



To: Mayor Fasbender & City Councilmembers
From: Chris Eitemiller, Finance Manager
Date: June 5, 2023
Item: General Obligation Bonds, Series 2023A

Council Action Requested:

Adopt the resolution approving the issuance and sale of general obligation bonds to finance the 2023 Neighborhood Project.

Background Information:

The City has initiated proceedings to sell general obligation bonds to finance the 2023 Neighborhood Project. A portion of the bonds would be repaid through special assessments on benefitting properties. The City has retained financial advisor Northland Securities to assist in the bond sale.

The bond sale is scheduled for June 5. Results of the bond sale as well as an updated resolution will be provided to the City Council prior to the City Council meeting that evening. Jessica Green of Northland Securities will attend the City Council meeting to review the results of the bond sale.

Financial Impact:

Debt service payments will be due 2025 through 2033, amounts will depend on debt structure and interest amount pending bond sale on June 5.

Committee Discussion:

Not Applicable

Attachments:

- Resolution Providing for Issuance and Sale of \$4,450,000 General Obligation Bonds, series 2023A
- 2023A Bond Sale Summary Plan
- S&P rating assessment document

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

HELD: JUNE 5, 2023

Pursuant to due call and notice thereof, a regular or special meeting of the City of Hastings, Dakota and Washington Counties, Minnesota, was duly held at the City Hall on June 5, 2023, at 7:00 P.M., for the purpose, in part of authorizing the issuance and awarding the sale of \$4,095,000 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 ISSUANCE AND SALE OF \$4,095,000
GENERAL OBLIGATION BONDS, SERIES 2023A, PLEDGING FOR THE SECURITY
THEREOF NET REVENUES AND LEVYING A TAX FOR THE PAYMENT THEREOF

A. WHEREAS, the City Council of the City of Hastings (the City) has heretofore determined and declared that it is necessary and expedient to issue \$4,095,000 General Obligation Bonds, Series 2023A (the "Bonds" or individually a "Bond"), pursuant to Minnesota Statutes, Chapter 475; and

1. Section 475.58, Subdivision 3b, to finance street reconstruction improvements under the City's 2023 through 2027 Street Reconstruction Plan (the "Street Reconstruction Projects"); and

2. Section 444.075 to finance improvements to the municipal water system (the "Water System Improvements");

3. Section 444.075 to finance improvements to the municipal sewer system (the "Sewer System Improvements");

B. WHEREAS, on February 21, 2023, following duly published notice thereof, the Council held a public hearing on the issuance of approximately \$3,500,000 principal amount of bonds to finance the Street Reconstruction Projects and all persons who wished to speak or provide written information relative to the public hearing were afforded an opportunity to do so; and

C. WHEREAS, no petition signed by voters equal to 5 percent of the votes cast in the City in the last municipal general election requesting a vote on the issuance of the street reconstruction bonds has been filed with the City Administrator within 30 days after the public hearing on February 21, 2023; and

D. WHEREAS, the City owns and operates a municipal water utility system (the "Water System") and a municipal sanitary sewer utility system (the "Sewer System" and, together with the Water System, the "System"), as separate revenue producing public utilities;

E. WHEREAS, the net revenues of the Water System are pledged to the payment of the City's outstanding (1) "Water Revenue Refunding Portion" of General Obligation Refunding Bonds, Series 2013A, in the original principal amount of \$5,805,000, dated February 21, 2013; (2) "Water Portion" of General Obligation Bonds, Series 2019A, in the original principal amount of \$3,270,000, dated August 8, 2019; (3) "Water Portion" of General Obligation Bonds, Series 2020A, in the original principal amount of \$3,180,000, dated October 1, 2020; (4) "Water Portion" of General Obligation Bonds, Series 2021A, in the original principal amount of \$2,070,000, dated August 26, 2021; and (5) "Water Portion" of General Obligation Bonds, Series 2022A, in the original principal amount of \$5,815,000, dated June 1, 2022 (collectively, the "Outstanding Water Bonds"); and

F. WHEREAS, the net revenues of the Sewer System are pledged to the payment of the City's outstanding (1) "Sewer Portion" of General Obligation Bonds, Series 2020A, in the original principal amount of \$3,180,000, dated October 1, 2020; (2) "Sewer Portion" of General Obligation Bonds, Series 2021A, in the original principal amount of \$2,070,000, dated August 26, 2021 and (3) "Sewer Portion" of General Obligation Bonds, Series 2022A, in the original principal amount of \$5,815,000, dated June 1, 2022 (collectively, the "Outstanding Sewer Bonds"); and

G. WHEREAS, the net revenues of the System are pledged to the payment of the City's outstanding "Utility Portion" of General Obligation Bonds, Series 2018A, in the original principal amount of \$3,820,000, dated July 18, 2018 (the "Outstanding Utility Bonds"); and

H. WHEREAS, the City has retained Northland Securities, Inc., in Minneapolis, Minnesota ("Northland"), as its independent municipal advisor for the sale of the Bonds and was therefore authorized to sell the Bonds by private negotiation in accordance with Minnesota Statutes, Section 475.60, Subdivision 2(9) and proposals to purchase the Bonds have been solicited by Northland; and

I. WHEREAS, the proposals set forth on Exhibit A attached hereto were received by the Finance Manager, or designee, at the offices of Northland at 10:00 A.M. on the date hereof, pursuant to the Notice of Sale established for the Bonds; and

J. WHEREAS, it is in the best interests of the City that the Bonds be issued in book-entry form as hereinafter provided; and

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

1. Acceptance of Proposal. The proposal of TD Securities (USA) LLC (the "Purchaser"), to purchase the Bonds, in accordance with the Notice of Sale, at the rates of interest hereinafter set forth, and to pay therefor the sum of \$4,426,072.90, plus interest accrued to settlement, is hereby found, determined and declared to be the most favorable proposal received, is hereby accepted and the Bonds are hereby awarded to the Purchaser.

2. Bond Terms.

(a) Original Issue Date; Denominations; Maturities; Term Bond Option. The Bonds shall be dated June 29, 2023, as the date of original issue and shall be issued forthwith on or after such date in fully registered form, shall be numbered from R-1 upward in the denomination of \$5,000 each or in any integral multiple thereof of a single maturity (the "Authorized Denominations") and shall mature on February 1 in the years and amounts as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2024	\$95,000	2030	\$425,000
2025	330,000	2031	440,000
2026	340,000	2032	460,000
2027	360,000	2033	485,000
2028	385,000	2034	380,000
2029	395,000		

As may be requested by the Purchaser, one or more term Bonds may be issued having mandatory sinking fund redemption and final maturity amounts conforming to the foregoing principal repayment schedule, and corresponding additions may be made to the provisions of the applicable Bond(s).

(b) Allocation. The aggregate principal amount of \$3,125,000 maturing in each of the years and amounts hereinafter set forth are issued to finance the Street Reconstruction Projects (the "Street Reconstruction Portion"); the aggregate principal amount of \$610,000 maturing in each of the years and amounts hereinafter set forth are issued to finance the Water System Improvements (the "Water Portion"); and the aggregate principal amount of \$360,000 maturing in each of the years and amounts hereinafter set forth are issued to finance the Sewer System Improvements (the "Sewer Portion"):

<u>Year</u>	<u>Street Reconstruction Portion</u>	<u>Water Portion</u>	<u>Sewer Portion</u>	<u>Total</u>
2024	-	\$60,000	\$35,000	\$95,000
2025	\$250,000	50,000	30,000	330,000
2026	260,000	50,000	30,000	340,000
2027	275,000	55,000	30,000	360,000
2028	290,000	60,000	35,000	385,000
2029	300,000	60,000	35,000	395,000
2030	320,000	65,000	40,000	425,000
2031	335,000	65,000	40,000	440,000
2032	350,000	70,000	40,000	460,000
2033	365,000	75,000	45,000	485,000
2034	380,000	-	-	380,000

If Bonds are prepaid, the prepayments shall be allocated to the portions of debt service (and hence allocated to the payment of Bonds treated as relating to a particular portion of debt service) as provided in this paragraph. If the source of prepayment moneys is the general fund of the City, or other generally available source, including the levy of taxes, the prepayment may be allocated to any portions of debt service in such amounts as the City shall determine. If the source of a prepayment is excess net revenues of the Water System pledged to the Water System Improvements, the prepayment shall be allocated to the Water Portion of debt service. . If the source of a prepayment is excess net revenues of the Sewer System pledged to the Sewer System Improvements, the prepayment shall be allocated to the Sewer Portion of debt service.

(c) Book Entry Only System. The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York or any of its successors or its successors to its functions hereunder (the "Depository") will act as securities depository for the Bonds, and to this end:

(i) The Bonds shall be initially issued and, so long as they remain in book entry form only (the "Book Entry Only Period"), shall at all times be in the form of a separate single fully registered Bond for each maturity of the Bonds; and for purposes of complying with this requirement under paragraphs 5 and 10 Authorized Denominations for any Bond shall be deemed to be limited during the Book Entry Only Period to the outstanding principal amount of that Bond.

(ii) Upon initial issuance, ownership of the Bonds shall be registered in a bond register maintained by the Bond Registrar (as hereinafter defined) in the name of CEDE & CO., as the nominee (it or any nominee of the existing or a successor Depository, the "Nominee").

(iii) With respect to the Bonds neither the City nor the Bond Registrar shall have any responsibility or obligation to any broker, dealer, bank, or any other financial institution for which the Depository holds Bonds as securities depository (the "Participant") or the person for which a Participant holds an interest in the Bonds shown on the books and records of the Participant (the "Beneficial Owner"). Without limiting the immediately preceding sentence, neither the City, nor the Bond Registrar, shall have any such responsibility or obligation with respect to (A) the accuracy of the records of the Depository, the Nominee or any Participant with respect to any ownership interest in the Bonds, or (B) the delivery to any Participant, any Owner or any other person, other than the Depository, of any notice with respect to the Bonds, including any notice of redemption, or (C) the payment to any Participant, any Beneficial Owner or any other person, other than the Depository, of any amount with respect to the principal of or premium, if any, or interest on the Bonds, or (D) the consent given or other action taken by the Depository as the Registered Holder of any Bonds (the "Holder"). For purposes of securing the vote or consent of any Holder under this Resolution, the City may, however, rely upon an omnibus proxy under which the Depository assigns its consenting or voting rights to certain Participants to whose accounts the Bonds are credited on the record date identified in a listing attached to the omnibus proxy.

