



*City Council Memorandum*

**To: Mayor Fasbender & City Councilmembers**  
**From: Chris Eitemiller, Finance Manager**  
**Date: May 1, 2023**  
**Item: Set Sale Date for Issuance of Bonds**

**Council Action Requested:**

Approve the sale date as June 5, 2023 for \$4,450,000 General Obligation Improvement Bonds as well as corresponding resolution.

**Background Information:**

These bonds are for the financing of the 2023 street improvement project. These obligations will be sold by a competitive negotiated sale in accordance with Minnesota Statutes, Section 475.60, Subdivision 2(9). The rating of these bonds will take place the week of May 8.

**Financial Impact:**

Bond and interest payments are factored into the City's debt structure.

**Advisory Commission Discussion:**

N/A

**Council Committee Discussion:**

N/A

**Attachments:**

Resolution  
Finance Plan  
Municipal Advisory Agreement

EXTRACT OF MINUTES OF A MEETING  
OF THE CITY COUNCIL  
CITY OF HASTINGS, MINNESOTA

HELD: May 1, 2023

Pursuant to due call and notice thereof, a regular or special meeting of the City Council of the City of Hastings, Dakota and Washington Counties, Minnesota, was duly held at the City Hall on May 1, 2023, at 7:00 P.M. for the purpose in part of authorizing the competitive negotiated sale of the \$4,450,000 General Obligation Bonds, Series 2023A.

The following members were present:

and the following were absent:

Member \_\_\_\_\_ introduced the following resolution and moved its adoption:

RESOLUTION NO. \_\_\_\_\_

RESOLUTION PROVIDING FOR THE COMPETITIVE NEGOTIATED SALE OF  
GENERAL OBLIGATION BONDS, SERIES 2023A

A. WHEREAS, the City Council of the City of Hastings, Minnesota (the "City"), has heretofore determined that it is necessary and expedient to issue General Obligation Bonds, Series 2023A (the "Bonds") to finance City's 2023 street reconstruction projects and utility improvement projects; and

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

C. WHEREAS, the City has retained Taft Stettinius & Hollister LLP, in Minneapolis, Minnesota as its bond counsel for purposes of this financing.

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

1. Authorization. The City Council hereby authorizes Northland to solicit proposals for the competitive negotiated sale of the Bonds.

2. Meeting; Proposal Opening. The City Council shall meet at the time and place specified in the Notice of Sale, in substantially the form attached hereto as Attachment A, for the purpose of considering sealed proposals for and awarding the sale of the Bonds. The Finance Manager, or designee, shall open proposals at the time and place specified in the Notice of Sale.

3. Notice of Sale. The terms and conditions of the Bonds and the negotiation thereof are in substantially in the form set forth in the Notice of Sale attached hereto as Attachment A and hereby approved and made a part hereof.

4. Official Statement. In connection with the competitive negotiated sale of the Bonds, the Finance Manager and other officers or employees of the City are hereby authorized to cooperate with Northland and participate in the preparation of an official statement for the Bonds, and to execute and deliver it on behalf of the City upon its completion.

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

and the following voted against the same:

Whereupon the resolution was declared duly passed and adopted.

STATE OF MINNESOTA  
COUNTIES OF DAKOTA AND WASHINGTON  
CITY OF HASTINGS

I, the undersigned, being the duly qualified and acting Clerk of the City of Hastings, Minnesota, DO HEREBY CERTIFY that I have compared the attached and foregoing extract of minutes with the original thereof on file in my office, and that the same is a full, true and complete transcript of the minutes of a meeting of the City Council duly called and held on the date therein indicated, insofar as such minutes relate to the City's \$4,450,000 General Obligation Bonds, Series 2023A.

WITNESS my hand on May 1, 2023.

---

Clerk

NOTICE OF SALE

\$4,450,000\*  
GENERAL OBLIGATION BONDS, SERIES 2023A

CITY OF HASTINGS, MINNESOTA  
(Book-Entry Only)

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

**TIME AND PLACE:**

Proposals (also referred to herein as "bids") will be opened by the City's Finance Manager, or designee, on Monday, June 5, 2023, at 10:00 A.M., CT, at the offices of Northland Securities, Inc. (the City's "Municipal Advisor"), 150 South 5th Street, Suite 3300, Minneapolis, Minnesota 55402. Consideration of the Proposals for award of the sale will be by the City Council at its meeting at the City Offices beginning Monday, June 5, 2023 at 7:00 P.M., CT.

