

**AGENDA  
MEETING**

March 10, 2021

5:00 PM

*Springfield Area Community Center*

Join Zoom Meeting

<https://us02web.zoom.us/j/87947442629?pwd=QVEwRXNCMIp5MmdWZEVhbVhVbk1T2huQT09>

Dial by your location +1 312 626 6799 US (Chicago)

Meeting ID: 879 4744 2629

Passcode: 613977

- 1. Call to Order/Pledge of Allegiance/Roll Call/Adopt Agenda**
- 2. Public Hearing**
  - A. 2021 GO Bonds for Capital Improvement Projects
- 3. Old Business**
  - A. 2021 GO Bonds for Central St, Equipment and Capital Building Improvements
- 4. New Business**
  - A. LMC - Council Training Workshop w/ City of Sanborn (Identify Workshop Date Options in April)
- 5. Adjournment**

**NOTICE OF PUBLIC HEARING ON A CAPITAL IMPROVEMENT  
PLAN OF THE CITY OF SPRINGFIELD, MINNESOTA AND THE  
CITY'S INTENTION TO ISSUE CAPITAL IMPROVEMENT BONDS**

NOTICE IS HEREBY GIVEN that the City Council of the City of Springfield, Minnesota, (the "City") meet on Wednesday, March 10, 2021, at 5:00 p.m., at the Springfield Community Center, located at 33 Cass Avenue, Springfield, Minnesota, for the purpose of conducting a public hearing on the City's proposed Capital Improvement Plan prepared under Minnesota Statutes, Section 475.521 and the City's intention to issue bonds in one or more series, in an amount not to exceed \$325,000 (the "Bonds") to finance the improvements to the City's City Hall and Police Department as identified in the Capital Improvement Plan and pay the costs of issuing the Bonds. The payment of the Bonds and interest thereon shall constitute a general obligation of the City secured by the full faith and credit of the City.

PLEASE NOTE, due to COVID-19, attendance of the public hearing will also be allowed via telephone or other electronic means as allowed under Minnesota Statutes, Section 13D.021. Please refer to the City of Springfield's website at [www.springfieldmn.org](http://www.springfieldmn.org) or call City Hall at 507-723-3500 to learn how to attend the public hearing via telephone or electronically.

All interested persons may appear and be heard at the time and place set forth above. Individuals unable to attend the public hearing can make written comment by writing to Joe Stremcha, Springfield City Manager, 2 East Central Street, Springfield, MN 56083 or via email at [joe.stremcha@springfieldmn.org](mailto:joe.stremcha@springfieldmn.org). Written comments must be received prior to the public hearing.

If a petition requesting a vote on the issuance of the Bonds is signed by voters equal to five (5) percent of the votes cast in the City in the last municipal general election and is filed with the City Clerk within thirty (30) days after the public hearing, the Bonds may only be issued upon obtaining the approval of the majority of the voters voting for the question of issuing the Bonds.

BY ORDER OF THE SPRINGFIELD CITY COUNCIL

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Joe Stremcha, City Manager

2021 through 2025  
Five-Year Capital Improvement Plan for the  
City of Springfield, Minnesota

Public Hearing: March 10<sup>th</sup>, 2021

**CITY OF SPRINGFIELD**  
**FIVE-YEAR CAPITAL IMPROVEMENT PLAN**  
**2021 THROUGH 2025**

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**I. INTRODUCTION**

In 2003, the Minnesota State Legislature adopted a statute that generally exempts city and town general obligation bonds issued under a capital improvement plan from the referendum requirements usually required for city halls, public works, public safety facilities and libraries. The statute on general obligation capital improvement plan bonds is Minnesota Statutes, Section 475.521 (the “Act”).

**II. PURPOSE**

Under the Act, a capital improvement is a major expenditure of City funds for the acquisition or betterment to public lands, buildings, or other improvements used as a city hall, town hall, library, public safety, or public works facility, which has a useful life of five years or more. Under the Act, capital improvements do not include light rail transit or related activities, parks, road/bridges, administrative buildings other than a city hall or town hall, or land for those facilities. A Capital Improvement Plan (“CIP” or “Plan”) is a document designed to anticipate capital improvement expenditures and schedule them over a five-year period so that they may be purchased in the most efficient and cost-effective method possible. A CIP allows the matching of expenditures with anticipated income. As potential expenditures are reviewed, the City considers the benefits, costs, alternatives and impact on operating expenditures.