(iv) The City and the Bond Registrar may treat as and deem the Depository to be the absolute owner of the Bonds for the purpose of payment of the principal of and premium, if any, and interest on the Bonds, for the purpose of giving notices of redemption and other matters with respect to the Bonds, for the purpose of obtaining any consent or other action to be taken by Holders for the purpose of registering transfers with respect to such Bonds, and for all purpose whatsoever. The Bond Registrar, as paying agent hereunder, shall pay all principal of and premium, if any, and interest on the Bonds only to the Holder or the Holders of the Bonds as shown on the bond register, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to the principal of and premium, if any, and interest on the Bonds to the extent of the sum or sums so paid.

(v) Upon delivery by the Depository to the Bond Registrar of written notice to the effect that the Depository has determined to substitute a new Nominee in place of the existing Nominee, and subject to the transfer provisions in paragraph 10 hereof, references to the Nominee hereunder shall refer to such new Nominee.

(vi) So long as any Bond is registered in the name of a Nominee, all payments with respect to the principal of and premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, by the Bond Registrar or City, as the case may be, to the Depository as provided in the Letter of Representations to the Depository required by the Depository as a condition to its acting as book-entry Depository for the Bonds (said Letter of Representations, together with any replacement thereof or amendment or substitute thereto, including any standard procedures or policies referenced therein or applicable thereto respecting the procedures and other matters relating to the Depository's role as book-entry Depository for the Bonds, collectively hereinafter referred to as the "Letter of Representations").

(vii) All transfers of beneficial ownership interests in each Bond issued in book-entry form shall be limited in principal amount to Authorized Denominations and shall be effected by procedures by the Depository with the Participants for recording and transferring the ownership of beneficial interests in such Bonds.

(viii) In connection with any notice or other communication to be provided to the Holders pursuant to this Resolution by the City or Bond Registrar with respect to any consent or other action to be taken by Holders, the Depository shall consider the date of receipt of notice requesting such consent or other action as the record date for such consent or other action; provided, that the City or the Bond Registrar may establish a special record date for such consent or other action. The City or the Bond Registrar shall, to the extent possible, give the Depository notice of such special record date not less than fifteen calendar days in advance of such special record date to the extent possible.

(ix) Any successor Bond Registrar in its written acceptance of its duties under this Resolution and any paying agency/bond registrar agreement, shall agree to take any actions necessary from time to time to comply with the requirements of the Letter of Representations.

(d) Termination of Book-Entry Only System. Discontinuance of a particular Depository's services and termination of the book-entry only system may be effected as follows:

(i) The Depository may determine to discontinue providing its services with respect to the Bonds at any time by giving written notice to the City and discharging its responsibilities with respect thereto under applicable law. The City may terminate the services of the Depository with respect to the Bond if it determines that the Depository is no longer able to carry out its functions as securities depository or the continuation of the system of book-entry transfers through the Depository is not in the best interests of the City or the Beneficial Owners.

(ii) Upon termination of the services of the Depository as provided in the preceding paragraph, and if no substitute securities depository is willing to undertake the functions of the Depository hereunder can be found which, in the opinion of the City, is willing and able to assume such functions upon reasonable or customary terms, or if the City determines that it is in the best interests of the City or the Beneficial Owners of the Bond that the Beneficial Owners be able to obtain certificates for the Bonds, the Bonds shall no longer be registered as being registered in the bond register in the name of the Nominee, but may be registered in whatever name or names the Holder of the Bonds shall designate at that time, in accordance with paragraph 10. To the extent that the Beneficial Owners are designated as the transferee by the Holders, in accordance with paragraph 10, the Bonds will be delivered to the Beneficial Owners.

(iii) Nothing in this subparagraph (d) shall limit or restrict the provisions of paragraph 10.

(e) Letter of Representations. The provisions in the Letter of Representations are incorporated herein by reference and made a part of the resolution, and if and to the extent any such provisions are inconsistent with the other provisions of this resolution, the provisions in the Letter of Representations shall control.

3. Purposes. The Street Reconstruction Portion of the Bonds shall provide funds to finance the Street Reconstruction Projects. The Water Portion of the Bonds shall provide funds to finance the Water System Improvements. The Sewer Portion of the Bonds shall provide funds to finance the Sewer System Improvements. The Street Reconstruction Projects, the Water System Improvements and the Sewer System Improvements are herein referred to together as the Project. The total cost of the Project, which shall include all costs enumerated in Minnesota Statutes, Section 475.65, is estimated to be at least equal to the amount of the Bonds. The City covenants that it shall do all things and perform all acts required of it to assure that work on the Project proceeds with due diligence to completion and that any and all permits and studies required under law for the Project are obtained.

4. Interest. The Bonds shall bear interest payable semiannually on February 1 and August 1 of each year (each, an "Interest Payment Date"), commencing February 1, 2024, calculated on the basis of a 360-day year of twelve 30-day months, at the respective rates per annum set forth opposite the maturity years as follows:

<u>Maturity Year</u>	<u>Interest Rate</u>	<u>Maturity Year</u>	<u>Interest Rate</u>
2024	5.00%	2030	5.00%
2025	5.00	2031	5.00
2026	5.00	2032	4.00
2027	5.00	2033	4.00
2028	5.00	2034	4.00
2029	5.00		

5. Redemption. All Bonds maturing on February 1, 2032 and thereafter, shall be subject to redemption and prepayment at the option of the City on February 1, 2031, and on 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 the 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. Bonds or portions thereof called for redemption shall be due and payable on the redemption date, and interest thereon shall cease to accrue from and after the redemption date. Mailed notice of redemption shall be given to the paying agent and to each affected registered holder of the Bonds at least thirty (30) days prior to the date fixed for redemption.

To effect a partial redemption of Bonds having a common maturity date, the Bond Registrar prior to giving notice of redemption shall assign to each Bond having a common maturity date a distinctive number for each \$5,000 of the principal amount of such Bond. The Bond Registrar shall then select by lot, using such method of selection as it shall deem proper in its discretion, from the numbers so assigned to such Bonds, as many numbers as, at \$5,000 for each number, shall equal the principal amount of such Bonds to be redeemed. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected; provided, however, that only so much of the principal amount of each such Bond of a denomination of more than \$5,000 shall be redeemed as shall equal \$5,000 for each number assigned to it and so selected. If a Bond is to be redeemed only in part, it shall be surrendered to the Bond Registrar (with, if the City or Bond Registrar so requires, a written instrument of transfer in form satisfactory to the City and Bond Registrar duly executed by the Holder thereof or the Holder's attorney duly authorized in writing) and the City shall execute (if necessary) and the Bond Registrar shall authenticate and deliver to the Holder of the Bond, without service charge, a new Bond or Bonds having the same stated maturity and interest rate and of any Authorized Denomination or Denominations, as requested by the Holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered.

6. Bond Registrar. U.S. Bank Trust Company, National Association, in St. Paul, Minnesota, is appointed to act as bond registrar and transfer agent with respect to the Bonds (the "Bond Registrar"), and shall do so unless and until a successor Bond Registrar is duly appointed, all pursuant to any contract the City and Bond Registrar shall execute which is consistent herewith. The Bond Registrar shall also serve as paying agent unless and until a successor-paying agent is duly appointed. Principal and interest on the Bonds shall be paid to the registered holders (or record holders) of the Bonds in the manner set forth in the form of Bond and paragraph 12.

7. Form of Bond. The Bonds, together with the Bond Registrar's Certificate of Authentication, the form of Assignment and the registration information thereon, shall be in substantially the following form:

UNITED STATES OF AMERICA
STATE OF MINNESOTA
DAKOTA AND WASHINGTON COUNTIES
CITY OF HASTINGS

R- _____ \$ _____

GENERAL OBLIGATION BOND, SERIES 2023A

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
_____ %	February 1, 20__	June 29, 2023	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

The City of Hastings, Dakota and Washington Counties, Minnesota (the "Issuer"), certifies that it is indebted and for value received promises to pay to the registered owner specified above, or registered assigns, unless called for earlier redemption, in the manner hereinafter set forth, the principal amount specified above, on the maturity date specified above, and to pay interest thereon semiannually on February 1 and August 1 of each year (each, an "Interest Payment Date"), commencing February 1, 2024, at the rate per annum specified above (calculated on the basis of a 360-day year of twelve 30-day months) until the principal sum is paid or has been provided for. This Bond will bear interest from the most recent Interest Payment Date to which interest has been paid or, if no interest has been paid, from the date of original issue hereof. The principal of and premium, if any, on this Bond are payable upon presentation and surrender hereof at the principal office of U.S. Bank Trust Company, National Association, in St. Paul, Minnesota (the "Bond Registrar"), acting as paying agent, or any successor paying agent duly appointed by the Issuer. Interest on this Bond will be paid on each Interest Payment Date by check or draft mailed to the person in whose name this Bond is registered (the "Holder" or "Bondholder") on the registration books of the Issuer maintained by the Bond Registrar and at the address appearing thereon at the close of business on the fifteenth day of the calendar month next preceding such Interest Payment Date (the "Regular Record Date"). Any interest not so timely paid shall cease to be payable to the person who is the Holder hereof as of the Regular Record Date, and shall be payable to the person who is the Holder hereof at the close of business on a date (the "Special Record Date") fixed by the Bond Registrar whenever money becomes available for payment of the defaulted interest. Notice of the Special Record Date shall be given to Bondholders not less than ten days prior to the Special Record Date. The principal of and premium, if any, and interest on this Bond are payable in lawful money of the United States of America. So long as this Bond is registered in the name of the Depository or its Nominee as provided in the Resolution hereinafter described, and as those terms are defined therein, payment of principal of, premium, if any, and interest on this Bond and

notice with respect thereto shall be made as provided in the Letter of Representations, as defined in the Resolution, and surrender of this Bond shall not be required for payment of the redemption price upon a partial redemption of this Bond. Until termination of the book-entry only system pursuant to the Resolution, Bonds may only be registered in the name of the Depository or its Nominee.