**SUBMISSION OF PROPOSALS**

Proposals may be:

- a) submitted to the office of Northland Securities, Inc.,
- b) faxed to Northland Securities, Inc. at 612-851-5918,
- c) emailed to [PublicSale@northlandsecurities.com](mailto:PublicSale@northlandsecurities.com)
- d) for proposals submitted prior to the sale, the final price and coupon rates may be submitted to Northland Securities, Inc. by telephone at 612-851-5900 or 612-851-4968, or
- e) submitted electronically.

Notice is hereby given that electronic proposals will be received via PARITY™, or its successor, in the manner described below, until 10:00 A.M., CT, on Monday, June 5, 2023. Proposals may be submitted electronically via PARITY™ or its successor, pursuant to this Notice until 10:00 A.M., CT, but no Proposal will be received after the time for receiving Proposals specified above. To the extent any instructions or directions set forth in PARITY™, or its successor, conflict with this Notice, the terms of this Notice shall control. For further information about PARITY™, or its successor, potential bidders may contact Northland Securities, Inc. or i-Deal/ at 1359 Broadway, 2nd floor, New York, NY 10018, telephone 212-849-5021.

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

---

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

## BOOK-ENTRY SYSTEM

VIII-09

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

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

### DATE OF ORIGINAL ISSUE OF BONDS

Date of Delivery (Estimated to be June 29, 2023)

### AUTHORITY/PURPOSE/SECURITY

The Bonds are being issued pursuant to Minnesota Statutes, Chapters 444 and 475 and Section 475.58 Sub. 3b. Proceeds will be used to finance various street and utility improvement projects within the City and to pay costs associated with the issuance of the Bonds. The Bonds are payable from net revenues of the City's sewer and water utilities and additionally secured by ad valorem taxes on all taxable property within the City. The full faith and credit of the City is pledged to their payment and the City has validly obligated itself to levy ad valorem taxes in the event of any deficiency in the debt service account established for this issue.

### INTEREST PAYMENTS

Interest is due semiannually on each February 1 and August 1, commencing February 1, 2024, to registered owners of the Bonds appearing of record in the Bond Register as of the close of business on the fifteenth day (whether or not a business day) of the calendar month next preceding such interest payment date.

### MATURITIES

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

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2024	\$105,000	2028	\$430,000	2032	\$475,000
2025	390,000	2029	440,000	2033	495,000
2026	400,000	2030	455,000	2034	385,000
2027	415,000	2031	460,000		

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

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

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

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

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

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

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

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

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

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

The City acknowledges that, in making the representations set forth above, the winning bidder with ~~MM~~ 09 on (i) the agreement of each underwriter to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule, if applicable to the Bonds, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The City further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price of the Bonds, including but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule, if applicable to the Bonds, and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule if applicable to the Bonds.

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

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

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



*purchaser are subject, directly or indirectly, to (A) more than 50% common ownership voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation or another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership or another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and*

(4) *"sale date" means the date that the Bonds are awarded by the City to the winning bidder.*

#### **ADJUSTMENTS TO PRINCIPAL AMOUNT AFTER PROPOSALS**

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

#### **OPTIONAL REDEMPTION**

Bonds maturing on February 1, 2032 through 2034 are subject to redemption and prepayment at the option of the City on February 1, 2031 and any date thereafter, at a price of par plus accrued interest. Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the maturities and principal amounts within each maturity to be redeemed shall be determined by the City and if only part of the Bonds having a common maturity date are called for prepayment, the specific Bonds to be prepaid shall be chosen by lot by the Bond Registrar.

#### **CUSIP NUMBERS**

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

#### **DELIVERY**

Delivery of the Bonds will be within thirty days after award, subject to an approving legal opinion by Taft Stettinius and Hollister, Professional Association, Bond Counsel. The legal opinion will be paid by the City and delivery will be anywhere in the continental United States without cost to the successful bidder at DTC.

#### **TYPE OF PROPOSAL**

Proposals of not less than \$4,401,050 (98.90%) and accrued interest on the principal sum of \$4,450,000 must be filed with the undersigned prior to the time of sale. Proposals must be unconditional except as to legality. Proposals for the Bonds should be delivered to Northland Securities, Inc. and addressed to:

Chris Eitemiller, Finance Manager  
Hastings City Hall  
101 4th Street East  
Hastings, Minnesota 55033

VIII-09

A good faith deposit (the "Deposit") in the amount of \$89,000 in the form of a federal wire transfer (payable to the order of the City) is only required from the apparent winning bidder, and must be received within two hours after the time stated for the receipt of Proposals. The apparent winning bidder will receive notification of the wire instructions from the Municipal Advisor promptly after the sale. If the Deposit is not received from the apparent winning bidder in the time allotted, the City may choose to reject their Proposal and then proceed to offer the Bonds to the next lowest bidder based on the terms of their original proposal, so long as said bidder wires funds for the Deposit amount within two hours of said offer.

