligations. Includes lease obligations.

CITY TAX RATES, LEVIES AND COLLECTIONS

Tax Capacity Rates for a Resident in the City

	2019/20	2020/21	2021/22	2022/23	2023/24	
					Total	For Debt Only
Waseca County	64.706	66.101	65.467	58.487	45.454	1.282
City of Waseca(1)	92.468	91.000	88.329	78.178	71.705	7.232
I.S.D. No. 829 (Waseca)(2)	32.400	30.519	31.447	25.612	21.308	14.642
Region 9	0.174	0.178	0.176	0.159	0.122	0.000
Total	189.748	187.798	185.419	162.436	138.589	23.156

(1) In addition, the City has a 2023/24 market value tax rate of 0.01531% spread across the market value of property in support of debt service.

(2) In addition, Independent School District No. 829 (Waseca) has a 2023/24 market value tax rate of 0.12408% spread across the market value of property in support of an excess operating levy.

NOTE: This table includes only net tax capacity-based rates. Certain other tax rates are based on market value. See Appendix E.

Tax Levies and Collections

Levy/Collect	Net Levy(1)	Collected During Collection Year		Collected and/or Abated as of	
		Amount	Percent	Amount	Percent
2023/24	\$5,545,276		(In Process of Collection)		
2022/23	5,545,113	\$5,450,552	98.3%	\$5,521,997	99.6%
2021/22	5,154,330	5,071,804	98.4	5,143,170	99.8
2020/21	5,030,165	5,023,398	99.9	5,015,369	99.7
2019/20	4,859,719	4,858,543	99.9	4,718,041	99.1

(1) The net levy excludes state aid for property tax relief and fiscal disparities, if applicable. The net levy is the basis for computing tax capacity rates. See Appendix E.

FUNDS ON HAND As of July 31, 2024

General Fund	\$2,384,024
Special Revenue Funds	1,398,922
Debt Service Funds	25,714
Capital Project Funds	4,996,266
Enterprise Fund	<u>9,962,415</u>
Total Cash and Investments	\$18,767,341

INVESTMENTS

The City follows Minnesota statutes which authorize the following types of securities available to the City for investment:

1. Securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress;
2. Mutual funds through shares of registered investment companies investing only in federal obligations, tax exempt general obligations rated A or better, and repurchase agreements with certain restricted counterparties;
3. General obligations of the State of Minnesota and its municipalities; and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;
4. Bankers' acceptance of United States banks eligible for purchase by the Federal Reserve System;
5. Commercial paper issued by United States corporations or their Canadian subsidiaries that is of the highest quality and matures in 270 days or less; and
6. Guaranteed investment contracts (GICs) issued or guaranteed by United States commercial banks or domestic branches of foreign banks or United States insurance companies if similar debt obligations of the issuer or the collateral pledged by the issuer is in the top two rating categories, or the top three rating categories for long-term GIC's issued by Minnesota banks.

As of July 31, 2024 the City has investments totaling \$18,548,218. Approximately 91% is invested in Certificates of Deposit, and the remainder is invested in money market and savings accounts or held as cash or cash equivalents with the local bank.

GENERAL INFORMATION CONCERNING THE CITY

The City, the county seat of Waseca County, is located in southeast Minnesota approximately 80 miles south of the Minneapolis/St. Paul metropolitan area. The City encompasses an area of approximately 6.7 square miles (4,288 acres).

Population

The City’s population trend is shown below.

	<u>Population</u>	<u>Percent Change</u>
2023 U.S. Census Estimate	9,221	(0.1)%
2020 U.S. Census	9,229	(1.9)
2010 U.S. Census	9,410	(3.1)
2000 U.S. Census	9,711	15.8
1990 U.S. Census	8,385	2.0
1980 U.S. Census	8,219	--

Sources: United States Census Bureau, <http://www.census.gov/>.

The City’s estimated population by age group for the past five years is as follows:

<u>Data Year/ Report Year</u>	<u>0-17</u>	<u>18-34</u>	<u>35-64</u>	<u>65 and Over</u>
2023/24	2004	2096	3441	1731
2022/23	2210	2000	3471	1643
2021/22	2167	1982	3420	1603
2020/21	2160	1986	3410	1567
2019/20	2206	2008	3442	1519

Source: Claritas, LLC.

Transportation

Interstate Highway 90 is located 30 miles south of the City, I-35 is 13 miles east, and both State Highway 13 and State Highway 14 run directly through the City. The City is served by two inter-city bus lines, and the City owns and operates a municipal airport. Rail service for bulk commodities is provided by the Dakota, Minnesota & Eastern Railway.

AREA ECONOMY

Major Employers

<u>Employer</u>	<u>Product/Service</u>	<u>Approximate Number of Employees</u>
Emerson Network Power	Electronic components	667
Itron Inc.(1)	Instruments to measure electricity	600
Healthworks Home Medical, Inc.	Health Care Services	380
Independent School District No. 829 (Waseca)	Elementary and secondary schools	350
Nutrition Services Incorporated	Health Care Services	250
Walmart	Retail	214
Mayo Clinic Health System - Waseca	General medical and surgical hospital	150
County of Waseca	Government offices	145
Bird's Eye Foods, Inc (Conagra Foods)	Frozen specialties	120
Federal Correctional Institution-Waseca	Government-correction institutions	101
Winegar Brothers Inc.	Industrial machinery	100
Data Radio COR Limited	Telecommunications	42

(1) Itron Inc. announced in February 2023 that it would be closing its Waseca facility and consolidating its operations in South Carolina. The data obtained from D&B Hoovers indicates there are 600 employees, although the Company reports the number of employees is more than 200 and approximately 100 contractors.

Note: Previously reported information was obtained through a telephone survey of individual employers. Any differences may be attributable to the change in the source of this information, as provided below.

Source: Information obtained from D&B Hoovers, <https://app.dnbhoovers.com/>. This does not purport to be a comprehensive list.

Labor Force Data

	<u>Annual Average</u>				<u>July</u>
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Labor Force:					
City of Waseca	4,595	4,439	4,318	4,289	4,302
Waseca County	9,184	8,870	8,615	8,576	8,587
State of Minnesota	3,122,015	3,049,037	3,077,500	3,099,922	3,115,318
Unemployment Rate (%):					
City of Waseca	6.5%	4.4%	3.7%	4.0%	5.0%
Waseca County	6.3	4.2	3.3	3.9	4.7
State of Minnesota	6.3	3.7	2.7	2.8	3.8

Source: Minnesota Department of Employment and Economic Development, <https://apps.deed.state.mn.us/lmi/laus>. 2024 data are preliminary.

Retail Sales and Effective Buying Income (EBI)

City of Waseca

<u>Data Year/ Report Year</u>	<u>Total Retail Sales (\$000)</u>	<u>Total EBI (\$000)</u>	<u>Median Household EBI</u>
2023/24	\$135,283	\$280,013	\$61,595
2022/23	140,672	259,843	53,770
2021/22	125,339	216,657	40,065
2020/21	143,512	177,081	40,817
2019/20	169,858	173,505	41,396

Waseca County

<u>Data Year/ Report Year</u>	<u>Total Retail Sales (\$000)</u>	<u>Total EBI (\$000)</u>	<u>Median Household EBI</u>
2023/24	\$224,386	\$605,604	\$67,939
2022/23	239,695	579,071	60,767
2021/22	N/A	N/A	N/A
2020/21	196,429	438,666	48,077
2019/20	262,445	411,485	47,793

The 2023/24 Median Household EBI for the State of Minnesota was \$73,750. The 2023/24 Median Household EBI for the United States was \$67,310.

Source: Claritas, LLC.