Optional Redemption. All Bonds of this issue (the "Bonds") maturing on February 1, 2032, and thereafter, are subject to redemption and prepayment at the option of the Issuer on February 1, 2031, and on 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 the principal amounts within each maturity to be redeemed shall be determined by the Issuer; 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. Bonds or portions thereof called for redemption shall be due and payable on the redemption date, and interest thereon shall cease to accrue from and after the redemption date. Mailed notice of redemption shall be given to the paying agent and to each affected registered holder of the Bonds at least thirty (30) days prior to the date fixed for redemption.

Prior to the date on which any Bond or Bonds are directed by the Issuer to be redeemed in advance of maturity, the Issuer will cause notice of the call thereof for redemption identifying the Bonds to be redeemed to be mailed to the Bond Registrar and all Bondholders, at the addresses shown on the Bond Register. All Bonds so called for redemption will cease to bear interest on the specified redemption date, provided funds for their redemption have been duly deposited.

Selection of Bonds for Redemption; Partial Redemption. To effect a partial redemption of Bonds having a common maturity date, the Bond Registrar shall assign to each Bond having a common maturity date a distinctive number for each \$5,000 of the principal amount of such Bond. The Bond Registrar shall then select by lot, using such method of selection as it shall deem proper in its discretion, from the numbers assigned to the Bonds, as many numbers as, at \$5,000 for each number, shall equal the principal amount of such Bonds to be redeemed. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected; provided, however, that only so much of the principal amount of such Bond of a denomination of more than \$5,000 shall be redeemed as shall equal \$5,000 for each number assigned to it and so selected. If a Bond is to be redeemed only in part, it shall be surrendered to the Bond Registrar (with, if the Issuer or Bond Registrar so requires, a written instrument of transfer in form satisfactory to the Issuer and Bond Registrar duly executed by the Holder thereof or the Holder's attorney duly authorized in writing) and the Issuer shall execute (if necessary) and the Bond Registrar shall authenticate and deliver to the Holder of the Bond, without service charge, a new Bond or Bonds having the same stated maturity and interest rate and of any Authorized Denomination or Denominations, as requested by the Holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered.

Issuance; Purpose; General Obligation. This Bond is one of an issue in the total principal amount of \$4,095,000, all of like date of original issue and tenor, except as to number, maturity, interest rate, denomination and redemption privilege, issued pursuant to and in full conformity with the Constitution, Charter of the Issuer and laws of the State of Minnesota and pursuant to a

resolution adopted by the City Council on June 5, 2023 (the "Resolution"), for the purpose of providing money to finance various municipal improvement projects within the jurisdiction of the Issuer. This Bond is payable out of the General Obligation Bonds, Series 2023A Fund of the Issuer. This Bond constitutes a general obligation of the Issuer, and to provide moneys for the prompt and full payment of its principal, premium, if any, and interest when the same become due, the full faith and credit and taxing powers of the Issuer have been and are hereby irrevocably pledged.

Denominations; Exchange; Resolution. The Bonds are issuable solely in fully registered form in Authorized Denominations (as defined in the Resolution) and are exchangeable for fully registered Bonds of other Authorized Denominations in equal aggregate principal amounts at the office of the Bond Registrar, but only in the manner and subject to the limitations provided in the Resolution. Reference is hereby made to the Resolution for a description of the rights and duties of the Bond Registrar. Copies of the Resolution are on file in the office of the Bond Registrar.

Transfer. This Bond is transferable by the Holder in person or the Holder's attorney duly authorized in writing at the office of the Bond Registrar upon presentation and surrender hereof to the Bond Registrar, all subject to the terms and conditions provided in the Resolution and to reasonable regulations of the Issuer contained in any agreement with the Bond Registrar. Thereupon the Issuer shall execute and the Bond Registrar shall authenticate and deliver, in exchange for this Bond, one or more new fully registered Bonds in the name of the transferee (but not registered in blank or to "bearer" or similar designation), of an Authorized Denomination or Denominations, in aggregate principal amount equal to the principal amount of this Bond, of the same maturity and bearing interest at the same rate.

Fees upon Transfer or Loss. The Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with the transfer or exchange of this Bond and any legal or unusual costs regarding transfers and lost Bonds.

Treatment of Registered Owners. The Issuer and Bond Registrar may treat the person in whose name this Bond is registered as the owner hereof for the purpose of receiving payment as herein provided (except as otherwise provided herein with respect to the Record Date) and for all other purposes, whether or not this Bond shall be overdue, and neither the Issuer nor the Bond Registrar shall be affected by notice to the contrary.

Authentication. This Bond shall not be valid or become obligatory for any purpose or be entitled to any security unless the Certificate of Authentication hereon shall have been executed by the Bond Registrar.

Qualified Tax-Exempt Obligation. This Bond has been designated by the Issuer as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions and things required by the Constitution, Charter of the Issuer and laws of the State of Minnesota to be done, to happen and to be performed, precedent to and in the issuance of this Bond, have been done, have happened and have been performed, in regular and due form, time and manner as required

by law; that the Issuer has covenanted and agreed with the Holders of the Bonds that it will impose and collect charges for the service, use and availability of its municipal water utility system (the "Water System") at the times and in amounts necessary to produce net revenues, together with other sums pledged to the payment of the Water Portion of the Bonds, as defined in the Resolution, adequate to pay all principal and interest when due on the Water Portion of the Bonds; and that the Issuer will levy a direct, annual, irrevocable ad valorem tax upon all of the taxable property of the Issuer, without limitation as to rate or amount, for the years and in amounts sufficient to pay the principal and interest on Water Portion of the Bonds as they respectively become due, if the net revenues from the Water System, and any other sums irrevocably appropriated to the Debt Service Account are insufficient therefor; that the Issuer has covenanted and agreed with the Holders of the Bonds that it will impose and collect charges for the service, use and availability of its municipal sanitary sewer utility system (the "Sewer System") at the times and in amounts necessary to produce net revenues, together with other sums pledged to the payment of the Sewer Portion of the Bonds, as defined in the Resolution, adequate to pay all principal and interest when due on the Sewer Portion of the Bonds; and that the Issuer will levy a direct, annual, irrevocable ad valorem tax upon all of the taxable property of the Issuer, without limitation as to rate or amount, for the years and in amounts sufficient to pay the principal and interest on Sewer Portion of the Bonds as they respectively become due, if the net revenues from the Sewer System, and any other sums irrevocably appropriated to the Debt Service Account are insufficient therefor and that this Bond, together with all other debts of the Issuer outstanding on the date of original issue hereof and the date of its issuance and delivery to the original purchaser, does not exceed any constitutional, charter or statutory limitation of indebtedness.

IN WITNESS WHEREOF, the City of Hastings, Dakota and Washington Counties, Minnesota, by its City Council has caused this Bond to be executed on its behalf by the facsimile signatures of its Mayor and its Clerk, the corporate seal of the Issuer having been intentionally omitted as permitted by law.

Date of Registration:

BOND REGISTRAR'S
CERTIFICATE OF
AUTHENTICATION

This Bond is one of the
Bonds described in the
Resolution mentioned
within.

U.S. BANK TRUST COMPANY,
NATIONAL ASSOCIATION
St. Paul, Minnesota,
Bond Registrar

By: _____
Authorized Signature

Registrable by: U.S. BANK TRUST COMPANY
NATIONAL ASSOCIATION

Payable at: U.S. BANK TRUST COMPANY
NATIONAL ASSOCIATION

CITY OF HASTINGS,
DAKOTA AND WASHINGTON COUNTIES,
MINNESOTA

/s/ Facsimile

/s/ Facsimile

Mayor

Clerk

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM - as tenants in common

TEN ENT - as tenants by the entireties

JT TEN - as joint tenants with right of survivorship and not as tenants in common

UTMA - _____ as custodian for _____

(Cust) (Minor)

under the _____ Uniform

(State)

Transfers to Minors Act

Additional abbreviations may also be used though not in the above list.

 ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____ attorney to transfer the Bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated: _____

Notice:

_____ The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

Signature Guaranteed:

Signature(s) must be guaranteed by a national bank or trust company or by a brokerage firm having a membership in one of the major stock exchanges or any other "Eligible Guarantor Institution" as defined in 17 CFR 240.17 Ad-15(a)(2).

The Bond Registrar will not affect transfer of this Bond unless the information concerning the transferee requested below is provided.

Name and Address: _____

(Include information for all joint owners if the Bond is held by joint account.)

8. Execution. The Bonds shall be in typewritten form, shall be executed on behalf of the City by the signatures of its Mayor and Clerk and be sealed with the seal of the City; provided, as permitted by law, both signatures may be photocopied facsimiles and the corporate seal has been omitted. In the event of disability or resignation or other absence of either officer, the Bonds may be signed by the manual or facsimile signature of the officer who may act on behalf of the absent or disabled officer. In case either officer whose signature or facsimile of whose signature shall appear on the Bonds shall cease to be such officer before the delivery of the Bonds, the signature or facsimile shall nevertheless be valid and sufficient for all purposes, the same as if the officer had remained in office until delivery.

9. Authentication. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this resolution unless a Certificate of Authentication on such Bond, substantially in the form hereinabove set forth, shall have been duly executed by an authorized representative of the Bond Registrar. Certificates of Authentication on different Bonds need not be signed by the same person. The Bond Registrar shall authenticate the signatures of officers of the City on each Bond by execution of the Certificate of Authentication on the Bond and by inserting as the date of registration in the space provided the date on which the Bond is authenticated, except that for purposes of delivering the original Bonds to the Purchaser, the Bond Registrar shall insert as a date of registration the date of original issue of June 29, 2023. The Certificate of Authentication so executed on each Bond shall be conclusive evidence that it has been authenticated and delivered under this resolution.