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

#### **AWARD**

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

#### **INFORMATION FROM SUCCESSFUL BIDDER**

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

#### **OFFICIAL STATEMENT**

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

#### **FULL CONTINUING DISCLOSURE UNDERTAKING**

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

#### **BANK QUALIFICATION**

The City will designate the Bonds as qualified tax-exempt obligations for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

**BOND INSURANCE AT UNDERWRITER'S OPTION**

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

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

Dated: May 1, 2023

BY ORDER OF THE HASTINGS CITY COUNCIL

/s/ Chris Eitemiller  
Finance Manager

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

**EXHIBIT A***[FORM OF ISSUE PRICE CERTIFICATE – COMPETITIVE SALE SATISFIED]*

The undersigned, on behalf of \_\_\_\_\_ (the "Underwriter"), hereby certifies as set forth below with respect to the sale of the General Obligation Bonds, Series 2023A (the "Bonds") of the City of Hastings, Minnesota (the "Issuer").

1. Reasonably Expected Initial Offering Price.

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by the 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 the Underwriter in formulating its bid to purchase the Bonds. Attached as **Schedule B** is a true and correct copy of the bid provided by the Underwriter to purchase the Bonds.

(b) The Underwriter was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by the Underwriter constituted a firm offer to purchase the Bonds.

2. Defined Terms.

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

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

(c) "Sale Date" means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is \_\_\_\_\_.

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

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the 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 Issuer with respect to certain of the representations set forth in the Nonarbitrage Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Taft Stettinius & Hollister LLP, 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, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Dated: June 29, 2023.

*[FORM OF ISSUE PRICE CERTIFICATE – HOLD-THE-OFFERING-PRICE RULE APPLIES]*

The undersigned, on behalf of \_\_\_\_\_ (the "Underwriter"), on behalf of itself, hereby certifies as set forth below with respect to the sale and issuance of General Obligation Bonds, Series 2023A (the "Bonds") of the City of Hastings, Minnesota (the "Issuer").

1. Initial Offering Price of the Bonds.

(a) The Underwriter offered each Maturity of the Bonds to the Public for purchase at the respective initial offering prices listed in Schedule A (the "Initial Offering Prices") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.

(b) As set forth in the Notice of Sale and bid award, the Underwriter has agreed in writing that, (i) for each Maturity of the Bonds, 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 selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter

(as defined below) has offered or sold any Maturity of the Bonds at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period. VIII-09

2. Defined Terms.

(a) "Holding Period" means, for each Maturity of the Bonds, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date (\_\_\_\_\_), or (ii) the date on which the Underwriter has sold at least 10% of such Maturity of the Bonds to the Public at prices that are no higher than the Initial Offering Price for such Maturity.

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

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

(d) "Sale Date" means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is \_\_\_\_\_.

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

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents 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 Issuer with respect to certain of the representations set forth in the Nonarbitrage Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Taft Stettinius & Hollister LLP, 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, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Dated: June 29, 2023.

# Finance Plan

**City of Hastings, Minnesota**

**\$4,450,000**

**General Obligation Bonds, Series 2023A**

**May 1, 2023**



150 South 5th Street, Suite 3300

Minneapolis, MN 55402

612-851-5900 800-851-2920

[www.northlandsecurities.com](http://www.northlandsecurities.com)

Member FINRA and SIPC | Registered MSRB and SEC

---

## Contents

<b>Executive Summary</b> .....	2
<b>Issue Overview</b> .....	3
Purpose .....	3
Authority.....	3
Structure .....	4
Security and Source of Repayment .....	4
Plan Rationale.....	5
Issuing Process .....	5
<b>Attachment 1 - Preliminary Debt Service Schedules</b> .....	6
<b>Attachment 2 - Estimated Levy Schedules</b> .....	9
<b>Attachment 3 - Related Considerations</b> .....	10
Bank Qualified.....	10
Arbitrage Compliance.....	10
Continuing Disclosure.....	10
Premiums.....	10
Rating.....	11
<b>Attachment 4 - Calendar of Events</b> .....	12
<b>Attachment 5 - Risk Factors</b> .....	14

---

## Executive Summary

VIII-09

The following is a summary of the recommended terms for the issuance of \$4,450,000 General Obligation Bonds, Series 2023A (the "Bonds"). Additional information on the proposed finance plan and issuing process can be found after the Executive Summary, in the Issue Overview and Attachment 3 – Related Considerations.