Before issuing bonds under a CIP, the City must hold a public hearing on the CIP and the proposed bonds and must then approve the CIP and authorize the issuance of the bonds by a majority of at least three-fifths.

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

The statute has established certain criteria that must be considered for each project to be undertaken pursuant to this Plan (the “Project”). These criteria are:

1. Condition of the City’s existing infrastructure and projected need for repair or replacement
2. Demand for the improvement
3. Cost of the improvement

4. Availability of public resources
5. Level of overlapping debt
6. Cost/benefits of alternative uses of funds
7. Operating costs of the proposed improvements
8. Alternatives for providing services most efficiently through shared facilities with other municipalities or local governments

The Plan is designed to be updated on an annual basis. In this manner, it becomes an ongoing fiscal planning tool that continually anticipates future capital expenditures and funding sources.

### **III. PLAN SUMMARY**

This Plan is intended to describe and analyze the need for the Project in accordance with the Act. The City may modify this Plan from year to year as authorized by the Act.

Following is a summary of estimated expenditures for the Project:

#### **2021 Expenditures**

The City intends to undertake certain renovation activities to remodel and improve spaces for the City Hall and Police Department facilities. The combined total of the renovation projects is anticipated to be no more than \$325,000.

#### **2022 Expenditures**

None anticipated at this time.

#### **2023 Expenditures**

None anticipated at this time.

#### **2024 Expenditures**

None anticipated at this time.

#### **2025 Expenditures**

None anticipated at this time.

#### **Analysis**

The City has analyzed the eight points required by the Act for the Project on an individual basis and as a whole. The findings are as follows:

## **1. Conditions of City Infrastructure, Including the Projected Need for Repair or Replacement and Need for the Project**

The City's current space dedicated to the Police Department is considered outdated and too small to meet existing needs of staff. The City owns the building that was constructed in 1928 and was previously used as City Hall. It is in substandard condition and reflects poorly with the public. The limited office serves as an entrance, waiting room, conference/interview room, lunchroom, Police Chief's office, workstations for patrol officers, evidence processing, on-call sleeping quarters, office storage, evidence storage, armory and filing. The square footage would be expanded to provide additional long-term evidence storage as well as garage depot space for impounded vehicles. Per a Liability Survey conducted by the City's Insurance Trust, several items were noted to be addressed, particularly in regards to the evidence storage, with recommendations to add additional layers of security to the police property room and acquire a separate storage locker for evidence considered to be of flammable, combustible, or explosive material.

Renovations to the current City Hall building are necessary as the floor plan is not an efficient workplace and is considered unwelcoming to visitors. The entrance would be modified to expand the lobby and provide handicap accessible, automated entrance. The service counter would be aligned so that the patrons and visitors are immediately greeted upon entering the building. The workspaces would be relocated along the service counters with security windows used for servicing customers. This remodel will improve ergonomic workflows, increase safety, and create a more welcoming environment.

## **2. Likely Demand for the Project**

The Project will enhance the City's ability to provide essential services to the community in a safe, efficient, and timely manner, and will provide adequate office, training, work, and meeting space for staff. This will create a more welcoming experience for patrons, customers, and visitors.

## **3. Estimated Cost of the Project**

The estimated cost, including contingency, legal and bonding, of the Project to be undertaken in 2021 (the only Project for which bond authorization is requested) is \$325,000. The improvements planned for any given year may be constructed and bonded for in any other year of the CIP, as long as the total planned improvements and maximum bonding authority do not change.

## **4. Available Public Resources**

The City does not have sufficient cash reserves on hand to finance construction of the Project without issuing bonds.

## **5. Level of Overlapping Debt in the City**

As of March 2, 2021, the level of overlapping debt in the City is provided in the table below:

### **OVERLAPPING DEBT AS OF March 2, 2021:**

#### **Indirect Debt\***

<u>Issuer</u>	2019/2020 Tax Capacity Value <sup>(1)</sup>	2019/2020 Tax Capacity Value in City <sup>(1)</sup>	Percentage Applicable in City	Outstanding General Obligation Debt <sup>(2)</sup>	Taxpayers' Share of Debt
Brown County	\$ 33,333,208	\$791,202	2.91%	\$3,545,000	<u>\$ 103,160</u>
				<i>Total Indirect Debt:</i>	<u>\$ 103,160</u>

(1) For taxes payable 2020.

(2) As of March 2, 2021.

## 6. Relative Benefits and Costs of Alternative Uses of the Funds

The proposed Project could potentially be financed through the issuance of lease-revenue bonds. However, both costs of issuance and overall debt service payments would be higher, since lease-revenue bonds are not general obligation debt and are therefore not as attractive to potential purchasers. The issuance of general obligation capital improvement plan bonds represents the most cost-efficient way to finance the proposed Project.