10. Registration; Transfer; Exchange. The City will cause to be kept at the principal office of the Bond Registrar a bond register in which, subject to such reasonable regulations as the Bond Registrar may prescribe, the Bond Registrar shall provide for the registration of Bonds and the registration of transfers of Bonds entitled to be registered or transferred as herein provided.

Upon surrender for transfer of any Bond at the principal office of the Bond Registrar, the City shall execute (if necessary), and the Bond Registrar shall authenticate, insert the date of registration (as provided in paragraph 9) of, and deliver, in the name of the designated transferee or transferees, one or more new Bonds of any Authorized Denomination or Denominations of a like aggregate principal amount, having the same stated maturity and interest rate, as requested by the transferor; provided, however, that no Bond may be registered in blank or in the name of "bearer" or similar designation.

At the option of the Holder, Bonds may be exchanged for Bonds of any Authorized Denomination or Denominations of a like aggregate principal amount and stated maturity, upon surrender of the Bonds to be exchanged at the principal office of the Bond Registrar. Whenever any Bonds are so surrendered for exchange, the City shall execute (if necessary), and the Bond Registrar shall authenticate, insert the date of registration of, and deliver the Bonds which the Holder making the exchange is entitled to receive.

All Bonds surrendered upon any exchange or transfer provided for in this resolution shall be promptly canceled by the Bond Registrar and thereafter disposed of as directed by the City.

All Bonds delivered in exchange for or upon transfer of Bonds shall be valid general obligations of the City evidencing the same debt, and entitled to the same benefits under this resolution, as the Bonds surrendered for such exchange or transfer.

Every Bond presented or surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, in form satisfactory to the Bond Registrar, duly executed by the Holder thereof or his, her or its attorney duly authorized in writing.

The Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with the transfer or exchange of any Bond and any legal or unusual costs regarding transfers and lost Bonds.

Transfers shall also be subject to reasonable regulations of the City contained in any agreement with the Bond Registrar, including regulations which permit the Bond Registrar to close its transfer books between record dates and payment dates. The Finance Manager is hereby authorized to negotiate and execute the terms of said agreement.

11. Rights Upon Transfer or Exchange. Each Bond delivered upon transfer of or in exchange for or in lieu of any other Bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bond.

12. Interest Payment; Record Date. Interest on any Bond shall be paid on each Interest Payment Date by check or draft mailed to the person in whose name the Bond is registered (the "Holder") on the registration books of the City maintained by the Bond Registrar and at the address appearing thereon at the close of business on the fifteenth day of the calendar month next preceding such Interest Payment Date (the "Regular Record Date"). Any such interest not so timely paid shall cease to be payable to the person who is the Holder thereof as of the Regular Record Date, and shall be payable to the person who is the Holder thereof at the close of business on a date (the "Special Record Date") fixed by the Bond Registrar whenever money becomes available for payment of the defaulted interest. Notice of the Special Record Date shall be given by the Bond Registrar to the Holders not less than ten days prior to the Special Record Date.

13. Treatment of Registered Owner. The City and Bond Registrar may treat the person in whose name any Bond is registered as the owner of such Bond for the purpose of receiving payment of principal of and premium, if any, and interest (subject to the payment provisions in paragraph 12) on, such Bond and for all other purposes whatsoever whether or not such Bond shall be overdue, and neither the City nor the Bond Registrar shall be affected by notice to the contrary.

14. Delivery; Application of Proceeds. The Bonds when so prepared and executed shall be delivered by the Finance Manager to the Purchaser upon receipt of the purchase price, and the Purchaser shall not be obliged to see to the proper application thereof.

15. Fund and Accounts. There is hereby established a special fund to be designated "General Obligation Bonds, Series 2023A Fund" (the "Fund") to be administered and maintained by the Finance Manager as a bookkeeping account separate and apart from all other funds maintained in the official financial records of the City. The Fund shall be maintained in the

manner herein specified until all of the Bonds and the interest thereon have been fully paid. The Operation and Maintenance Account for the Water System and the Operation and Maintenance Account for the Sewer System (together, the "Operation and Maintenance Accounts") heretofore established by the City shall continue to be maintained in the manner heretofore and herein provided by the City. All moneys remaining after paying or providing for the items set forth in the resolution(s) establishing the Operation and Maintenance Accounts shall constitute and are referred to as "net revenues" until the Water Portion of the Bonds and the Sewer Portion of the Bonds have been paid. In such records there shall be established accounts of the Fund for the purposes and in the amounts as follows:

(a) Construction Account. To the Construction Account there shall be credited the proceeds of the sale of the Bonds, less capitalized interest. From the Construction Account there shall be paid all costs and expenses of making the Project, including the cost of any construction or other contracts heretofore let and all other costs incurred and to be incurred of the kind authorized in Minnesota Statutes, Section 475.65. Moneys in the Construction Account shall be used for no other purpose except as otherwise provided by law; provided that the proceeds of the Bonds may also be used to the extent necessary to pay interest on the Bonds due prior to the anticipated date of commencement of the collection of taxes or net revenues herein levied or covenanted to be levied; and provided further that if upon completion of the Project there shall remain any unexpended balance in the Construction Account, the balance shall be transferred to the Debt Service Account.

(b) Debt Service Account. There shall be maintained separate subaccounts in the Debt Service Account to be designated the "Street Reconstruction Projects Debt Service Subaccount," "Water System Improvements Debt Service Subaccount" and the "Sewer System Improvements Debt Service Subaccount." There are hereby irrevocably appropriated and pledged to, and there shall be credited to the separate subaccounts of the Debt Service Account:

(i) Street Reconstruction Projects Debt Service Subaccount. To the Street Reconstruction Projects Debt Service Subaccount there shall be credited: (A) capitalized interest in the amount of \$85,565.56 (together with interest earnings thereon and subject to such other adjustments as are appropriate) to provide sufficient funds to pay interest due on the Street Reconstruction Portion of the Bond on or before February 1, 2024; (B) all collections of taxes herein or hereafter levied for the payment of the Street Reconstruction Portion of the Bonds and interest thereon; (C) a pro rata share of all funds remaining in the Construction Account after completion of the Street Reconstruction Projects and payment of the costs thereof; (D) all investment earnings on funds held in the Street Reconstruction Projects Debt Service Subaccount; and (E) any and all other moneys which are properly available and are appropriated by the governing body of the City to the Street Reconstruction Projects Debt Service Subaccount. The Street Reconstruction Projects Debt Service Subaccount shall be used solely to pay the principal and interest on the Street Reconstruction Portion of the Bonds and any other general obligation bonds of the City hereafter issued by the City and made payable from said subaccount as provided by law.

(ii) Water System Improvements Debt Service Subaccount. To the Water System Improvements Debt Service Subaccount there shall be credited: (A) the net

revenues of the Water System not otherwise pledged and applied to the payment of other obligations of the City, in an amount, together with other funds which may herein or hereafter from time to time be irrevocably appropriated to the Water System Improvements Debt Service Subaccount, sufficient to meet the requirements of Minnesota Statutes, Section 475.61 for the payment of the principal and interest of the Water Portion of the Bonds; (B) any collections of all taxes which may hereafter be levied in the event that the net revenues of the Water System and other funds herein pledged to the payment of the principal and interest on the Water Portion of the Bonds are insufficient therefore; (C) a pro rata share of all funds remaining in the Construction Account after completion of the Project and payment of the costs thereof; (D) all investment earnings on funds held in the Water System Improvements Debt Service Subaccount; and (E) any and all other moneys which are properly available and are appropriated by the governing body of the City to the Water System Improvements Debt Service Subaccount. The Water System Improvements Debt Service Subaccount shall be used solely to pay the principal and interest and any premium for redemption of the Water Portion of the Bonds and any other General Obligation Bonds of the City hereafter issued by the City and made payable from said subaccount as provided by law.

(iii) Sewer System Improvements Debt Service Subaccount. To the Sewer System Improvements Debt Service Subaccount there shall be credited: (A) the net revenues of the Sewer System not otherwise pledged and applied to the payment of other obligations of the City, in an amount, together with other funds which may herein or hereafter from time to time be irrevocably appropriated to the Sewer System Improvements Debt Service Subaccount, sufficient to meet the requirements of Minnesota Statutes, Section 475.61 for the payment of the principal and interest of the Sewer Portion of the Bonds; (B) any collections of all taxes which may hereafter be levied in the event that the net revenues of the Sewer System and other funds herein pledged to the payment of the principal and interest on the Sewer Portion of the Bonds are insufficient therefore; (C) a pro rata share of all funds remaining in the Construction Account after completion of the Project and payment of the costs thereof; (D) all investment earnings on funds held in the Sewer System Improvements Debt Service Subaccount; and (E) any and all other moneys which are properly available and are appropriated by the governing body of the City to the Sewer System Improvements Debt Service Subaccount. The Sewer System Improvements Debt Service Subaccount shall be used solely to pay the principal and interest and any premium for redemption of the Sewer Portion of the Bonds and any other General Obligation Bonds of the City hereafter issued by the City and made payable from said subaccount as provided by law.

No portion of the proceeds of the Bonds shall be used directly or indirectly to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except (1) for a reasonable temporary period until such proceeds are needed for the purpose for which the Bonds were issued and (2) in addition to the above in an amount not greater than the lesser of five percent of the proceeds of the Bonds or \$100,000. To this effect, any proceeds of the Bonds and any sums from time to time held in the Construction Account, Operation and Maintenance Accounts or Debt Service Account (or any other City account which will be used to pay principal or interest to become due on the bonds payable therefrom) in excess of amounts which under then applicable federal arbitrage regulations may

be invested without regard to yield shall not be invested at a yield in excess of the applicable yield restrictions imposed by said arbitrage regulations on such investments after taking into account any applicable "temporary periods" or "minor portion" made available under the federal arbitrage regulations. Money in the Fund shall not be invested in obligations or deposits issued by, guaranteed by or insured by the United States or any agency or instrumentality thereof if and to the extent that such investment would cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Internal Revenue Code of 1986, as amended (the "Code").