Permits Issued by the City

	<u>New Single Family Residential</u>		<u>New Commercial/Industrial</u>		<u>Total Value(1) (All Permits)</u>
	<u>Number</u>	<u>Value</u>	<u>Number</u>	<u>Value</u>	
2024 (to 7/31)	5	\$1,550,012	0	\$ 0	\$ 1,550,012
2023	14	4,255,434	2	871,600	5,127,034
2022	16	4,127,326	0	0	4,127,326
2021	2	1,170,505	3	17,300,000	18,470,506
2020	8	2,181,675	2	15,139,360	17,351,035

(1) In addition to building permits, the total value includes all other permits issued by the City (i.e. heating, lighting, plumbing, roof replacement, etc.).

Source: City of Waseca

Recent Development

Waseca continues to promote growth throughout the community. The City is currently working with a developer to construct 2 apartment buildings both with 36-units. These buildings will be constructed in 2 phases starting in 2025. The City is also in the design phases of creating a subdivision estimated to contain 50 residential lots between both single family and twin-homes.

Education

Public Education

The following district serves the residents of the City:

<u>School</u>	<u>Location</u>	<u>Grades</u>	<u>2023/24 Enrollment</u>
I.S.D. No. 829 (Waseca)	City of Waseca	PreK-12	1,735

Source: Minnesota Department of Education, www.education.state.mn.us

Non-Public Education

City residents are also served by the following private schools:

<u>School</u>	<u>Location</u>	<u>Grades</u>	<u>2023/24 Enrollment</u>
Sacred Heart	City of Waseca	K-4	85

Source: Minnesota Department of Education, www.education.state.mn.us

Post-Secondary Education

Post-secondary educational opportunities are available in the nearby cities of Mankato and North Mankato, approximately 30 miles northwest of the City; and Rochester, 55 miles east of the City. The opportunities in Mankato and North Mankato include Minnesota State University-Mankato, South Central College, and Bethany Lutheran College. The City of Rochester is home to several colleges and universities including University Center Rochester (a partnership among Rochester Community and Technical College, Winona State University and the University of Minnesota), the Division of Education of the Mayo Foundation, Crossroads College, and branches of Augsburg College, the University of St. Thomas and St. Mary's College.

GOVERNMENTAL ORGANIZATION AND SERVICES

Organization

The City has been a municipal corporation since 1868 and is governed under a Home Rule Charter, adopted in 1968. The City's governing body is the City Council, comprised of the Mayor and six Council members. The Mayor is elected at-large to serve a two-year term of office and the Council members are elected by ward to serve overlapping four-year terms.

The following individuals comprise the current City Council:

		<u>Expiration of Term</u>
Randy Zimmerman	Mayor	November 2024
Jeremy Conrath	Council Person – Ward I	November 2026
Stacey Schroeder	Council Person– Ward I	November 2024
James Ebertowski	Council Person – Ward II	November 2026
John Mansfield	Council Person – Ward II	November 2024
Mark Christiansen	Council Person – Ward III	November 2024
Daren Arndt	Council Person – Ward III	November 2026

The City's chief administrative officer is the City Manager. Carl Sonnenberg was appointed City Manager in February 2023 and is also the Director of Utilities and Public Works.

Alicia Fischer is the City's Finance/Human Resources Director and has served the City since July 2019. Previously, Ms. Fischer was a Finance Technician for the City.

Services

The City employs 63 full-time employees, including 18 licensed police officers that are responsible for the enforcement of state laws and local ordinances and the protection of life and property from criminal or related activities in the community.

The Waseca Fire Department is responsible for the protection of life and property. Some of these responsibilities include fire suppression, responding to hazardous spills, the prevention of hazards of fire, and motor vehicle crashes.

The Street Maintenance department is responsible for the repair and maintenance of all City streets, county state aid streets through agreement with the County, sanitary sewers, lift stations, storm sewers, storm water ponds (with the engineering department), and parking lots.

The Park Department is responsible for the maintenance and improvement of approximately 200 acres of parkland. The Park Department currently maintains 15 beautiful parks comprised of 80+ acres, which includes a full array of recreational amenities and facilities.

The mission of the Economic Development Authority is to attract, retain, and promote economically sound industry and commerce to create net job growth that benefits Waseca and the surrounding area.

The City owns and operates a municipal water system. The municipal water system has a storage capacity of 1,000,000 gallons and a firm pumping capacity of 5.76 million gallons per day (4,000 gallons per minute) with an average demand of 850,000 gallons per day.

The City also has a wastewater treatment facility. This facility has a treatment peak pumping capacity of 13.8 million gallons per day. Currently, the City's average demand for wastewater treatment is approximately 1.5 million gallons per day.

The Electric Utility is municipally owned and operated as an enterprise fund. The utility is responsible for planning, operations, and maintenance of all infrastructure, including substation, underground/overhead system, emergency community sirens, and street lighting.

Labor Contracts

The status of labor contracts in the City are as follows:

<u>Bargaining Unit</u>	<u>No. of Employees</u>	<u>Expiration Date of Current Contract</u>
IUOE - Fire	3	December 31, 2025
IUOE – Public Works	17	December 31, 2025
IBEW	3	December 31, 2025
LELS – Patrol	12	December 31, 2025
LELS – Sergeants	<u>4</u>	December 31, 2025
Subtotal	39	
Non-unionized employees	<u>24</u>	
Total employees	<u>63</u>	

Employee Pensions

All full-time employees and certain part-time employees of the City are covered by defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund (GERF), the Public Employees Police and Fire Fund (PEPFF) and the Public Employees Correctional Fund (PECF), which are cost-sharing multiple-employer retirement plans. In addition, the City participates in the Public Employees Defined Contribution Plan (PEDCP), a multiple-employer deferred compensation plan administered by PERA.

A detailed description of these plans, along with the City's required contributions to each plan, are represented in the City's Annual Comprehensive Financial Reports. See Appendix D.

Other Postemployment Benefits

The issuer has obligations to its employees for post-employment benefits other than pensions, accounted for pursuant to the Government Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (GASB 75). The City's OPEB liabilities and associated contributions are represented in the City's Annual Comprehensive Financial Reports. See Appendix D.

Sources: City's Annual Comprehensive Financial Reports.

Federal Financial Assistance

As of the date of this Official Statement, the City has received \$680,097 of CARES Act Assistance and \$968,787 of American Rescue Plan Act (ARPA) Funds.

Major General Fund Revenue Sources

<u>Revenue</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Intergovernmental	\$2,977,373	\$3,836,925	\$3,449,919	\$3,484,324	\$4,097,855
Property Taxes	3,949,105	4,334,996	3,080,002	2,996,481	2,985,654
Transfers In	578,690	638,118	636,118	641,118	667,471
Charges for Services	190,891	96,344	353,534	346,536	354,249
Licenses and Permits	278,094	316,969	351,577	305,976	276,917
Miscellaneous	359,898	147,764	77,839	91,646	103,159

Sources: City's Annual Comprehensive Financial Reports.

General Fund Budget Summary

	<u>2023 Budget</u>	<u>2023 Actual</u>	<u>2024 Budget</u>
Revenues:			
Taxes	\$3,254,445	\$3,211,034	\$3,291,767
Licenses and Permits	263,300	276,917	281,900
Intergovernmental	3,616,390	4,097,855	3,992,515
Charges for Services	371,548	354,249	192,498
Fines and Forfeits	30,000	20,077	30,000
Investment Earnings	80,500	168,822	80,500
Miscellaneous	<u>91,626</u>	<u>120,984</u>	<u>266,327</u>
Total Revenues	\$7,717,909	\$8,249,938	\$8,135,507
Expenditures:			
General Government	\$1,753,134	\$1,653,918	\$1,535,083
Public Safety	3,833,067	3,972,724	4,286,038
Public Works	1,760,044	1,793,330	1,638,708
Culture and Recreation	1,210,502	1,150,720	1,270,693
Capital Outlay	<u>0</u>	<u>69,873</u>	<u>0</u>
Total Expenditures	\$8,556,747	\$8,640,565	\$8,730,522
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$(838,838)	\$(390,672)	\$(595,015)
Other Financing Sources (Uses):			
Transfers In	\$617,018	\$667,471	\$822,321
Transfers Out	(82,412)	(120,396)	(90,469)
Total Other Financing Sources (Uses)	\$534,606	\$547,075	\$731,852
Net Change in Fund Balance	\$(304,232)	\$156,448	\$136,837
Beginning Fund Balance - January 1	\$3,863,960	\$3,863,960	\$4,076,463
Ending Fund Balance - December 31	\$3,559,728	\$4,076,463	\$4,213,300

Sources: City's Annual Comprehensive Financial Reports and 2024 Budget.