## 7. Operating Costs of the Proposed Project

Operating costs are expected to be stable or reduced with the proposed improvements. In addition, repairs and maintenance costs are anticipated to decrease due to the renovations. New systems will reduce operating cost and increase efficiency.

## 8. Alternatives for Providing Services Most Efficiently Through Shared Facilities with Other Municipalities or Local Government Units

The City already provides essential services to the community and will continue to provide these essential services. Partnering with other municipalities or local units of government is not a feasible option at this time in terms of providing essential services in Springfield.

## IV. FINANCING THE CAPITAL IMPROVEMENT PLAN

The total amount of requested expenditures under the CIP is expected not-to-exceed \$325,000. These expenditures are to be funded by the sale of the City's general obligation capital improvement plan bonds in the maximum amount of \$325,000 in the year 2021 for the Project listed under the 2021 Expenditures. However, the improvements planned for any given year may be constructed and bonded for in any other year of the CIP, as long as the total planned improvements and maximum bonding authority do not change.

In the financing of the CIP, two statutory limitations apply. Under Minnesota Statutes, Chapter 475, as amended, with few exceptions, a municipality cannot incur debt in excess of 3% of the assessor's Estimated Market Value ("EMV") for the municipality. In the case of a municipality with a population of 2,500 or less, the bonds are not subject to the net debt limits. The City's 2010 Census population was 2,125 and is currently estimated to be 2,037

in 2021. Therefore, the proposed general obligation capital improvement plan bonds to be issued in the years 2021 through 2025 would not be subject to the debt limit.

Another limitation on bonding under the Act is that without referendum, the total amount that can be used for principal and interest in any one year for CIP debt cannot exceed 0.16% of the EMV for the City. The maximum annual principal and interest for the City is \$142,017 based upon the City's 2019/2020 EMV ( $\$88,760,500 \times .0016$ ).

Under this Plan, the City may issue up to \$325,000 in general obligation capital improvement plan bonds in the years 2021 through 2025 to finance the Project. The bonds are intended to be structured with a not-to-exceed term of 10 years. Principal payments will begin on December 15, 2022. The principal and interest payments for the proposed bonds are estimated to be \$35,000 in calendar years 2022 through 2031.

Expected debt service on the proposed bonds for the Project to be financed in 2021 is within the statutory limits.

### **Annual Review of the Capital Improvement Plan**

The City Council, using the process outlined in this Plan, may review this Plan annually, taking into account proposed expenditures, making priority decisions and seeking funding for those expenditures it deems necessary for the City. If deemed appropriate, the City Council will prepare an update to this Plan.



# **Finance Plan**

**City of Springfield, Minnesota**

**\$4,730,000**

**General Obligation Bonds,  
Series 2021B**

**March 10, 2021**



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## Executive Summary

The following is a summary of the recommended terms for the issuance of \$4,730,000 General Obligation Bonds, Series 2021B (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 and available grant proceeds will be used to (i) finance the City’s Central Street improvements and extension to Highway 14 project , (ii) finance the renovation projects within City Hall and the City’s Police Department, (iii) acquire fire equipment, including a new tanker truck, (iv) to pay costs associated with the issuance of the Bonds, and (v) to capitalize certain payments of interest on the Bonds.
<b>Security</b>	<p>The Bonds will be a general obligation of the City. The City will pledge special assessments collected from benefitted properties and property tax levies for payment of the Bonds.</p> <p>The City also anticipates using, but not pledging, Sanitary Sewer Revenues and Water Revenues from the Public Utilities Commission and using Storm Sewer Revenues from the City to pay debt service on a portion of the Bonds, reducing annual tax levies.</p>
<b>Repayment Term</b>	The Bonds will mature annually each December 15 in the years 2022 through 2036. Interest on the Bonds will be payable on December 15, 2021 and semiannually thereafter on each June 15 and December 15.
<b>Estimated Interest Rate</b>	Average coupon: 1.19% True interest cost (TIC): 1.37%
<b>Prepayment Option</b>	Bonds maturing on and after December 15, 2030 will be subject to redemption on December 15, 2029 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).
<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>	Competitive Sale
<b>Proposals Received</b>	Tuesday, April 13, 2021 at 10:00 a.m.
<b>Council Consideration</b>	Tuesday, April 13, 2021 at 5:30 p.m. (Special Meeting)

## Issue Overview

### Purpose

Proceeds from the Bonds and available grant proceeds will be used to (i) finance the City’s Central Street improvements and extension to Highway 14 project (the “Street Improvements”), (ii) finance the renovation projects within City Hall and the City’s Police Department (the “Capital Improvements”), (iii) acquire fire equipment, including a new tanker truck (the “Equipment”), (iv) to pay costs associated with the issuance of the Bonds, and (v) to capitalize the December 15, 2021 interest payment on the Bonds.