16. Covenants Relating to the Street Reconstruction Portion of the Bonds.

(a) Tax Levy. To provide moneys for payment of the principal and interest on the Street Reconstruction Portion of the Bonds there is hereby levied upon all of the taxable property in the City a direct annual ad valorem tax which shall be spread upon the tax rolls and collected with and as part of other general property taxes in the City for the years and in the amounts as follows:

<u>Levy Years</u>	<u>Collection Years</u>	<u>Amount</u>
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See Attached Schedule in Exhibit B

(b) Coverage Test. The tax levies are such that if collected in full they, together with and other revenues herein pledged for the payment of the Street Reconstruction Portion of the Bonds, will produce at least five percent in excess of the amount needed to meet when due the principal and interest payments on the Street Reconstruction Portion of the Bonds. The tax levies shall be irrevocable so long as any of the Street Reconstruction Portion of the Bonds are outstanding and unpaid, provided that the City reserves the right and power to reduce the levies in the manner and to the extent permitted by Minnesota Statutes, Section 475.61, Subdivision 3.

17. Covenants Relating to the Water Portion of the Bonds.

(a) Sufficiency of Net Revenues; Coverage Test. It is hereby found, determined and declared that the net revenues of the Water System are sufficient in an amount to pay when due the principal and interest on the Water Portion of the Bonds and the Outstanding Water Bonds and a sum at least five percent in excess thereof. It is hereby found, determined and declared that the net revenues of the System are sufficient in an amount to pay when due the principal and interest on the Outstanding Utility Bonds and a sum at least five percent in excess thereof. The net revenues of the Water System are hereby pledged on a parity lien with the Outstanding Water Bonds and the Outstanding Utility Bonds and shall be applied for that purpose, but solely to the extent required to meet, together with other pledged sums, the principal and interest requirements of the Water Portion of the Bonds. As used herein the term net revenues means the gross revenues derived by the City from the operation of the Water System, including all charges for service, use, availability, and connection to the Water System, and all monies received from the sale of any facilities or equipment of the Water System or any by-products thereof, less all normal, reasonable, or current costs of owning, operating, and maintaining the Water System.

Nothing contained herein shall be deemed to preclude the City from making further pledges and appropriations of the net revenues of the Water System for the payment of other or

additional obligations of the City, provided that it has first been determined by the City Council that the estimated net revenues of the Water System will be sufficient in addition to all other sources, for the payment of the Water Portion of the Bonds and such additional obligations and any such pledge and appropriation of the net revenues may be made superior or subordinate to, or on a parity with the pledge and appropriation herein.

(b) Excess Net Revenues. Net revenues of the Water System in excess of those required for the foregoing may be used for any proper purpose.

(c) Covenant to Maintain Rates and Charges. In accordance with Minnesota Statutes, Section 444.075, the City hereby covenants and agrees with the Holders of the Bonds that it will impose and collect charges for the service, use, availability and connection to the Water System at the times and in the amounts required to produce net revenues adequate to pay all principal and interest when due on the Water Portion of the Bonds. Minnesota Statutes, Section 444.075, Subdivision 2, provides as follows: "Real estate tax revenues should be used only, and then on a temporary basis, to pay general or special obligations when the other revenues are insufficient to meet the obligations."

18. Covenants Relating to the Sewer Portion of the Bonds.

(a) Sufficiency of Net Revenues; Coverage Test. It is hereby found, determined and declared that the net revenues of the Sewer System are sufficient in an amount to pay when due the principal and interest on the Sewer Portion of the Bonds and the Outstanding Sewer Bonds and a sum at least five percent in excess thereof. It is hereby found, determined and declared that the net revenues of the System are sufficient in an amount to pay when due the principal and interest on the Outstanding Utility Bonds and a sum at least five percent in excess thereof. The net revenues of the Sewer System are hereby pledged on a parity lien with the Outstanding Sewer Bonds and the Outstanding Utility Bonds and shall be applied for that purpose, but solely to the extent required to meet, together with other pledged sums, the principal and interest requirements of the Sewer Portion of the Bonds. As used herein the term net revenues means the gross revenues derived by the City from the operation of the Sewer System, including all charges for service, use, availability, and connection to the Sewer System, and all monies received from the sale of any facilities or equipment of the Sewer System or any by-products thereof, less all normal, reasonable, or current costs of owning, operating, and maintaining the Sewer System.

Nothing contained herein shall be deemed to preclude the City from making further pledges and appropriations of the net revenues of the Sewer System for the payment of other or additional obligations of the City, provided that it has first been determined by the City Council that the estimated net revenues of the Sewer System will be sufficient in addition to all other sources, for the payment of the Sewer Portion of the Bonds and such additional obligations and any such pledge and appropriation of the net revenues may be made superior or subordinate to, or on a parity with the pledge and appropriation herein.

(b) Excess Net Revenues. Net revenues of the Sewer System in excess of those required for the foregoing may be used for any proper purpose.

(c) Covenant to Maintain Rates and Charges. In accordance with Minnesota Statutes, Section 444.075, the City hereby covenants and agrees with the Holders of the Bonds that it will impose and collect charges for the service, use, availability and connection to the Sewer System at the times and in the amounts required to produce net revenues adequate to pay all principal and interest when due on the Sewer Portion of the Bonds. Nothing herein shall preclude the City for levying taxes for the payment of the Sewer Portion of the Bonds as permitted by Minnesota Statutes, Section 115.46.

19. General Obligation Pledge. For the prompt and full payment of the principal and interest on the Bonds, as the same respectively become due, the full faith, credit and taxing powers of the City shall be and are hereby irrevocably pledged. If the net revenues of the System appropriated and pledged to the payment of principal and interest on the Water Portion of the Bonds, together with other funds irrevocably appropriated to the Water System Improvements Debt Service Subaccount herein established, shall at any time be insufficient to pay such principal and interest when due, the City covenants and agrees to levy, without limitation as to rate or amount an ad valorem tax upon all taxable property in the City sufficient to pay such principal and interest as it becomes due. If the net revenues of the System appropriated and pledged to the payment of principal and interest on the Sewer Portion of the Bonds, together with other funds irrevocably appropriated to the Sewer System Improvements Debt Service Subaccount herein established, shall at any time be insufficient to pay such principal and interest when due, the City covenants and agrees to levy, without limitation as to rate or amount an ad valorem tax upon all taxable property in the City sufficient to pay such principal and interest as it becomes due. If the balance in the Debt Service Account is ever insufficient to pay all principal and interest then due on the Bonds and any other bonds payable therefrom, the deficiency shall be promptly paid out of any other funds of the City which are available for such purpose, and such other funds may be reimbursed with or without interest from the Debt Service Account when a sufficient balance is available therein.

20. Continuing Disclosure. The City is the sole obligated person with respect to the Bonds. The City hereby agrees, in accordance with the provisions of Rule 15c2-12 (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission") pursuant to the Securities Exchange Act of 1934, as amended, and a Continuing Disclosure Undertaking (the "Undertaking") hereinafter described to:

(a) Provide or cause to be provided to the Municipal Securities Rulemaking Board (the "MSRB") by filing at www.emma.msrb.org in accordance with the Rule, certain annual financial information and operating data in accordance with the Undertaking. The City reserves the right to modify from time to time the terms of the Undertaking as provided therein.

(b) Provide or cause to be provided to the MSRB notice of the occurrence of certain events with respect to the Bonds in not more than ten (10) business days after the occurrence of the event, in accordance with the Undertaking.

(c) Provide or cause to be provided to the MSRB notice of a failure by the City to provide the annual financial information with respect to the City described in the Undertaking, in not more than ten (10) business days following such occurrence.

(d) The City agrees that its covenants pursuant to the Rule set forth in this paragraph and in the Undertaking is intended to be for the benefit of the Holders of the Bonds and shall be enforceable on behalf of such Holders; provided that the right to enforce the provisions of these covenants shall be limited to a right to obtain specific enforcement of the City's obligations under the covenants.

The Mayor and Clerk of the City, or any other officer of the City authorized to act in their place (the "Officers") are hereby authorized and directed to execute on behalf of the City the Undertaking in substantially the form presented to the City Council subject to such modifications thereof or additions thereto as are (i) consistent with the requirements under the Rule, (ii) required by the Purchaser of the Bonds, and (iii) acceptable to the Officers.

21. Defeasance. When all Bonds have been discharged as provided in this paragraph, all pledges, covenants and other rights granted by this resolution to the registered holders of the Bonds shall, to the extent permitted by law, cease. The City may discharge its obligations with respect to any Bonds which are due on any date by irrevocably depositing with the Bond Registrar on or before that date a sum sufficient for the payment thereof in full; or if any Bond should not be paid when due, it may nevertheless be discharged by depositing with the Bond Registrar a sum sufficient for the payment thereof in full with interest accrued to the date of such deposit. The City may also discharge its obligations with respect to any prepayable Bonds called for redemption on any date when they are prepayable according to their terms, by depositing with the Bond Registrar on or before that date a sum sufficient for the payment thereof in full, provided that notice of redemption thereof has been duly given. The City may also at any time discharge its obligations with respect to any Bonds, subject to the provisions of law now or hereafter authorizing and regulating such action, by depositing irrevocably in escrow, with a suitable banking institution qualified by law as an escrow agent for this purpose, cash or securities described in Minnesota Statutes, Section 475.67, Subdivision 8, bearing interest payable at such times and at such rates and maturing on such dates as shall be required, without regard to sale and/or reinvestment, to pay all amounts to become due thereon to maturity or, if notice of redemption as herein required has been duly provided for, to such earlier redemption date.

22. Compliance With Reimbursement Bond Regulations. The provisions of this paragraph are intended to establish and provide for the City's compliance with United States Treasury Regulations Section 1.150-2 (the "Reimbursement Regulations") applicable to the "reimbursement proceeds" of the Bonds, being those portions thereof which will be used by the City to reimburse itself for any expenditure which the City paid or will have paid prior to the Closing Date (a "Reimbursement Expenditure").