<b>Purpose</b>	Proceeds from the Bonds will be used to finance the City's 2023 street and utility projects and to pay the costs associated with the issuance of the Bonds.
<b>Security</b>	The Bonds will be a general obligation of the City. The City will pledge net revenues of the City's water and sanitary sewer utilities and ad valorem taxes for payment of the Bonds.
<b>Repayment Term</b>	The Bonds will mature annually each February 1 in the years 2024 through 2034. Interest on the Bonds will be payable on February 1, 2024, and semiannually thereafter on each February 1 and August 1.
<b>Estimated Interest Rate</b>	True interest cost (TIC): 3.26%
<b>Prepayment Option</b>	Bonds maturing on and after February 1, 2032, will be subject to redemption on February 1, 2031, and any day thereafter at a price of par plus accrued interest.
<b>Rating</b>	A rating will be requested from Standard & Poor's ("S&P"). The City's general obligation debt is currently rated "AA" by S&P.
<b>Tax Status</b>	The Bonds will be tax-exempt, bank qualified obligations.
<b>Risk Factors</b>	There are certain risks associated with all debt. Risk factors related to the Bonds are discussed in Attachment 5.
<b>Type of Bond Sale</b>	Public Sale – Competitive Bids
<b>Proposals Received</b>	Monday, June 5, 2023 @ 10:00 A.M.
<b>Council Consideration</b>	Monday, June 5, 2023 @ 7:00 P.M.



**Purpose**

Proceeds from the Bonds will be used to finance the City’s 2023 street (the “Street Reconstruction Portion”) and utility (the “Revenue Portions”) projects and to pay costs associated with issuing the Bonds. The Revenue Portions consist of a “Water Portion” and a “Sanitary Sewer Portion.” The table below contains the sources and uses of funds for the bond issue.

	<b>Street Reconstruction</b>	<b>Water</b>	<b>Sanitary Sewer</b>	<b>Issue Summary</b>
<b>Sources Of Funds</b>				
Par Amount of Bonds	\$3,395,000.00	\$665,000.00	\$390,000.00	\$4,450,000.00
<b>Total Sources</b>	<b>\$3,395,000.00</b>	<b>\$665,000.00</b>	<b>\$390,000.00</b>	<b>\$4,450,000.00</b>
<b>Uses Of Funds</b>				
Deposit to Project Construction Fund	3,250,000.00	650,000.00	380,000.00	4,280,000.00
Deposit to Capitalized Interest (CIF) Fund	60,620.22	-	-	60,620.22
Costs of Issuance	44,545.07	8,725.32	5,117.11	58,387.50
Total Underwriter's Discount (1.100%)	37,345.00	7,315.00	4,290.00	48,950.00
Rounding Amount	2,489.71	(1,040.32)	592.89	2,042.28
<b>Total Uses</b>	<b>\$3,395,000.00</b>	<b>\$665,000.00</b>	<b>\$390,000.00</b>	<b>\$4,450,000.00</b>

**Authority**

The Bonds will be issued pursuant to the authority of Minnesota Statutes, Chapters 444, and 475 and Section 475.58, Subdivision 3b.

**Street Reconstruction Portion**

Under Section 475.58, Subdivision 3b., street reconstruction bonds can be used to finance the reconstruction and bituminous overlay of existing city streets. Eligible improvements may include utility replacement and relocation and other activities incidental to the street reconstruction; the addition or reconstruction of turn lanes, bicycle lanes, sidewalks, paths, and other improvements having a substantial public safety function; realignments and other modifications to intersect with state and county roads; and the local share of state and county road projects. Eligible improvements do not include the portion of project cost allocable to widening a street or adding curbs and gutters where none previously existed.

Minnesota Statutes, Section 475.53 states that a city or county may not incur or be subject to a net debt in excess of three percent (3%) of its estimated market value. Net debt is, with limited exceptions, debt paid solely from ad valorem taxes, including street reconstruction bonds. The City’s 2022/2023 Estimated Market Value is \$2,751,290,300 and the City’s legal debt margin is \$82,538,709 ( $\$2,751,290,300 \times 0.03 = \$82,538,709$ ). The City currently has \$3,440,000 applicable towards its debt limit, prior to issuance of the Street Reconstruction Portion of the Bonds.

Before issuing street reconstruction bonds, the City must hold a public hearing on the street reconstruction project and the proposed bonds, and then must pass a resolution approving the Street Reconstruction Plan and issuance of street reconstruction bonds. The City held the required public hearing and approved the Street Reconstruction Plan on February 21, 2023.