BOOK ENTRY

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or its agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or its agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to City or its agent. Under such circumstances, in the event that a successor depository is not obtained, certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

FORM OF BOND COUNSEL OPINION

City of Waseca
Waseca, Minnesota

[Purchaser]
[City, State]

Re: \$[PAR] General Obligation Utility Revenue Bonds, Series 2024A
 City of Waseca, Minnesota

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the City of Waseca, Minnesota (the “City”), of the obligations described above, dated, as originally issued as of October [__], 2024 (the “Bonds”). In that capacity, we have reviewed copies of certain proceedings taken by the City Council in the authorization, sale and issuance of the Bonds, including the form of the Bonds and certain other proceedings and documents furnished by the City and others. As to questions of fact material to our opinion, we have assumed the authenticity of and relied upon the proceedings, affidavits and certificates furnished to us without undertaking to verify the same by independent investigation. From our examination of such proceedings, affidavits and certificates and on the basis of existing law, it is our opinion that:

1. The Bonds are valid and binding general obligations of the City, enforceable in accordance with their terms.

2. The principal of and interest on the Bonds are payable from net revenues of the municipal sanitary sewer and water systems, which revenues are expected to produce amounts sufficient to pay the principal and interest on the Bonds when due; but, if necessary for the payment of such principal and interest, ad valorem taxes are required by law to be levied on all taxable property in the City without limitation as to rate or amount.

3. Interest on the Bonds (a) is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on noncorporate taxpayers by Section 55 of the Code.

4. Interest on the Bonds (a) is excluded from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes and (b) is not an item of tax preference for purposes of the Minnesota alternative minimum tax imposed on individuals, estates, and trusts.

5. The Bonds are “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code.

The opinions expressed in paragraphs 1 and 2 above are subject, as to enforceability, to the effect of any state or federal laws relating to bankruptcy, insolvency, reorganization, moratorium or creditors’ rights and the application of equitable principles, whether considered at law or in equity.

The opinions expressed in paragraphs 3, 4, and 5 above are subject to the compliance by the City with certain requirements of the Code that must be satisfied subsequent to the issuance of the Bonds. Noncompliance with these requirements could result in the inclusion of interest on the Bonds in gross income for federal income tax purposes and taxable net income of individuals, estates, and trusts for

Minnesota income tax purposes or the Bonds failing to be qualified tax-exempt obligations, retroactive to the date of issuance of the Bonds.

Except as stated herein, we express no opinion regarding federal, state, or other tax consequences to the owner of the Bonds. We note, however, that interest on the Bonds may be taken into account in determining adjusted financial statement income for purposes of the federal alternative minimum tax imposed on applicable corporations (as defined in Section 59(k) of the Code) and is included in net income of corporations and financial institutions for purposes of the Minnesota franchise tax.

In providing this opinion, we have relied upon representations of the City and its officers as to (i) the intended application of the proceeds of the Bonds, (ii) the nature, use, cost, and economic life of the facilities financed by the Bonds, and (iii) other matters relating to the exemption of the interest on the Bonds from federal income taxation.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may occur after the date hereof and which may be retroactive.

Dated this [__]th day of October, 2024.

Very truly yours,

FORM OF CONTINUING DISCLOSURE COVENANTS

Continuing Disclosure. (a) Purpose and Beneficiaries. To provide for the public availability of certain information relating to the Bonds and the security therefor and to permit the Purchaser and other participating underwriters in the primary offering of the Bonds to comply with amendments to Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 C.F.R. § 240.15c2-12), relating to continuing disclosure (as in effect and interpreted from time to time, the Rule), which will enhance the marketability of the Bonds, the City hereby makes the following covenants and agreements for the benefit of the Owners (as hereinafter defined) from time to time of the Outstanding Bonds. The City is the only obligated person in respect of the Bonds within the meaning of the Rule for purposes of identifying the entities in respect of which continuing disclosure must be made. If the City fails to comply with any provisions of this section, any person aggrieved thereby, including the Owners of any Outstanding Bonds, may take whatever action at law or in equity may appear necessary or appropriate to enforce performance and observance of any agreement or covenant contained in this section, including an action for a writ of mandamus or specific performance. Direct, indirect, consequential and punitive damages shall not be recoverable for any default hereunder to the extent permitted by law. Notwithstanding anything to the contrary contained herein, in no event shall a default under this section constitute a default under the Bonds or under any other provision of this resolution. As used in this section, Owner or Bondowner means, in respect of a Bond, the registered owner or owners thereof appearing in the bond register maintained by the Registrar or any Beneficial Owner (as hereinafter defined) thereof, if such Beneficial Owner provides to the Registrar evidence of such beneficial ownership in form and substance reasonably satisfactory to the Registrar. As used herein, Beneficial Owner means, in respect of a Bond, any person or entity which (i) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, such Bond (including persons or entities holding Bonds through nominees, depositories or other intermediaries), or (ii) is treated as the owner of the Bond for federal income tax purposes.

(b) Information To Be Disclosed. The City will provide, in the manner set forth in subsection (c) hereof, either directly or indirectly through an agent designated by the City, the following information at the following times:

- (1) on or before twelve (12) months after the end of each fiscal year of the City, commencing with the fiscal year ending December 31, 2024, the following financial information and operating data in respect of the City (the “Disclosure Information”):
 - (A) the audited financial statements of the City for such fiscal year, prepared in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under Minnesota law, as in effect from time to time, or, if and to the extent such financial statements have not been prepared in accordance with such generally accepted accounting principles for reasons beyond the reasonable control of the City, noting the discrepancies therefrom and the effect thereof, and certified as to accuracy and completeness in all material respects by the fiscal officer of the City; and
 - (B) to the extent not included in the financial statements referred to in paragraph (A) hereof, the information for such fiscal year or for the period most

recently available of the type contained in the Official Statement under headings: “PROPERTY VALUES;” “INDEBTEDNESS;” and “TAX RATES, LEVIES AND COLLECTIONS;” which information may be unaudited.

Notwithstanding the foregoing paragraph, if the audited financial statements are not available by the date specified, the City shall provide on or before such date unaudited financial statements in the format required for the audited financial statements as part of the Disclosure Information and, within 10 days after the receipt thereof, the City shall provide the audited financial statements. Any or all of the Disclosure Information may be incorporated by reference, if it is updated as required hereby, from other documents, including official statements, which have been submitted to the Municipal Securities Rulemaking Board (“MSRB”) through its Electronic Municipal Market Access System (“EMMA”) or to the SEC. The City shall clearly identify in the Disclosure Information each document so incorporated by reference. If any part of the Disclosure Information can no longer be generated because the operations of the City have materially changed or been discontinued, such Disclosure Information need no longer be provided if the City includes in the Disclosure Information a statement to such effect; provided, however, if such operations have been replaced by other City operations in respect of which data is not included in the Disclosure Information and the City determines that certain specified data regarding such replacement operations would be a Material Fact (as defined in paragraph (2) hereof), then, from and after such determination, the Disclosure Information shall include such additional specified data regarding the replacement operations. If the Disclosure Information is changed or this section is amended as permitted by this paragraph (b)(1) or subsection (d), then the City shall include in the next Disclosure Information to be delivered hereunder, to the extent necessary, an explanation of the reasons for the amendment and the effect of any change in the type of financial information or operating data provided.