The City hereby certifies and/or covenants as follows:

(a) Not later than sixty days after the date of payment of a Reimbursement Expenditure, the City (or person designated to do so on behalf of the City) has made or will have made a written declaration of the City's official intent (a "Declaration") which effectively (i) states the City's reasonable expectation to reimburse itself for the payment of the Reimbursement Expenditure out of the proceeds of a subsequent borrowing; (ii) gives a general and functional description of the property, project or program to which the Declaration relates and for which the

Reimbursement Expenditure is paid, or identifies a specific fund or account of the City and the general functional purpose thereof from which the Reimbursement Expenditure was to be paid (collectively the "Project"); and (iii) states the maximum principal amount of debt expected to be issued by the City for the purpose of financing the Project; provided, however, that no such Declaration shall necessarily have been made with respect to: (i) "preliminary expenditures" for the Project, defined in the Reimbursement Regulations to include engineering or architectural, surveying and soil testing expenses and similar prefatory costs, which in the aggregate do not exceed twenty percent of the "issue price" of the Bonds, and (ii) a *de minimis* amount of Reimbursement Expenditures not in excess of the lesser of \$100,000 or five percent of the proceeds of the Bonds.

(b) Each Reimbursement Expenditure is a capital expenditure or a cost of issuance of the Bonds or any of the other types of expenditures described in Section 1.150-2(d)(3) of the Reimbursement Regulations.

(c) The "reimbursement allocation" described in the Reimbursement Regulations for each Reimbursement Expenditure shall and will be made forthwith following (but not prior to) the issuance of the Bonds, and not later than three years after the later of (i) the date of the payment of the Reimbursement Expenditure, or (ii) the date on which the Project to which the Reimbursement Expenditure relates is first placed in service.

(d) Each such reimbursement allocation will be made in a writing that evidences the City's use of Bond proceeds to reimburse the Reimbursement Expenditure and, if made within 30 days after the Bonds are issued, shall be treated as made on the day the Bonds are issued.

Provided, however, that the City may take action contrary to any of the foregoing covenants in this paragraph upon receipt of an opinion of its Bond Counsel for the Bonds stating in effect that such action will not impair the tax-exempt status of the Bonds.

23. Certificate of Registration. The Clerk is hereby directed to file a certified copy of this resolution with the County Auditors of Dakota and Washington Counties, Minnesota, together with such other information as each of the County Auditors shall require, and to obtain from each County Auditor their certificate that the Bonds have been entered in their Bond Register, and that the tax levy required by law has been made.

24. Negative Covenant as to Use of Bond Proceeds and Project. The City hereby covenants not to use the proceeds of the Bonds or to use the Project, or to cause or permit them to be used, or to enter into any deferred payment arrangements for the cost of the Project, in such a manner as to cause the Bonds to be "private activity bonds" within the meaning of Sections 103 and 141 through 150 of the Code.

25. Tax-Exempt Status of the Bonds; Rebate. The City shall comply with requirements necessary under the Code to establish and maintain the exclusion from gross income under Section 103 of the Code of the interest on the Bonds, including without limitation (a) requirements relating to temporary periods for investments, (b) limitations on amounts invested at a yield greater than the yield on the Bonds, and (c) the rebate of excess investment earnings to the United States, if the Bonds (together with other obligations reasonably expected

to be issued and outstanding at one time in this calendar year) exceed the small issuer exception amount of \$5,000,000.

For purposes of qualifying for the exception to the federal arbitrage rebate requirements for governmental units issuing \$5,000,000 or less of bonds, the City hereby finds, determines and declares that:

- (a) the Bonds are issued by a governmental unit with general taxing powers;
- (b) no Bond is a private activity bond;
- (c) ninety-five percent or more of the net proceeds of the Bonds are to be used for local governmental activities of the City (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the City); and
- (d) the aggregate face amount of all tax exempt bonds (other than private activity bonds) issued by the City (and all subordinate entities thereof, and all entities treated as one issuer with the City) during the calendar year in which the Bonds are issued and outstanding at one time is not reasonably expected to exceed \$5,000,000, all within the meaning of Section 148(f)(4)(D) of the Code.

26. Designation of Qualified Tax-Exempt Obligations. In order to qualify the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code, the City hereby makes the following factual statements and representations:

- (a) the Bonds are issued after August 7, 1986;
- (b) the Bonds are not "private activity bonds" as defined in Section 141 of the Code;
- (c) the City hereby designates the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code;
- (d) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds, treating qualified 501(c)(3) bonds as not being private activity bonds) which will be issued by the City (and all entities treated as one issuer with the City, and all subordinate entities whose obligations are treated as issued by the City) during this calendar year 2023 will not exceed \$10,000,000;
- (e) not more than \$10,000,000 of obligations issued by the City during this calendar year 2023 have been designated for purposes of Section 265(b)(3) of the Code; and
- (f) the aggregate face amount of the Bonds does not exceed \$10,000,000.

The City shall use its best efforts to comply with any federal procedural requirements which may apply in order to effectuate the designation made by this paragraph.

27. Official Statement. The Official Statement relating to the Bonds prepared and distributed by Northland is hereby approved and the officers of the City are authorized in

connection with the delivery of the Bonds to sign such certificates as may be necessary with respect to the completeness and accuracy of the Official Statement.

28. Severability. If any section, paragraph or provision of this resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this resolution

29. Headings. Headings in this resolution are included for convenience of reference only and are not a part hereof, and shall not limit or define the meaning of any provision hereof.

The motion for the adoption of the foregoing resolution was duly seconded by member _____ and, after a 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 authorizing the issuance and awarding the sale of \$4,095,000 General Obligation Bonds, Series 2023A.

WITNESS my hand on June 5, 2023.

Clerk

EXHIBIT A

PROPOSALS

TABULATION OF BIDS
 CITY OF HASTINGS, MINNESOTA
 \$4,450,000[†]
 GENERAL OBLIGATION BONDS, SERIES 2023A

AWARD: TD SECURITIES (USA) LLC

DATE OF SALE: MONDAY, JUNE 5, 2023

STANDARD & POOR'S UNDERLYING RATING AA+

BIDDER	PURCHASE PRICE	NET INTEREST COST	TRUE INTEREST COST (TIC)
TD SECURITIES (USA) LLC New York, NY	\$4,806,727.75	\$865,770.58	3.0523264%
ROBERT W. BAIRD & CO., INC. Milwaukee, WI	\$4,775,772.90	\$896,725.43	3.1754535%
PIPER SANDLER & CO. Minneapolis, MN	\$4,806,791.90	\$906,503.66	3.1930978%
BOK FINANCIAL SECURITIES, INC. Dallas, TX	\$4,750,417.30	\$922,081.03	3.2771455%
RAYMOND JAMES & ASSOCIATES, INC. Memphis, TN	\$4,848,597.45	\$952,930.33	3.3236706%
HILLTOP SECURITIES Dallas, TX	\$4,729,388.73	\$943,109.60	3.3620628%
LOOP CAPITAL MARKETS, LLC New York, NY	\$4,693,949.45	\$943,639.99	3.3818456%
UNITED BANKERS' BANK Bloomington, MN	\$4,693,981.70	\$978,516.63	3.5062477%

[†] Par amount decreased from \$4,450,000 to \$4,095,000. For TD Securities (USA) LLC, the adjusted purchase price is \$4,426,072.90, plus accrued interest from the date of issue to the date of delivery, and the adjusted TIC is 3.0552470%.

EXHIBIT B
SCHEDULES

Tax Levy	Levy Year	Collection Year
-		
415,065.00	2023	2024
412,440.00	2024	2025
414,540.00	2025	2026
415,852.50	2026	2027
411,127.50	2027	2028
416,377.50	2028	2029
415,327.50	2029	2030
413,490.00	2030	2031
414,540.00	2031	2032
414,960.00	2032	2033
<hr/>		
\$4,143,720.00		

Bond Sale Summary

City of Hastings, Minnesota

\$4,095,000

General Obligation Bonds, Series 2023A

June 5, 2023



150 South 5th Street, Suite 3300

Minneapolis, MN 55402

612-851-5900 800-851-2920

www.northlandsecurities.com

Member FINRA and SIPC | Registered with SEC and MSRB

PURPOSE: 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.

FINANCE PLAN: 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.

SECURITY: Special assessments, net revenues of the City’s water utility and sewer utility and ad valorem taxes.

- RESULTS:**
- Method of Sale: Competitive Sale.
 - City received 8 bids.
 - Bonds were purchased by TD Securities (USA) LLC, New York, New York.
 - Ratings: S&P “AA+”
 - Final Maturity: February 1, 2034
 - Optional Call: February 1, 2031

	Final on <u>06/05/2023</u>	Finance Plan on <u>05/01/2023</u>
Par Amount	\$4,095,000*	\$4,450,000
All Inclusive Cost (AIC)	3.30%	3.51%
True Interest Cost (TIC)	3.06%	3.26%

**The par amount of the Bonds was reduced by premium and unused discount on the Bonds.*



EXHIBIT A - BID TAB

CITY OF HASTINGS, MINNESOTA
 \$4,450,000[†]
 GENERAL OBLIGATION BONDS, SERIES 2023A

AWARD: TD SECURITIES (USA) LLC
 DATE OF SALE: MONDAY, JUNE 5, 2023
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TD SECURITIES (USA) LLC New York, NY	\$4,806,727.75	\$865,770.58	3.0523264%
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EXHIBIT B - SOURCES AND USES

	Street Reconstruction	Water	Sanitary Sewer	Issue Summary
Sources Of Funds				
Par Amount of Bonds	\$3,125,000.00	\$610,000.00	\$360,000.00	\$4,095,000.00
Reoffering Premium	279,903.90	51,787.35	30,749.35	362,440.60
Total Sources	\$3,404,903.90	\$661,787.35	\$390,749.35	\$4,457,440.60
Uses Of Funds				
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	85,565.56	-	-	85,565.56
Costs of Issuance	43,698.48	8,529.95	5,034.07	57,262.50
Total Underwriter's Discount (0.766%)	23,937.50	4,672.60	2,757.60	31,367.70
Rounding Amount	1,702.36	(1,415.20)	2,957.68	3,244.84
Total Uses	\$3,404,903.90	\$661,787.35	\$390,749.35	\$4,457,440.60