If a petition signed by voters equal to at least 5 percent of the votes cast in the last general election requesting a vote on the issuance of bonds is received by the clerk within 30 days after the public hearing, then the bonds may not be issued unless approved by the voters at an election. The

---

Calendar of Events provided in Attachment 4 indicates that the Bonds will be sold after the 110-09 day petition period, which expired on March 23, 2023.

### ***Water and Sanitary Sewer Portions***

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

### **Structure**

The Street Reconstruction Portion of the Bonds has been structured over 10 years, with relatively level annual debt service payments beginning in 2025. The Revenue Portions of the Bonds have been structured over 10 years, with relatively level annual debt service payments beginning in 2024.

The proposed structure for the bond issue and preliminary debt service projections for each portion of the issue are illustrated in Attachment 1 and the estimated levies are illustrated in Attachment 2.

### **Security and Source of Repayment**

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

- **Special Assessments**. Although not pledged as security for the Bonds, the City is expected to levy special assessments against benefited properties in the amount of \$500,000 to reduce the levy on the Street Reconstruction Portion of the Bonds. The assessments are structured for level annual payments, with interest charged at a rate that is 1.50% over the True Interest Cost of the Street Reconstruction Portion of the Bonds (currently estimated to be 4.75%). The assessments will be levied in 2023 for first payment in 2024.
- **Utility Revenues**. Net revenues of the City's sewer and water utilities (operating funds) will be pledged for payment of the Revenue Portions of the Bonds. The City will covenant to adopt sanitary sewer and water rates and charges that are sufficient to produce net revenues equal to at least 105% of the debt service requirements on the Revenue Portions of the Bonds. In the event there is a deficiency in the amount of net revenues available for payment of debt service, the City may levy taxes to cover the insufficiency, but only on a temporary basis until rates are adjusted.
- **Property Taxes**. The remaining revenues needed to pay debt service on the Bonds are expected to come from property tax levies. The initial projections show annual tax levies averaging approximately \$355,114 for the Street Reconstruction Portion are needed to produce the statutory requirement of 105% of debt service, after accounting for assessments, and sanitary sewer and water utility revenues. The full 105% levy will need to be certified by the City; however, the levies may be adjusted annually based on actual special assessment collections and additional monies in the debt service fund. The initial tax levy will be made in 2023 for taxes payable in 2024.

Given the timing of the initial revenue from the tax levy, capitalized interest will be included in the bond issue to cover the first interest payment due on February 1, 2024, before the first tax collections are received for the Street Reconstruction Portion of the Bonds.

---

## Plan Rationale

VIII-09

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

## Issuing Process

Northland will receive bids to purchase the Bonds on Monday, June 5, 2023, at 10:00 AM. Market conditions and the marketability of the Bonds support issuance through a competitive sale. This process has been chosen as it is intended to produce the lowest combination of interest expense and underwriting expense on the date and time set to receive bids. The calendar of events for the issuing process can be found in Attachment 4.

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

**Bond Counsel:** Taft Stettinius and Hollister LLP, Minneapolis, Minnesota

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

## Attachment 1 - Preliminary Debt Service Schedules

VIII-09

### Total Combined 2023A Bonds

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
06/29/2023	-	-	-	-	-
02/01/2024	105,000.00	3.100%	79,271.80	184,271.80	184,271.80
08/01/2024	-	-	65,678.75	65,678.75	-
02/01/2025	390,000.00	3.050%	65,678.75	455,678.75	521,357.50
08/01/2025	-	-	59,731.25	59,731.25	-
02/01/2026	400,000.00	3.000%	59,731.25	459,731.25	519,462.50
08/01/2026	-	-	53,731.25	53,731.25	-
02/01/2027	415,000.00	2.950%	53,731.25	468,731.25	522,462.50
08/01/2027	-	-	47,610.00	47,610.00	-
02/01/2028	430,000.00	2.900%	47,610.00	477,610.00	525,220.00
08/01/2028	-	-	41,375.00	41,375.00	-
02/01/2029	440,000.00	2.900%	41,375.00	481,375.00	522,750.00
08/01/2029	-	-	34,995.00	34,995.00	-
02/01/2030	455,000.00	2.900%	34,995.00	489,995.00	524,990.00
08/01/2030	-	-	28,397.50	28,397.50	-
02/01/2031	460,000.00	2.950%	28,397.50	488,397.50	516,795.00
08/01/2031	-	-	21,612.50	21,612.50	-
02/01/2032	475,000.00	3.050%	21,612.50	496,612.50	518,225.00
08/01/2032	-	-	14,368.75	14,368.75	-
02/01/2033	495,000.00	3.200%	14,368.75	509,368.75	523,737.50
08/01/2033	-	-	6,448.75	6,448.75	-
02/01/2034	385,000.00	3.350%	6,448.75	391,448.75	397,897.50
<b>Total</b>	<b>\$4,450,000.00</b>	<b>-</b>	<b>\$827,169.30</b>	<b>\$5,277,169.30</b>	<b>-</b>