- (2) In a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of any of the following events (each a “Material Fact”):
 - (A) Principal and interest payment delinquencies;
 - (B) Non-payment related defaults, if material;
 - (C) Unscheduled draws on debt service reserves reflecting financial difficulties;
 - (D) Unscheduled draws on credit enhancements reflecting financial difficulties;
 - (E) Substitution of credit or liquidity providers, or their failure to perform;
 - (F) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
 - (G) Modifications to rights of security holders, if material;
 - (H) Bond calls, if material, and tender offers;
 - (I) Defeasances;
 - (J) Release, substitution, or sale of property securing repayment of the securities, if material;
 - (K) Rating changes;
 - (L) Bankruptcy, insolvency, receivership or similar event of the obligated person;

- (M) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (N) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (O) Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and
- (P) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

For purposes of the events identified in paragraphs (O) and (P) above, the term “financial obligation” means (i) a debt obligation; (ii) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

As used herein, for those events that must be reported if material, an event is “material” if it is an event as to which a substantial likelihood exists that a reasonably prudent investor would attach importance thereto in deciding to buy, hold or sell a Bond or, if not disclosed, would significantly alter the total information otherwise available to an investor from the Official Statement, information disclosed hereunder or information generally available to the public. Notwithstanding the foregoing sentence, an event is also “material” if it is an event that would be deemed material for purposes of the purchase, holding or sale of a Bond within the meaning of applicable federal securities laws, as interpreted at the time of discovery of the occurrence of the event.

For the purposes of the event identified in (L) hereinabove, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

- (3) In a timely manner, notice of the occurrence of any of the following events or conditions:
 - (A) the failure of the City to provide the Disclosure Information required under paragraph (b)(1) at the time specified thereunder;

- (B) the amendment or supplementing of this section pursuant to subsection (d), together with a copy of such amendment or supplement and any explanation provided by the City under subsection (d)(2);
- (C) the termination of the obligations of the City under this section pursuant to subsection (d);
- (D) any change in the accounting principles pursuant to which the financial statements constituting a portion of the Disclosure Information are prepared; and
- (E) any change in the fiscal year of the City.

(c) Manner of Disclosure.

- (1) The City agrees to make available to the MSRB through EMMA, in an electronic format as prescribed by the MSRB, the information described in subsection (b).
- (2) All documents provided to the MSRB pursuant to this subsection (c) shall be accompanied by identifying information as prescribed by the MSRB from time to time.

(d) Term; Amendments; Interpretation.

- (1) The covenants of the City in this section shall remain in effect so long as any Bonds are Outstanding. Notwithstanding the preceding sentence, however, the obligations of the City under this section shall terminate and be without further effect as of any date on which the City delivers to the Registrar an opinion of Bond Counsel to the effect that, because of legislative action or final judicial or administrative actions or proceedings, the failure of the City to comply with the requirements of this section will not cause participating underwriters in the primary offering of the Bonds to be in violation of the Rule or other applicable requirements of the Securities Exchange Act of 1934, as amended, or any statutes or laws successory thereto or amendatory thereof.
- (2) This section (and the form and requirements of the Disclosure Information) may be amended or supplemented by the City from time to time, without notice to (except as provided in paragraph (c)(3) hereof) or the consent of the Owners of any Bonds, by a resolution of this Council filed in the office of the recording officer of the City accompanied by an opinion of Bond Counsel, who may rely on certificates of the City and others and the opinion may be subject to customary qualifications, to the effect that: (i) such amendment or supplement (a) is made in connection with a change in circumstances that arises from a change in law or regulation or a change in the identity, nature or status of the City or the type of operations conducted by the City, or (b) is required by, or better complies with, the provisions of paragraph (b)(5) of the Rule; (ii) this section as so amended or supplemented would have complied with the requirements of paragraph (b)(5) of the Rule at the time of the primary offering of the Bonds, giving effect to any change in circumstances applicable under clause (i)(a) and assuming that the Rule as in effect and interpreted at the time of the amendment or supplement was in effect at the time of the primary offering; and (iii) such amendment or supplement does not materially impair the interests of the Bondowners under the Rule.

If the Disclosure Information is so amended, the City agrees to provide, contemporaneously with the effectiveness of such amendment, an explanation of the reasons for the amendment and the effect, if any, of the change in the type of financial information or operating data being provided hereunder.

- (3) This section is entered into to comply with the continuing disclosure provisions of the Rule and should be construed so as to satisfy the requirements of paragraph (b)(5) of the Rule.

**SUMMARY OF TAX LEVIES, PAYMENT PROVISIONS, AND
MINNESOTA REAL PROPERTY VALUATION**

Following is a summary of certain statutory provisions relative to tax levy procedures, tax payment and credit procedures, and the mechanics of real property valuation. The summary does not purport to be inclusive of all such provisions or of the specific provisions discussed, and is qualified by reference to the complete text of applicable statutes, rules and regulations of the State of Minnesota.

PROPERTY VALUATIONS (CHAPTER 273, MINNESOTA STATUTES)

Assessor's Estimated Market Value. Each parcel of real property subject to taxation must, by statute, be appraised at least once every five years as of January 2 of the year of appraisal. With certain exceptions, all property is valued at its market value, which is the value the assessor determines to be the price the property to be fairly worth, and which is referred to as the "Estimated Market Value." The 2013 Minnesota Legislature established the Estimated Market Value as the value used to calculate a municipality's legal debt limit.

Economic Market Value. The Economic Market Value is the value of locally assessed real property (Assessor's Estimated Market Value) divided by the sales ratio as provided by the State of Minnesota Department of Revenue plus the estimated market value of personal property, utilities, railroad, and minerals.

Taxable Market Value. The Taxable Market Value is the value that Net Tax Capacity is based on, after all reductions, limitations, exemptions and deferrals.

Net Tax Capacity. The Net Tax Capacity is the value upon which net taxes are levied, extended and collected. The Net Tax Capacity is computed by applying the class rate percentages specific to each type of property classification against the Taxable Market Value. Class rate percentages vary depending on the type of property as shown on the last page of this Appendix. The formulas and class rates for converting Taxable Market Value to Net Tax Capacity represent a basic element of the State's property tax relief system and are subject to annual revisions by the State Legislature. Property taxes are the sum of the amounts determined by (i) multiplying the Net Tax Capacity by the tax capacity rate, and (ii) multiplying the referendum market value by the market value rate.

Market Value Homestead Exclusion. In 2011, the Market Value Homestead Exclusion Program (MVHE) was implemented to offset the elimination of the Market Value Homestead Credit Program that provided relief to certain homesteads. The MVHE reduces the taxable market value of a homestead with an Assessor's Estimated Market Value up to \$413,800 in an attempt to result in a property tax similar to the effective property tax prior to the elimination of the homestead credit. The MVHE applies to property classified as Class 1a or 1b and Class 2a, and causes a decrease in the City's aggregate Taxable Market Value, even if the Assessor's Estimated Market Value on the same properties did not decline.

**PROPERTY TAX PAYMENTS AND DELINQUENCIES
(CHAPTERS 275, 276, 277, 279-282 AND 549, MINNESOTA STATUTES)**

Ad valorem property taxes levied by local governments in Minnesota are extended and collected by the various counties within the State. Each taxing jurisdiction is required to certify the annual tax levy to the county auditor within five (5) working days after December 20 of the year preceding the collection year. A listing of property taxes due is prepared by the county auditor and turned over to the county treasurer on or before the first business day in March.