EXHIBIT C - PRICING SUMMARY

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	YTM	Call Date	Call Price	Dollar Price
02/01/2024	Serial Coupon	5.000%	3.100%	95,000.00	101.097%	-	-	-	96,042.15
02/01/2025	Serial Coupon	5.000%	3.000%	330,000.00	103.078%	-	-	-	340,157.40
02/01/2026	Serial Coupon	5.000%	2.850%	340,000.00	105.326%	-	-	-	358,108.40
02/01/2027	Serial Coupon	5.000%	2.770%	360,000.00	107.566%	-	-	-	387,237.60
02/01/2028	Serial Coupon	5.000%	2.730%	385,000.00	109.726%	-	-	-	422,445.10
02/01/2029	Serial Coupon	5.000%	2.730%	395,000.00	111.690%	-	-	-	441,175.50
02/01/2030	Serial Coupon	5.000%	2.730%	425,000.00	113.601%	-	-	-	482,804.25
02/01/2031	Serial Coupon	5.000%	2.730%	440,000.00	115.462%	-	-	-	508,032.80
02/01/2032	Serial Coupon	4.000%	2.810%	460,000.00	108.079%	c 2.929%	02/01/2031	100.000%	497,163.40
02/01/2033	Serial Coupon	4.000%	2.940%	485,000.00	107.160%	c 3.130%	02/01/2031	100.000%	519,726.00
02/01/2034	Serial Coupon	4.000%	3.040%	380,000.00	106.460%	c 3.273%	02/01/2031	100.000%	404,548.00
Total	-	-	-	\$4,095,000.00	-	-	-	-	\$4,457,440.60

Bid Information

Par Amount of Bonds	\$4,095,000.00
Reoffering Premium or (Discount)	362,440.60
Gross Production	\$4,457,440.60
Total Underwriter's Discount (0.766%)	\$(31,367.70)
Bid (108.085%)	4,426,072.90
Total Purchase Price	\$4,426,072.90
Bond Year Dollars	\$25,491.50
Average Life	6.225 Years
Average Coupon	4.5047260%
Net Interest Cost (NIC)	3.2059680%
True Interest Cost (TIC)	3.0552470%

EXHIBIT D - DEBT SERVICE SCHEDULE

Combined

Date	Principal	Coupon	Interest	Total P-I	Fiscal Total
06/29/2023	-	-	-	-	-
02/01/2024	95,000.00	5.000%	112,772.22	207,772.22	207,772.22
08/01/2024	-	-	93,375.00	93,375.00	-
02/01/2025	330,000.00	5.000%	93,375.00	423,375.00	516,750.00
08/01/2025	-	-	85,125.00	85,125.00	-
02/01/2026	340,000.00	5.000%	85,125.00	425,125.00	510,250.00
08/01/2026	-	-	76,625.00	76,625.00	-
02/01/2027	360,000.00	5.000%	76,625.00	436,625.00	513,250.00
08/01/2027	-	-	67,625.00	67,625.00	-
02/01/2028	385,000.00	5.000%	67,625.00	452,625.00	520,250.00
08/01/2028	-	-	58,000.00	58,000.00	-
02/01/2029	395,000.00	5.000%	58,000.00	453,000.00	511,000.00
08/01/2029	-	-	48,125.00	48,125.00	-
02/01/2030	425,000.00	5.000%	48,125.00	473,125.00	521,250.00
08/01/2030	-	-	37,500.00	37,500.00	-
02/01/2031	440,000.00	5.000%	37,500.00	477,500.00	515,000.00
08/01/2031	-	-	26,500.00	26,500.00	-
02/01/2032	460,000.00	4.000%	26,500.00	486,500.00	513,000.00
08/01/2032	-	-	17,300.00	17,300.00	-
02/01/2033	485,000.00	4.000%	17,300.00	502,300.00	519,600.00
08/01/2033	-	-	7,600.00	7,600.00	-
02/01/2034	380,000.00	4.000%	7,600.00	387,600.00	395,200.00
Total	\$4,095,000.00	-	\$1,148,322.22	\$5,243,322.22	-

Yield Statistics

Bond Year Dollars	\$25,491.50
Average Life	6.225 Years
Average Coupon	4.5047260%
Net Interest Cost (NIC)	3.2059680%
True Interest Cost (TIC)	3.0552470%
Bond Yield for Arbitrage Purposes	2.8266561%
All Inclusive Cost (AIC)	3.2982816%

IRS Form 8038

Net Interest Cost	2.8175820%
Weighted Average Maturity	6.257 Years

Optional Redemption

02/01/2031	@100.000%
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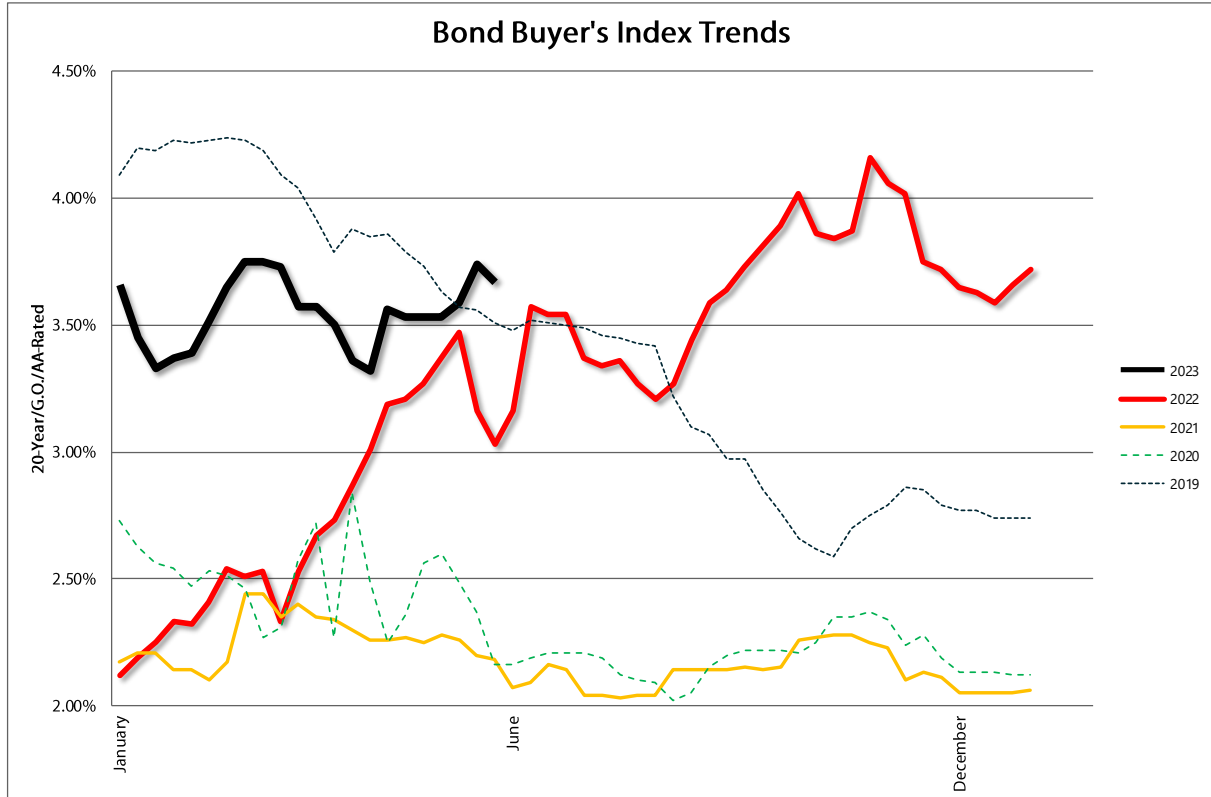


EXHIBIT E - LOCAL ISSUANCE

Date	Issuer Description	Amt (MM)	Tax	Type	Industry	Moody's	S&P	Fitch	Enhanced	Security Type
06/05/2023	NEW LONDON ECON DEV -A	12.13	N	NEGT	Appropriation				No	Revenue Bonds
06/05/2023	SIBLEY ETC CO ISD #2365	69.9	N	NEGT	School District		AAA		Yes	G.O. Unlimited Bonds
06/05/2023	BLUE EARTH - A	5.025	Q	COMP	General Obligation		A+		No	G.O. Unlimited Bonds
06/05/2023	HASTINGS-A	4.095	Q	COMP	General Obligation		AA+		No	G.O. Unlimited Bonds
06/05/2023	MONTEVIDEO -A	1.59	Q	COMP	General Obligation		AA-		No	G.O. Unlimited Bonds
06/05/2023	HERMANTOWN -A	1.6	Q	COMP	General Obligation		AA		No	G.O. Unlimited Bonds
06/05/2023	SAVAGE -A	3.18	Q	COMP	General Obligation		AAA		No	G.O. Unlimited Bonds
06/05/2023	NEW PRAGUE-A	3.71	Q	COMP	General Obligation		AA		No	G.O. Unlimited Bonds
06/06/2023	LAKE ELMO -A	5.88	Q	COMP	General Obligation	Aa1			No	G.O. Unlimited Bonds
06/12/2023	BUFFALO -A	6.3	N	COMP	General Obligation		APPLIED		No	G.O. Unlimited Bonds