#### Yield Statistics

Bond Year Dollars	\$27,030.56
Average Life	6.074 Years
Average Coupon	3.0601269%

Net Interest Cost (NIC)	3.2412183%
True Interest Cost (TIC)	3.2603632%
Bond Yield for Arbitrage Purposes	3.0553851%
All Inclusive Cost (AIC)	3.5090199%

#### IRS Form 8038

Net Interest Cost	3.0601269%
Weighted Average Maturity	6.074 Years

#### Optional Redemption

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

\*Based on Bank Qualified "AA" rates as of April 14, 2023, plus 0.50%.

Street Reconstruction Portion

VIII-09

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
06/29/2023	-	-	-	-	-
02/01/2024	-	-	60,620.22	60,620.22	60,620.22
08/01/2024	-	-	51,470.00	51,470.00	-
02/01/2025	295,000.00	3.050%	51,470.00	346,470.00	397,940.00
08/01/2025	-	-	46,971.25	46,971.25	-
02/01/2026	305,000.00	3.000%	46,971.25	351,971.25	398,942.50
08/01/2026	-	-	42,396.25	42,396.25	-
02/01/2027	315,000.00	2.950%	42,396.25	357,396.25	399,792.50
08/01/2027	-	-	37,750.00	37,750.00	-
02/01/2028	325,000.00	2.900%	37,750.00	362,750.00	400,500.00
08/01/2028	-	-	33,037.50	33,037.50	-
02/01/2029	335,000.00	2.900%	33,037.50	368,037.50	401,075.00
08/01/2029	-	-	28,180.00	28,180.00	-
02/01/2030	345,000.00	2.900%	28,180.00	373,180.00	401,360.00
08/01/2030	-	-	23,177.50	23,177.50	-
02/01/2031	350,000.00	2.950%	23,177.50	373,177.50	396,355.00
08/01/2031	-	-	18,015.00	18,015.00	-
02/01/2032	365,000.00	3.050%	18,015.00	383,015.00	401,030.00
08/01/2032	-	-	12,448.75	12,448.75	-
02/01/2033	375,000.00	3.200%	12,448.75	387,448.75	399,897.50
08/01/2033	-	-	6,448.75	6,448.75	-
02/01/2034	385,000.00	3.350%	6,448.75	391,448.75	397,897.50
<b>Total</b>	<b>\$3,395,000.00</b>	<b>-</b>	<b>\$660,410.22</b>	<b>\$4,055,410.22</b>	<b>-</b>

Water Portion

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
06/29/2023	-	-	-	-	-
02/01/2024	65,000.00	3.100%	11,755.69	76,755.69	76,755.69
08/01/2024	-	-	8,973.75	8,973.75	-
02/01/2025	60,000.00	3.050%	8,973.75	68,973.75	77,947.50
08/01/2025	-	-	8,058.75	8,058.75	-
02/01/2026	60,000.00	3.000%	8,058.75	68,058.75	76,117.50
08/01/2026	-	-	7,158.75	7,158.75	-
02/01/2027	65,000.00	2.950%	7,158.75	72,158.75	79,317.50
08/01/2027	-	-	6,200.00	6,200.00	-
02/01/2028	65,000.00	2.900%	6,200.00	71,200.00	77,400.00
08/01/2028	-	-	5,257.50	5,257.50	-
02/01/2029	65,000.00	2.900%	5,257.50	70,257.50	75,515.00
08/01/2029	-	-	4,315.00	4,315.00	-
02/01/2030	70,000.00	2.900%	4,315.00	74,315.00	78,630.00
08/01/2030	-	-	3,300.00	3,300.00	-
02/01/2031	70,000.00	2.950%	3,300.00	73,300.00	76,600.00
08/01/2031	-	-	2,267.50	2,267.50	-
02/01/2032	70,000.00	3.050%	2,267.50	72,267.50	74,535.00
08/01/2032	-	-	1,200.00	1,200.00	-
02/01/2033	75,000.00	3.200%	1,200.00	76,200.00	77,400.00
<b>Total</b>	<b>\$665,000.00</b>	<b>-</b>	<b>\$105,218.19</b>	<b>\$770,218.19</b>	<b>-</b>