The county treasurer is responsible for collecting all property taxes within the county. Real estate and personal property tax statements are mailed out by March 31. One-half (1/2) of the taxes on real property is due on or before May 15. The remainder is due on or before October 15. Real property taxes not paid by their due date are assessed a penalty on homestead property of 2% until May 31 and increased to 4% on June 1. The penalty on nonhomestead property is assessed at a rate of 4% until May 31 and increased to 8% on June 1. Thereafter, an additional 1% penalty shall accrue each month through October 1 of the collection year for unpaid real property taxes. In the case of the second installment of real property taxes

due October 15, a penalty of 2% on homestead property and 4% on nonhomestead property is assessed. The penalty for homestead property increases to 6% on November 1 and again to 8% on December 1. The penalty for nonhomestead property increases to 8% on November 1 and again to 12% on December 1. Personal property taxes remaining unpaid on May 16 are deemed to be delinquent and a penalty of 8% attaches to the unpaid tax. However, personal property that is owned by a tax-exempt entity, but is treated as taxable by virtue of a lease agreement, is subject to the same delinquent property tax penalties as real property.

On the first business day of January of the year following collection all delinquencies are subject to an additional 2% penalty, and those delinquencies outstanding as of February 15 are filed for a tax lien judgment with the district court. By March 20 the county auditor files a publication of legal action and a mailing of notice of action to delinquent parties. Those property interests not responding to this notice have judgment entered for the amount of the delinquency and associated penalties. The amount of the judgment is subject to a variable interest determined annually by the Department of Revenue, and equal to the adjusted prime rate charged by banks but in no event is the rate less than 10% or more than 14%.

Property owners subject to a tax lien judgment generally have three years (3) to redeem the property. After expiration of the redemption period, unredeemed properties are declared tax forfeit with title held in trust by the State of Minnesota for the respective taxing districts. The county auditor, or equivalent thereof, then sells those properties not claimed for a public purpose at auction. The net proceeds of the sale are first dedicated to the satisfaction of outstanding special assessments on the parcel, with any remaining balance in most cases being divided on the following basis: county - 40%; town or city - 20%; and school district - 40%.

PROPERTY TAX CREDITS (CHAPTER 273, MINNESOTA STATUTES)

In addition to adjusting the taxable value for various property types, primary elements of Minnesota's property tax relief system are: property tax levy reduction aids; the homestead credit refund and the renter's property tax refund, which relate property taxes to income and provide relief on a sliding income scale; and targeted tax relief, which is aimed primarily at easing the effect of significant tax increases. The homestead credit refund, the renter's property tax refund, and targeted credits are reimbursed to the taxpayer upon application by the taxpayer. Property tax levy reduction aid includes educational aids, local governmental aid, equalization aid, county program aid and disparity reduction aid.

DEBT LIMITATIONS

All Minnesota municipalities (counties, cities, towns, and school districts) are subject to statutory "net debt" limitations under the provisions of Minnesota Statutes, Section 475.53. Net debt is defined as the amount remaining after deducting from gross debt the amount of current revenues that are applicable within the current fiscal year to the payment of any debt and the aggregate of the principal of the following:

1. Obligations issued for improvements which are payable wholly or partly from the proceeds of special assessments levied upon property specially benefited thereby, including those which are general obligations of the municipality issuing them, if the municipality is entitled to reimbursement in whole or in part from the proceeds of the special assessments.
2. Warrants or orders having no definite or fixed maturity.
3. Obligations payable wholly from the income from revenue producing conveniences.
4. Obligations issued to create or maintain a permanent improvement revolving fund.
5. Obligations issued for the acquisition, and betterment of public waterworks systems, and public lighting, heating or power systems, and of any combination thereof or for any other public convenience from which a revenue is or may be derived.
6. Debt service loans and capital loans made to a school district under the provisions of Minnesota Statutes, Sections 126C.68 and 126C.69.

7. Amount of all money and the face value of all securities held as a debt service fund for the extinguishment of obligations other than those deductible under this subdivision.
8. Obligations to repay loans made under Minnesota Statutes, Section 216C.37.
9. Obligations to repay loans made from money received from litigation or settlement of alleged violations of federal petroleum pricing regulations.
10. Obligations issued to pay pension fund or other postemployment benefit liabilities under Minnesota Statutes, Section 475.52, subdivision 6, or any charter authority.
11. Obligations issued to pay judgments against the municipality under Minnesota Statutes, Section 475.52, subdivision 6, or any charter authority.
12. All other obligations which under the provisions of law authorizing their issuance are not to be included in computing the net debt of the municipality.

**LEVIES FOR GENERAL OBLIGATION DEBT
(SECTIONS 475.61 AND 475.74, MINNESOTA STATUTES)**

Any municipality that issues general obligation debt must, at the time of issuance, certify levies to the county auditor of the county(ies) within which the municipality is situated. Such levies shall be in an amount that if collected in full will, together with estimates of other revenues pledged for payment of the obligations, produce at least five percent in excess of the amount needed to pay principal and interest when due. Notwithstanding any other limitations upon the ability of a taxing unit to levy taxes, its ability to levy taxes for a deficiency in prior levies for payment of general obligation indebtedness is without limitation as to rate or amount.

**STATUTORY FORMULAE: CONVERSION OF TAXABLE MARKET VALUE (TMV) TO
NET TAX CAPACITY FOR MAJOR PROPERTY CLASSIFICATIONS**

<u>Property Type</u>	<u>Local Tax Payable 2020-2023</u>	<u>Local Tax Payable 2024</u>
Residential Homestead (1a)		
Up to \$500,000	1.00%	1.00%
Over \$500,000	1.25%	1.25%
Residential Non-homestead		
Single Unit (4bb)		
Up to \$500,000	1.00%	1.00%
Over \$500,000	1.25%	1.25%
2-3 unit and undeveloped land (4b1)	1.25%	1.25%
Market Rate Apartments		
Regular (4a)	1.25%	1.25%
Low-Income (4d)		
Up to \$100,000 ⁽³⁾	0.75%	0.75%
Over \$100,000 ⁽³⁾	0.25%	0.25%
Low-Income (4d1)		0.25%
Low-Income (4d2)		0.75%
Commercial/Industrial/Public Utility (3a)		
Up to \$150,000	1.50% ⁽¹⁾	1.50% ⁽¹⁾
Over \$150,000	2.00% ⁽¹⁾	2.00% ⁽¹⁾
Electric Generation Machinery	2.00%	2.00%
Commercial Seasonal Residential		
Homestead Resorts (1c)		
Up to \$600,000	0.50%	0.50%
\$600,000 - \$2,300,000	1.00%	1.00%
Over \$2,300,000	1.25% ⁽¹⁾	1.25% ⁽¹⁾
Seasonal Resorts (4c1)		
Up to \$500,000	1.00% ⁽¹⁾	1.00% ⁽¹⁾
Over \$500,000	1.25% ⁽¹⁾	1.25% ⁽¹⁾
Non-Commercial (4c12)		
Up to \$500,000	1.00% ⁽¹⁾⁽²⁾	1.00% ⁽¹⁾⁽²⁾
Over \$500,000	1.25% ⁽¹⁾⁽²⁾	1.25% ⁽¹⁾⁽²⁾
Disabled Homestead (1b)		
Up to \$50,000	0.45%	0.45%
\$50,000 - \$500,000		1.00%
Over \$500,000		1.25%
Agricultural Land & Buildings		
Homestead (2a)		
Up to \$500,000	1.00%	1.00%
Over \$500,000	1.25%	1.25%
Remainder of Farm		
Up to \$3,500,000 ⁽⁴⁾	0.50% ⁽²⁾	0.50% ⁽²⁾
Over \$3,500,000 ⁽⁴⁾	1.00% ⁽²⁾	0.50% ⁽²⁾
Non-homestead (2b)	1.00% ⁽²⁾	1.00% ⁽²⁾

(1) State tax is applicable to these classifications.

(2) Exempt from referendum market value-based taxes.

(3) Historical valuations are: Payable 2023 - \$100,000; Payable 2022 - \$100,000; Payable 2021 - \$174,000; and Payable 2020 - \$150,000.

(4) Legislative increases, payable 2024. Historical valuations are: Payable 2023 - \$1,890,000; Payable 2022 - \$1,890,000; Payable 2021 - \$1,890,000; and Payable 2020 - \$1,880,000.