EXHIBIT F - MUNICIPAL MARKET CONDITIONS

Bond Buyer Index as of June 1, 2023

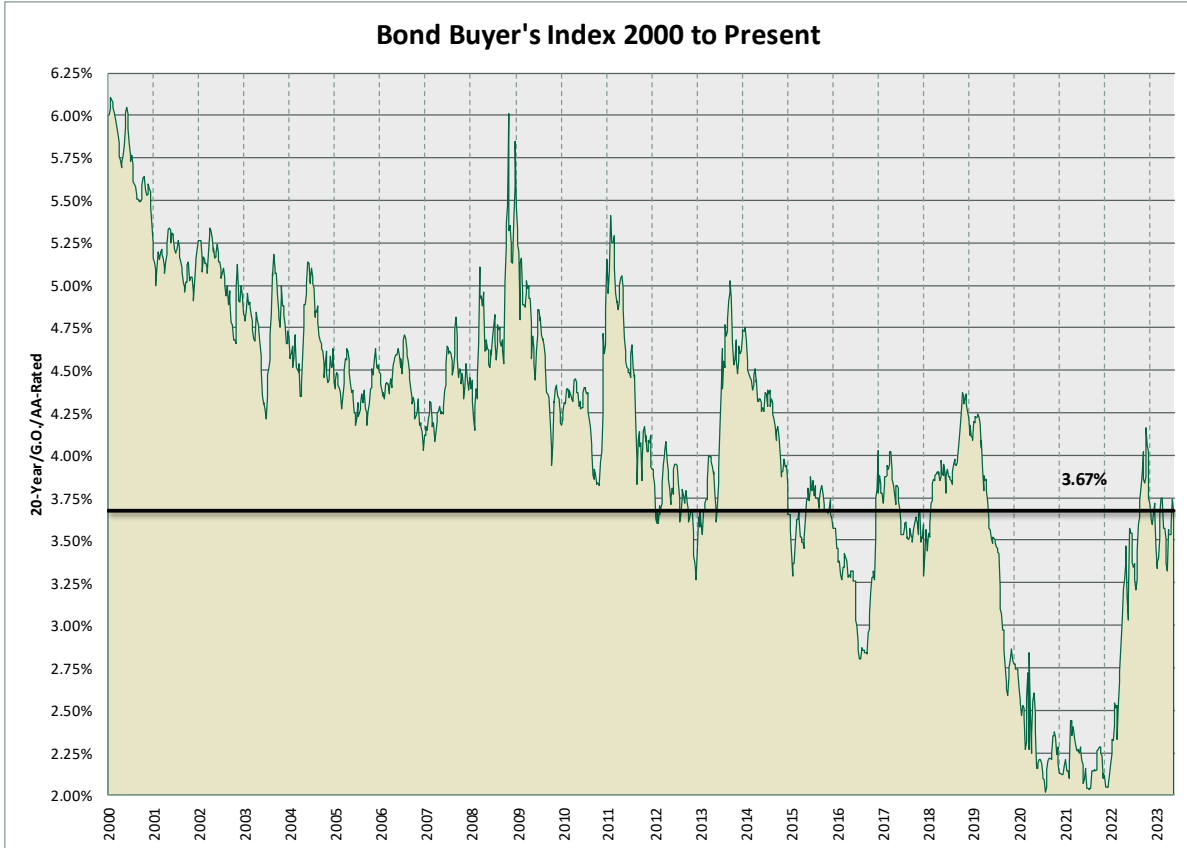


Source: Data compiled by Northland Securities from published Bond Buyer's Index



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Based on sources believed to be reliable, but not warranted or guaranteed by Northland Securities, Inc. (RC 19-14A/Muni 19_10A)*



Source: Data compiled by Northland Securities from published Bond Buyer's GO 20-Bond Index



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RatingsDirect®

Summary:

Hastings, Minnesota; General Obligation

Primary Credit Analyst:

Joseph Vodziak, Chicago + 1 312 233 7094; joseph.vodziak@spglobal.com

Secondary Contact:

Andrew Bredeson, Englewood + 1 (303) 721 4825; andrew.bredeson@spglobal.com

Table Of Contents

Credit Highlights

Outlook

Related Research

Summary:**Hastings, Minnesota; General Obligation**

Credit Profile		
US\$4.45 mil GO bonds ser 2023A due 02/01/2034		
<i>Long Term Rating</i>	AA+/Stable	New
Hastings GO		
<i>Long Term Rating</i>	AA+/Stable	Upgraded

Credit Highlights

- S&P Global Ratings raised its rating to 'AA+' from 'AA' on Hastings, Minn.'s general obligation (GO) bonds outstanding.
- At the same time, S&P Global Ratings assigned its 'AA+' rating to the city's \$4.45 million series 2023A GO bonds.
- The outlook on all ratings is stable.
- The upgrade reflects an improved Financial Management Assessment (FMA) score along with continuous improvement to economic metrics.

Security

Securing the bonds is the city's full faith and credit pledge and ability to levy unlimited ad valorem property taxes. The bond proceeds will finance street improvements throughout the city.

Credit overview

Historically, the city has maintained positive financial operations, which we believe is at least partially attributable to its financial management practices and policies. For the fiscal 2023 budget, management and department heads used long-term financial planning software to provide long-term forecasts so they can evaluate the future effects of current budgetary decisions. Officials intend to use this tool with every budget. With the adoption of a long-term financial forecast, our FMA has improved to strong from good; we believe use of this forecast will further support stability in financial operations. In addition, the tax base has been expanding. This growth has led to an improvement in our overall view of the local economy that we believe will persist.

Hastings has numerous recently completed developments that are partially responsible for the tax base growth. Furthermore, home values have been increasing from high housing demand and several additional developments are underway or in early planning stages that we believe will spur further growth in the city. In our view, this growth potential somewhat offsets the comparatively weaker income and wealth metrics. The tax base growth is leading to strong property tax levy growth, which combined with the city's strong financial management practices and policies, should continue to support stable operating results. For fiscal 2022, the city reports it ended the year with a \$1.2 million surplus. Audited results may differ once accruals are accounted for and depending on how unspent American Rescue Plan Act funding is recorded. For fiscal 2023, the city is budgeting for a slight draw on reserves for one-time capital costs.

IX-01

Hastings has a fund balance policy to hold 35%-45% of expenditures in reserves. We expect fiscal years 2022 and 2023 will record at least adequate budgetary performance and will result in reserves remaining at least near the upper limit of the policy range. The budgetary practice of funding capital requirements with excess reserves has reduced borrowing needs and supports a strong debt profile. The city has plans to issue additional debt but given its rapid debt amortization, we do not expect this to materially alter our view of the overall debt profile. As a result, we anticipate rating stability over the outlook horizon.

The 'AA+' rating reflects our assessment of the city's:

- Access to the broad and diverse Minneapolis-St. Paul MSA, which supports ongoing new residential development and steadily rising valuations. Given Hastings' location near the MSA and ability to annex adjacent land for additional development, we expect growth will continue;
- Consecutive operating surpluses supporting very strong reserves that we believe will remain above the ceiling of the formal reserve policy, even with some potentially being spent on one-time capital needs. Many of the expenditures in the budget are capital related and allow for greater flexibility;
- Very strong management, with conservative budgeting, strong financial policies and practices, and an institutional framework score we consider strong; and
- Manageable debt and contingent liability profile, which we do not expect will materially weaken with additional debt plans.

Environmental, social, and governance

We view Hastings' physical environmental risk as elevated compared with the sector due to the city's location on the Mississippi River, which exposes it to elevated flood risk. However, flood walls and a large park adjacent to the river, plus the city's strong reserves, help mitigate potential risk in our credit analysis. We view Hastings' social and governance risks as neutral in our credit analysis.

Outlook

The stable outlook reflects our expectations that Hastings will maintain adequate operating results and keep reserves in line with its reserve policy over the two-year outlook horizon.

Downside scenario

If reserves fall and remain at lower levels either due to a budgetary imbalance developing or one-time spending, or should any of the city's financial and management practices weaken, we could take a negative rating action.

Upside scenario

We could consider a positive rating action if Hastings' income and market value per capita metrics improve to levels commensurate with those of higher-rated peers.

Hastings, Minnesota -- key credit metrics

	Most recent	Historical information		
		2021	2020	2019
Strong economy				
Projected per capita EBI % of U.S.	108			
Market value per capita (\$)	106,681			
Population		24,188	23,971	23,810
County unemployment rate(%)		3.1		
Market value (\$000)	2,580,390	2,348,113	2,231,816	
Ten largest taxpayers % of taxable value	5.9			
Strong budgetary performance				
Operating fund result % of expenditures		5.8	11.4	2.9
Total governmental fund result % of expenditures		2.0	1.9	9.5
Very strong budgetary flexibility				
Available reserves % of operating expenditures		62.0	67.9	50.9
Total available reserves (\$000)		11,283	10,374	7,783
Very strong liquidity				
Total government cash % of governmental fund expenditures		111	102	103
Total government cash % of governmental fund debt service		831	701	586
Very strong management				
Financial Management Assessment	Strong			
Strong debt & long-term liabilities				
Debt service % of governmental fund expenditures		13.4	14.6	17.6
Net direct debt % of governmental fund revenue	74			
Overall net debt % of market value	2.4			
Direct debt 10-year amortization (%)	94			
Required pension contribution % of governmental fund expenditures		4.6		
OPEB actual contribution % of governmental fund expenditures		1.4		
Strong institutional framework				

EBI--Effective buying income. OPEB--Other postemployment benefits. Data points and ratios may reflect analytical adjustments.

Related Research

Through The ESG Lens 3.0: The Intersection Of ESG Credit Factors And U.S. Public Finance Credit Factors, March 2, 2022

Ratings Detail (As Of May 22, 2023)

Hastings GO bnds		
<i>Long Term Rating</i>	AA+/Stable	Upgraded
Hastings GO bnds		
<i>Long Term Rating</i>	AA+/Stable	Upgraded

Ratings Detail (As Of May 22, 2023) (cont.)

Hastings GO bnds ser 2022A due 02/01/2033		
<i>Long Term Rating</i>	AA+/Stable	Upgraded
Hastings GO rfdg bnds		
<i>Long Term Rating</i>	AA+/Stable	Upgraded
Hastings GO tax increment rev bnds ser 2016A due 02/01/2029		
<i>Long Term Rating</i>	AA+/Stable	Upgraded

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

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