Sanitary Sewer Portion

VIII-09

<b>Date</b>	<b>Principal</b>	<b>Coupon</b>	<b>Interest</b>	<b>Total P+I</b>	<b>Fiscal Total</b>
06/29/2023	-	-	-	-	-
02/01/2024	40,000.00	3.100%	6,895.89	46,895.89	46,895.89
08/01/2024	-	-	5,235.00	5,235.00	-
02/01/2025	35,000.00	3.050%	5,235.00	40,235.00	45,470.00
08/01/2025	-	-	4,701.25	4,701.25	-
02/01/2026	35,000.00	3.000%	4,701.25	39,701.25	44,402.50
08/01/2026	-	-	4,176.25	4,176.25	-
02/01/2027	35,000.00	2.950%	4,176.25	39,176.25	43,352.50
08/01/2027	-	-	3,660.00	3,660.00	-
02/01/2028	40,000.00	2.900%	3,660.00	43,660.00	47,320.00
08/01/2028	-	-	3,080.00	3,080.00	-
02/01/2029	40,000.00	2.900%	3,080.00	43,080.00	46,160.00
08/01/2029	-	-	2,500.00	2,500.00	-
02/01/2030	40,000.00	2.900%	2,500.00	42,500.00	45,000.00
08/01/2030	-	-	1,920.00	1,920.00	-
02/01/2031	40,000.00	2.950%	1,920.00	41,920.00	43,840.00
08/01/2031	-	-	1,330.00	1,330.00	-
02/01/2032	40,000.00	3.050%	1,330.00	41,330.00	42,660.00
08/01/2032	-	-	720.00	720.00	-
02/01/2033	45,000.00	3.200%	720.00	45,720.00	46,440.00
<b>Total</b>	<b>\$390,000.00</b>	<b>-</b>	<b>\$61,540.89</b>	<b>\$451,540.89</b>	<b>-</b>

## Attachment 2 – Estimated Levy Schedules

VIII-09

### Street Reconstruction Portion

Date	Total P+I	CIF	105% Levy	Less:	Net Levy	Levy Year	Collection Year
				Special Assessment Revenue*			
02/01/2024	60,620.22	(60,620.22)	-	-	-		
02/01/2025	397,940.00	-	417,837.00	64,339.14	353,497.86	2023	2024
02/01/2026	398,942.50	-	418,889.63	64,339.14	354,550.49	2024	2025
02/01/2027	399,792.50	-	419,782.13	64,339.13	355,443.00	2025	2026
02/01/2028	400,500.00	-	420,525.00	64,339.13	356,185.87	2026	2027
02/01/2029	401,075.00	-	421,128.75	64,339.14	356,789.61	2027	2028
02/01/2030	401,360.00	-	421,428.00	64,339.15	357,088.85	2028	2029
02/01/2031	396,355.00	-	416,172.75	64,339.14	351,833.61	2029	2030
02/01/2032	401,030.00	-	421,081.50	64,339.14	356,742.36	2030	2031
02/01/2033	399,897.50	-	419,892.38	64,339.15	355,553.23	2031	2032
02/01/2034	397,897.50	-	417,792.38	64,339.14	353,453.24	2032	2033
<b>Total</b>	<b>\$4,055,410.22</b>	<b>(60,620.22)</b>	<b>\$4,194,529.50</b>	<b>\$643,391.40</b>	<b>\$3,551,138.10</b>		

\*Special assessment revenue is based on assessments totaling \$500,000 assessed at a rate of 4.75% (1.50% over the True Interest Cost, rounded to the nearest 0.05%), with equal annual payments spread over 10 years.

### Bank Qualified

We understand the City (in combination with any subordinate taxing jurisdictions or debt issued in the City's name by 501(c)3 corporations) anticipates issuing \$10,000,000 or less in tax-exempt debt during this calendar year. Therefore, the Bonds will be designated as "bank qualified" obligations pursuant to Federal Tax Law.

### Arbitrage Compliance

Project/Construction Fund. All tax-exempt bond issues are subject to federal rebate requirements which require all arbitrage earned to be rebated to the U.S. Treasury. A rebate exemption the City expects to qualify for is the "small issuer exemption" because the City expects to issue less than \$5,000,000 of tax-exempt bonds, including any 501(c)3 conduit financings, in calendar year 2023.

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

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

### Continuing Disclosure

Type: Full

Dissemination Agent: Northland Securities, Inc.