NOTE: For purposes of the State general property tax only, the net tax capacity of non-commercial class 4c(1) seasonal residential recreational property has the following class rate structure: First \$76,000 – 0.40%; \$76,000 to \$500,000 – 1.00%; and over \$500,000 – 1.25%. In addition to the State tax base exemptions referenced by property classification, airport property exempt from city and school district property taxes under M.S. 473.625 is exempt from the State general property tax (MSP International Airport and Holman Field in Saint Paul are exempt under this provision).

2023 ANNUAL COMPREHENSIVE FINANCIAL REPORT

The City's Annual Comprehensive Financial Report ("ACFR") for fiscal year ended December 31, 2023, may be accessed on the MSRB's EMMA website, located [here](#). The Annual Comprehensive Financial Report is also available through requesting a copy from the City.

TERMS OF PROPOSAL

THE CITY HAS AUTHORIZED BAKER TILLY MUNICIPAL ADVISORS, LLC TO NEGOTIATE THIS ISSUE ON ITS BEHALF. PROPOSALS WILL BE RECEIVED ON THE FOLLOWING BASIS:

\$1,500,000*

CITY OF WASECA, MINNESOTA

GENERAL OBLIGATION UTILITY REVENUE BONDS, SERIES 2024A

(BOOK ENTRY ONLY)

Proposals for the above-referenced obligations (the “Bonds”) will be received by the City of Waseca, Minnesota (the “City”) on Monday, September 30, 2024, (the “Sale Date”) until 10:00 A.M., Central Time (the “Sale Time”) at the offices of Baker Tilly Municipal Advisors, LLC (“Baker Tilly MA”), 30 East 7th Street, Suite 3025, Saint Paul, MN 55101, after which time proposals will be opened and tabulated. Consideration for award of the Bonds will be by Pricing Committee following the opening of proposals.

SUBMISSION OF PROPOSALS

Baker Tilly MA will assume no liability for the inability of a bidder or its proposal to reach Baker Tilly MA prior to the Sale Time, and neither the City nor Baker Tilly MA shall be responsible for any failure, misdirection or error in the means of transmission selected by any bidder. 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.

(a) **Sealed Bidding.** Completed, signed proposals may be submitted to Baker Tilly MA by email to bids@bakertilly.com and must be received prior to the Sale Time.

OR

(b) **Electronic Bidding.** Proposals may also be received via PARITY®. For purposes of the electronic bidding process, the time as maintained by PARITY® shall constitute the official time with respect to all proposals submitted to PARITY®. *Each bidder shall be solely responsible for making necessary arrangements to access PARITY® for purposes of submitting its electronic proposal in a timely manner and in compliance with the requirements of the Terms of Proposal.* Neither the City, its agents, nor PARITY® shall have any duty or obligation to undertake registration to bid for any prospective bidder or to provide or ensure electronic access to any qualified prospective bidder, and neither the City, its agents, nor PARITY® shall be responsible for a bidder’s failure to register to bid or for any failure in the proper operation of, or have any liability for any delays or interruptions of or any damages caused by the services of PARITY®. The City is using the services of PARITY® solely as a communication mechanism to conduct the electronic bidding for the Bonds, and PARITY® is not an agent of the City.

If any provisions of this Terms of Proposal conflict with information provided by PARITY®, this Terms of Proposal shall control. Further information about PARITY®, including any fee charged, may be obtained from:

PARITY®, 1359 Broadway, 2nd Floor, New York, New York 10018
Customer Support: (212) 849-5000

*Preliminary; subject to change.

Baker Tilly Municipal Advisors, LLC is a registered municipal advisor and controlled subsidiary of Baker Tilly Advisory Group, LP. Baker Tilly Advisory Group, LP and Baker Tilly US, LLP, trading as Baker Tilly, operate under an alternative practice structure and are members of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities. Baker Tilly US, LLP is a licensed CPA firm and provides assurance services to its clients. Baker Tilly Advisory Group, LP and its subsidiary entities provide tax and consulting services to their clients and are not licensed CPA firms. ©2024 Baker Tilly Municipal Advisors, LLC

DETAILS OF THE BONDS

The Bonds will be dated as of the date of delivery and will bear interest payable on February 1 and August 1 of each year, commencing August 1, 2025. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

The Bonds will mature February 1 in the years and amounts* as follows:

2026	\$65,000	2029	\$90,000	2032	\$ 95,000	2035	\$105,000	2038	\$115,000
2027	\$85,000	2030	\$90,000	2033	\$100,000	2036	\$110,000	2039	\$120,000
2028	\$85,000	2031	\$95,000	2034	\$105,000	2037	\$115,000	2040	\$125,000

*The City reserves the right, after proposals are opened and prior to award, to increase or reduce the principal amount of the Bonds or the amount of any maturity or maturities in multiples of \$5,000. In the event the amount of any maturity is modified, the aggregate purchase price will be adjusted to result in the same gross spread per \$1,000 of Bonds as that of the original proposal. Gross spread for this purpose is the differential between the price paid to the City for the new issue and the prices at which the proposal indicates the securities will be initially offered to the investing public.

BOOK ENTRY SYSTEM

The Bonds will be issued by means of a book entry system with no physical distribution of Bonds made to the public. The Bonds will be issued in fully registered form and one Bond, representing the aggregate principal amount of the Bonds maturing in each year, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for 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 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 lowest bidder (the "Purchaser"), as a condition of delivery of the Bonds, will be required to deposit the Bonds with DTC.

REGISTRAR/PAYING AGENT

The City will name the registrar/paying agent which shall be subject to applicable regulations of the Securities and Exchange Commission. The City will pay for the services of the Registrar.

OPTIONAL REDEMPTION

The City may elect on February 1, 2035, and on any day thereafter, to redeem Bonds due on or after February 1, 2036. Redemption may be in whole or in part and if in part at the option of the City and in such manner as the City shall determine. If less than all Bonds of a maturity are called for redemption, the City will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. All redemptions shall be at a price of par plus accrued interest.

SECURITY AND PURPOSE

The Bonds will be general obligations of the City for which the City will pledge its full faith and credit and power to levy direct general ad valorem taxes. In addition, the City will pledge utility revenues from the Sanitary Sewer and Water Utility for repayment of the Bonds. The proceeds of the Bonds will be used to finance (i) improvements for the Sanitary Sewer and Water Utility and (ii) pay costs of issuance on the Bonds.

BANK QUALIFIED TAX-EXEMPT OBLIGATIONS

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.

BIDDING PARAMETERS

Proposals shall be for not less than \$1,479,000 plus accrued interest, if any, on the total principal amount of the Bonds. Rates shall be in integral multiples of 1/100 or 1/8 of 1%. The initial price to the public for each maturity as stated on the proposal must be 98.0% or greater.

Proposals for the Bonds may contain a maturity schedule providing for a combination of serial bonds and term bonds. All term bonds shall be subject to mandatory sinking fund redemption at a price of par plus accrued interest to the date of redemption scheduled to conform to the maturity schedule set forth herein. In order to designate term bonds, the proposal must specify "Years of Term Maturities" in the spaces provided on the proposal form.

No proposal can be withdrawn or amended after the time set for receiving proposals unless award of the Bonds is not made by the Pricing Committee following the opening of proposals, as designated by the City pursuant to a resolution adopted on August 20, 2024. Bonds of the same maturity shall bear a single rate from the date of the Bonds to the date of maturity. No conditional proposals will be accepted.

ESTABLISHMENT OF ISSUE PRICE

In order to establish the issue price of the Bonds for federal income tax purposes, the City requires bidders to agree to the following, and by submitting a proposal, each bidder agrees to the following.