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

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

### Premiums

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



---

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

VIII-09

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

Northland will work with City staff prior to the sale day to determine use of premium (if any).

### **Rating**

A rating will be requested from Standard and Poor's ("S&P"). The City's general obligation debt is currently rated "AA" by S&P. The rating process will include a conference call with the rating analyst from S&P. Northland will assist City staff in preparing for and conducting the rating calls.

## Attachment 4 - Calendar of Events

VIII-09

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

February 2023						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28				

March 2023						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

April 2023						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

May 2023						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

June 2023						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

July 2023						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

Holiday

Date	Action	Responsible Party
February 7	Draft Street Reconstruction Plan distributed to City staff	City Staff, Northland, Bond Counsel
February 11	Notice of Public Hearing for Street Reconstruction Plan Published <b><u>no later than this date</u></b>	City Staff
February 21	Public Hearing - Resolution Approving the Street Reconstruction Plan and Issuance of the Bonds Adopted (2/3 vote required)	<b>City Council Action</b>
March 6	Assessment Hearing Held	<b>City Council Action</b>

Date	Action	Responsible Party
March 23	General Information Certificate relating to the Bonds sent to City for completion  Referendum Period Over	Northland
April 3 or April 17	Construction Bids Awarded	<b>City Council Action</b>
April 6	City returns General Information Certificate to Northland	City Staff
April 19	Final project costs and sources of repayment provided to Northland	City Staff
April 21	Rating Request sent to S&P Preliminary Official Statement Sent to City for Sign Off	Northland, City Staff
April 24	Set Sale Resolution and Finance Plan Sent to City	Northland, Bond Counsel
May 1	Set Sale Resolution Adopted and Review of Finance Plan - 7:00 p.m.	Northland, Bond Counsel, <b>City Council Action</b>
Week of May 1 or May 8	Rating Call with S&P	Northland, City Staff, Rating Agency
May 19	Rating Received	Northland, City Staff, Rating Agency
May 26	Awarding Resolution sent to City	Northland, Bond Counsel
June 5	Bond Sale at 10:00 a.m.  Bond Proposal Signed and Awarding Resolution adopted - 7:00 p.m.	Northland, <b>City Council Action</b>
June 29	Closing on the Bonds (Proceeds Available)	Northland, City Staff, Bond Counsel

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

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

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

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

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

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

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

**WITNESSETH**

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

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

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

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

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

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

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

**SERVICES TO BE PROVIDED BY NORTHLAND**

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

**Planning and Development**

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

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

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

#### **Bond Sale**

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

#### **Post-Sale Support**

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

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

### **COMPENSATION**

For providing these services with respect to the Debt, Northland shall be paid a lump sum of \$23,887.50. The fee due to Northland shall be payable by the Client upon the closing of the Bonds.

Northland agrees to pay the following expenses from its fee:

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

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

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

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

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

### CONFLICTS OF INTEREST

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

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

The compensation for services provided in this Agreement is customary in the municipal securities market, however, it may pose a conflict of interest. The fees due under this Agreement are in a fixed amount established at the outset of the Agreement. The amount is usually based upon an analysis by Client and Northland of, among other things, the expected duration and complexity of the transaction and the Scope of Services to be performed by Northland. This form of compensation presents a

potential conflict of interest because, if the transaction requires more work than originally contemplated, Northland may suffer a loss. Thus, Northland may recommend less time-consuming alternatives, or fail to do a thorough analysis of alternatives. This conflict of interest is mitigated by supervisory policies and procedures to ensure the scope of services within the transaction align with other comparable engagements. By executing this Agreement, the Client acknowledges and accepts the potential conflicts of interest posed by the compensation to Northland. Northland does not participate in any payments to be retained, nor participate in any fee splitting agreements or arrangements.

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

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

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

#### **LEGAL AND DISCIPLINARY ACTIONS**

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

#### **SUCCESSORS OR ASSIGNS**

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



**TERM OF THIS AGREEMENT**

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

Dated this 1st day of May, 2023.

**Northland Securities, Inc.**



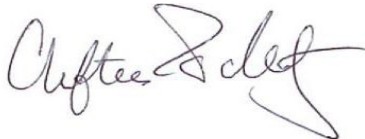
By: \_\_\_\_\_

Tammy Omdal, Managing Director



By: \_\_\_\_\_

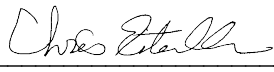
Jessica Green, Managing Director



By: \_\_\_\_\_

Clifton Schultz, Managing Director

**City of Hastings, Minnesota**

By:  \_\_\_\_\_

Its: **Finance Manager** \_\_\_\_\_