If a proposal is submitted by a potential underwriter, the bidder confirms that (i) the underwriters have offered or reasonably expect to offer the Bonds to the public on or before the date of the award at the offering price (the "initial offering price") for each maturity as set forth in the proposal and (ii) the bidder, if it is the winning bidder, shall require any agreement among underwriters, selling group agreement, third-party distribution agreement or other agreement relating to the initial sale of the Bonds to the public to which it is a party to include provisions requiring compliance by all parties to such agreements with the provisions contained herein. For purposes hereof, Bonds with a separate CUSIP number constitute a separate "maturity," and "the public" does not include underwriters of the Bonds (including members of a selling group or retail distribution group) or persons related to underwriters of the Bonds.

If, however, a proposal is submitted for the bidder's own account in a capacity other than as an underwriter of the Bonds, and the bidder has no current intention to sell, reoffer, or otherwise dispose of the Bonds, the bidder shall notify the District to that effect at the time it submits its proposal and shall provide a certificate to that effect in place of the certificate otherwise required below.

If the winning bidder intends to act as an underwriter, the City shall advise the winning bidder at or prior to the time of award whether (i) the competitive sale rule or (ii) the "hold-the-offering price" rule applies.

If the City advises the Purchaser that the requirements for a competitive sale have been satisfied and that the competitive sale rule applies, the Purchaser will be required to deliver to the City at or prior to closing a certification, substantially in the form attached hereto as Exhibit A, as to the reasonably expected initial offering price as of the award date.

If the City advises the Purchaser that the requirements for a competitive sale have not been satisfied, the hold-the-offering price rule will apply. The Purchaser shall (1) upon the request of the City confirm that the underwriters did not offer or sell any maturity of the Bonds to any person at a price higher than the initial offering price of that maturity during the period starting on the award date and ending on the earlier of (a) the close of the fifth business day after the sale date or (b) the date on which the underwriters have sold at least 10% of that maturity to the public at or below the initial offering price; and (2) at or prior to closing, deliver to the City a certification substantially in the form attached hereto as Exhibit B, together with a copy of the pricing wire.

Any action to be taken or documentation to be received by the City pursuant hereto may be taken or received on behalf of the City by Baker Tilly MA.

Bidders should prepare their proposals on the assumption that the Bonds will be subject to the “hold-the-offering-price” rule. Any proposal submitted pursuant to the Terms of Proposal shall be considered a firm offer for the purchase of the Bonds, and proposals submitted will not be subject to cancellation or withdrawal.

GOOD FAITH DEPOSIT

To have its proposal considered for award, the Purchaser is required to submit a good faith deposit via wire transfer to the City in the amount of \$15,000 (the “Deposit”) no later than 1:00 P.M., Central Time on the Sale Date. The Purchaser shall be solely responsible for the timely delivery of its Deposit, and neither the City nor Baker Tilly MA have any liability for delays in the receipt of the Deposit. If the Deposit is not received by the specified time, the City may, at its sole discretion, reject the proposal of the lowest bidder, direct the second lowest bidder to submit a Deposit, and thereafter award the sale to such bidder.

A Deposit will be considered timely delivered to the City upon submission of a federal wire reference number by the specified time. Wire transfer instructions will be available from Baker Tilly MA following the receipt and tabulation of proposals. The successful bidder must send an e-mail including the following information: (i) the federal reference number and time released; (ii) the amount of the wire transfer; and (iii) the issue to which it applies.

Once an award has been made, the Deposit received from the Purchaser will be retained by the City and no interest will accrue to the Purchaser. The amount of the Deposit will be deducted at settlement from the purchase price. In the event the Purchaser fails to comply with the accepted proposal, said amount will be retained by the City.

AWARD

The Bonds will be awarded on the basis of the lowest interest rate to be determined on a true interest cost (TIC) basis calculated on the proposal prior to any adjustment made by the City. The City's computation of the interest rate of each proposal, in accordance with customary practice, will be controlling.

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 that the City determines to have failed to comply with the terms herein.

BOND INSURANCE AT PURCHASER'S OPTION

The City has **not** applied for or pre-approved a commitment for any policy of municipal bond insurance with respect to the Bonds. If the Bonds qualify for municipal bond insurance and a bidder desires to purchase a policy, such indication, the maturities to be insured, and the name of the desired insurer must be set forth on the bidder's proposal. The City specifically reserves the right to reject any proposal specifying municipal bond insurance, even though such proposal may result in the lowest TIC to the City. All costs associated with the issuance and administration of such policy and associated ratings and expenses (other than any independent rating requested by the City) shall be paid by the successful bidder. Failure of the municipal bond insurer to issue the policy after the award of the Bonds shall not constitute cause for failure or refusal by the successful bidder to accept delivery of the Bonds.

CUSIP NUMBERS

If the Bonds qualify for the assignment of CUSIP numbers such numbers will be printed on the Bonds; however, neither the failure to print such numbers on any Bond nor any error with respect thereto will constitute cause for failure or refusal by the Purchaser to accept delivery of the Bonds. Baker Tilly MA will apply for CUSIP numbers pursuant to Rule G-34 implemented by the Municipal Securities Rulemaking Board. The CUSIP Service Bureau charge for the assignment of CUSIP identification numbers shall be paid by the Purchaser.

SETTLEMENT

On or about October 24, 2024, the Bonds will be delivered without cost to the Purchaser through DTC in New York, New York. Delivery will be subject to receipt by the Purchaser of an approving legal opinion of Dorsey & Whitney LLP of Minneapolis, Minnesota, and of customary closing papers, including a no-litigation certificate. On the date of settlement, payment for the Bonds shall be made in federal, or equivalent, funds that shall be received at the offices of the City or its designee not later than 12:00 Noon, Central Time. Unless compliance with the terms of payment for the Bonds has been made impossible by action of the City, or its agents, the Purchaser shall be liable to the City for any loss suffered by the City by reason of the Purchaser's non-compliance with said terms for payment.

CONTINUING DISCLOSURE

In accordance with SEC Rule 15c2-12(b)(5), the City will undertake, pursuant to the resolution authorizing the issuance and sale of the Bonds, to provide annual reports and notices of certain events. A description of this undertaking is set forth in the Official Statement. The Purchaser's obligation to purchase the Bonds will be conditioned upon receiving evidence of this undertaking at or prior to delivery of the Bonds.

OFFICIAL STATEMENT

The City has authorized the preparation of a Preliminary Official Statement containing pertinent information relative to the Bonds, and said Preliminary Official Statement has been deemed final by the City as of the date thereof within the meaning of Rule 15c2-12 of the Securities and Exchange Commission. For an electronic copy of the Preliminary Official Statement or for any additional information prior to sale, any prospective purchaser is referred to the Municipal Advisor to the City, Baker Tilly Municipal Advisors, LLC, by telephone (651) 223-3000, or by email bids@bakertilly.com.

A Final Official Statement (as that term is defined in Rule 15c2-12) will be prepared, specifying the maturity dates, principal amounts, and interest rates of the Bonds, together with any other information required by law. By awarding the Bonds to the Purchaser, the City agrees that, no more than seven business days after the date of such award, it shall provide to the Purchaser an electronic copy of the Final Official Statement. The City designates the Purchaser as its agent for purposes of distributing the Final Official Statement to each syndicate member, if applicable. The Purchaser agrees that if its proposal is accepted by the City, (i) it shall accept designation and (ii) it shall enter into a contractual relationship with its syndicate members for purposes of assuring the receipt of the Final Official Statement by each such syndicate member.

Dated August 20, 2024

BY ORDER OF THE CITY COUNCIL

/s/ Carl Sonnenberg
City Manager

EXHIBIT A

ISSUE PRICE CERTIFICATE – COMPETITIVE SALES WITH AT LEAST THREE BIDS FROM ESTABLISHED UNDERWRITERS

**[\$[PRINCIPAL AMOUNT]
[BOND CAPTION]
ISSUE PRICE CERTIFICATE**

The undersigned, on behalf of [NAME OF UNDERWRITER] (“[SHORT NAME OF UNDERWRITER]”), hereby certifies as set forth below with respect to the sale of the obligations named above (the “Bonds”).

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 [SHORT NAME OF UNDERWRITER] are the prices listed in Schedule A (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Bonds used by [SHORT NAME OF UNDERWRITER] in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by [SHORT NAME OF UNDERWRITER] to purchase the Bonds.

(b) [SHORT NAME OF UNDERWRITER] was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by [SHORT NAME OF UNDERWRITER] constituted a firm offer to purchase the Bonds.

2. **Defined Terms.** For purposes of this Issue Price Certificate:

(a) *City* means [DESCRIBE ISSUER].

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

(c) *Member of the Distribution Group* means (i) 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 (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).

(d) *Public* means any person (i.e., an individual, trust, estate, partnership, association, company, or corporation) other than a Member of the Distribution Group or a related party to a Member of the Distribution Group. A person is a “related party” to a Member of the Distribution Group if the Member of the Distribution Group and that person are subject, directly or indirectly, to (i) at least 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 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 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).

(e) *Sale Date* means the first day on which there is a binding contract in writing for the sale of the respective Maturity. The Sale Date of each Maturity was [DATE].

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [SHORT NAME OF UNDERWRITER]’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the City[and BORROWER (the “Borrower”)] with respect to certain of the representations set forth in the [Tax Certificate][Tax Exemption Agreement] and with respect to compliance with the federal income tax rules affecting the Bonds, and by [BOND COUNSEL] 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 the Internal Revenue Service Form 8038[-G][-GC][-TC], and other federal income tax advice that it may give to the City[and the Borrower] from time to time relating to the Bonds.

[UNDERWRITER]

By: _____

Name: _____

Dated: [ISSUE DATE]

SCHEDULE A
EXPECTED OFFERING PRICES
(Attached)

SCHEDULE B
COPY OF UNDERWRITER'S BID
(Attached)

EXHIBIT B

**ISSUE PRICE CERTIFICATE – COMPETITIVE SALES WITH FEWER THAN THREE BIDS FROM
ESTABLISHED UNDERWRITERS**

**[\$[PRINCIPAL AMOUNT]
[BOND CAPTION]
ISSUE PRICE CERTIFICATE**

The undersigned, on behalf of [NAME OF UNDERWRITER/REPRESENTATIVE] ([“[SHORT NAME OF UNDERWRITER]”][the “Representative”]), on behalf of itself and [NAMES OF OTHER UNDERWRITERS] (together, the “Underwriting Group”), hereby certifies as set forth below with respect to the sale of the obligations named above (the “Bonds”).

1. **Initial Offering Price of the Bonds.** [SHORT NAME OF UNDERWRITER][The Underwriting Group] offered the Bonds to the Public for purchase at the specified initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire for the Bonds is attached to this certificate as Schedule B.

2. **First Price at which Sold to the Public.** On the Sale Date, at least 10% of each Maturity [listed in Schedule C] was first sold to the Public at the respective Initial Offering Price [or price specified [therein][in Schedule C], if different].

3. **Hold the Offering Price Rule.** [SHORT NAME OF UNDERWRITER][Each member of the Underwriting Group] has agreed in writing that, (i) for each Maturity less than 10% of which was first sold to the Public at a single price as of the Sale Date, it 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 agreement among underwriters, selling group agreement, or third-party distribution agreement contains the agreement of each underwriter, dealer, or broker-dealer who is a party to such agreement to comply with the Hold-the-Offering-Price Rule. Based on the [Representative][SHORT NAME OF UNDERWRITER]’s own knowledge and, in the case of sales by other Members of the Distribution Group, representations obtained from the other Members of the Distribution Group, no Member of the Distribution Group has offered or sold any such Maturity at a price that is higher than the respective Initial Offering Price during the respective Holding Period.

4. **Defined Terms.** For purposes of this Issue Price Certificate:

(a) **Holding Period** means 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 ([DATE]), or (ii) the date on which Members of the Distribution Group have sold at least 10% of such Maturity to the Public at one or more prices, none of which is higher than the Initial Offering Price for such Maturity.

(b) **City** means [DESCRIBE ISSUER].

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

(d) **Member of the Distribution Group** means (i) 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 (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).

(e) **Public** means any person (*i.e.*, an individual, trust, estate, partnership, association, company, or corporation) other than a Member of the Distribution Group or a related party to a Member of the Distribution Group. A person is a “related party” to a Member of the Distribution Group if the Member of the Distribution Group and that person are subject, directly or indirectly, to (i) at least 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 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 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).

(f) *Sale Date* means the first day on which there is a binding contract in writing for the sale of the respective Maturity. The Sale Date of each Maturity was [DATE].

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [NAME OF UNDEWRITING FIRM][the Representative's] interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the City[and BORROWER (the "Borrower")] with respect to certain of the representations set forth in the [Tax Certificate][Tax Exemption Agreement] and with respect to compliance with the federal income tax rules affecting the Bonds, and by [BOND COUNSEL] 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 the Internal Revenue Service Form 8038[-G][-GC][-TC], and other federal income tax advice that it may give to the City[and the Borrower] from time to time relating to the Bonds.

[UNDERWRITER][REPRESENTATIVE]

By: _____
Name: _____

Dated: [ISSUE DATE]

**SCHEDULE A
INITIAL OFFERING PRICES OF THE BONDS**

(Attached)

**SCHEDULE B
PRICING WIRE**

(Attached)

SCHEDULE C
SALES OF AT LEAST 10% OF MATURITY TO THE PUBLIC ON THE SALE DATE
AT THE INITIAL OFFERING PRICE

(Attached)

CITY OF WASECA, MINNESOTA
\$1,500,000* General Obligation Utility Revenue Bonds, Series 2024A

For the Bonds of this Issue which shall mature and bear interest at the respective annual rates, as follow, we offer a price of \$_____ (which may not be less than \$1,479,000) plus accrued interest, if any, to the date of delivery.

<u>Year</u>	<u>Interest Rate (%)</u>	<u>Yield (%)</u>	<u>Dollar Price</u>	<u>Year</u>	<u>Interest Rate (%)</u>	<u>Yield (%)</u>	<u>Dollar Price</u>
2026	_____ %	_____ %	_____ %	2034	_____ %	_____ %	_____ %
2027	_____ %	_____ %	_____ %	2035	_____ %	_____ %	_____ %
2028	_____ %	_____ %	_____ %	2036	_____ %	_____ %	_____ %
2029	_____ %	_____ %	_____ %	2037	_____ %	_____ %	_____ %
2030	_____ %	_____ %	_____ %	2038	_____ %	_____ %	_____ %
2031	_____ %	_____ %	_____ %	2039	_____ %	_____ %	_____ %
2032	_____ %	_____ %	_____ %	2040	_____ %	_____ %	_____ %
2033	_____ %	_____ %	_____ %				

Designation of Term Maturities

Years of Term Maturities _____

In making this offer on the sale date of Monday, September 30, 2024 we accept all of the terms and conditions of the Terms of Proposal published in the Preliminary Official Statement dated September 20, 2024 including the City's right to modify the principal amount of the Bonds. (See "Terms of Proposal" herein.) In the event of failure to deliver these Bonds in accordance with said Terms of Proposal, we reserve the right to withdraw our offer, whereupon the deposit accompanying it will be immediately returned. All blank spaces of this offer are intentional and are not to be construed as an omission.

By submitting this proposal, we confirm that we have an established industry reputation for underwriting municipal bonds such as the Bonds.

Not as a part of our offer, the above quoted prices being controlling, but only as an aid for the verification of the offer, we have made the following computations:

NET INTEREST COST: \$ _____

TRUE INTEREST RATE: _____ %

The Bidder will not will purchase municipal bond insurance from _____.

Account Members

Account Manager
By: _____
Phone: _____

.....
The foregoing proposal has been accepted by the City.

Attest: _____

Date: _____

Phone: 651-223-3000

* Preliminary; subject to change.

Email: bids@bakertilly.com