The Bonds have been sized based on construction bids awarded on May 5, 2020, the receipt of grants from the Minnesota Department of Transportation and Brown County, which will fund a portion of the Street Improvements portion, and project amounts provided by the City for the Capital Improvements and Equipment portions. The table below contains the sources and uses of funds for the bond issue.

	Street Improvements	Capital Improvements	Equipment	Issue Summary
<b>Sources Of Funds</b>				
Par Amount of Bonds	\$4,200,000.00	\$325,000.00	\$205,000.00	\$4,730,000.00
Grants	1,581,957.00	-	-	1,581,957.00
<b>Total Sources</b>	<b>\$5,781,957.00</b>	<b>\$325,000.00</b>	<b>\$205,000.00</b>	<b>\$6,311,957.00</b>
<b>Uses Of Funds</b>				
Deposit to Project Construction Fund	5,646,593.00	316,000.00	198,898.14	6,161,491.14
Total Underwriter’s Discount (1.500%)	63,000.00	4,875.00	3,075.00	70,950.00
Costs of Issuance	43,225.38	3,344.82	2,109.80	48,680.00
Deposit to Capitalized Interest (CIF) Fund	26,547.67	1,545.17	917.06	29,009.90
Rounding Amount	2,590.95	(764.99)	-	1,825.96
<b>Total Uses</b>	<b>\$5,781,957.00</b>	<b>\$325,000.00</b>	<b>\$205,000.00</b>	<b>\$6,311,957.00</b>

### Authority

The Bonds will be issued pursuant to the authority of Minnesota Statutes, Chapters 429 and 475, and Sections 412.301 and 475.521.

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

Before issuing bonds under Chapter 429, the City must hold a public hearing on the improvements and the proposed bonds and must then pass a resolution ordering the improvements by at least a 4/5 majority. A public hearing was held on November 12, 2019 for the Street Improvements and the resolution ordering the improvements was adopted with a 4/5 majority at the meeting.

Under Section 412.301, Capital Equipment includes, but is not limited to, road construction and maintenance equipment, public safety equipment and computer hardware and software, which must have a useful life at least as long as the term of the debt issued to finance the equipment. The term of the Equipment portion cannot exceed 10 years from the date of issuance.

If the amount of the Equipment Portion of the Bonds exceeds 0.25% of the estimated market value of the taxable property in the City, a reverse referendum provision applies. The City’s estimated

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market value for taxes payable in 2020 is \$88,760,500 ( $\$88,760,500 \times 0.0025 = \$221,901.25$ ). Since the Equipment portion of the Bonds does not exceed \$221,901.25, the reverse referendum provision does not apply.

Under Section 475.521, a capital improvement is a major expenditure of City funds for the acquisition or betterment of public lands, buildings, or other improvements used, such as a city hall, library, public safety, or public works facility, which has a useful life of five years or more.

Before issuing bonds under a Capital Improvement Plan (“CIP”), the City must hold a public hearing on the CIP and the proposed bonds and must then approve the CIP and authorize the issuance of the bonds by at least a 3/5 majority.

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 not be priced until after the 30-day period has expired.

### Structure

The Bonds have been structured with an overall term of approximately 15 years. The following additional structuring conditions have been factored into each portion of the Bonds:

- The Street Improvements portion has been structured to result in a reduced annual debt service payment not to exceed \$165,000 for the first full year of debt service (2022). Thereafter, the Street Improvements Portion has been structured to result in approximately equal annual payments of debt service, with an overall term of 15 years. The special assessments have been structured to result in equal annual payments, with first collection in 2023 and spread over 15 years.
- The Capital Improvements portion has been structured to result in equal annual payments of debt service over a term of approximately 10 years.
- The Equipment portion has been structured to result in equal annual payments of debt service over a term of approximately 9 years.

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

### Security and Source of Repayment

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

- Special Assessments. The City is expected to levy special assessments against benefited properties in the amount of \$1,295,527 for the Street Improvements. The assessments will be payable over 15 years, with an interest rate 2.00% over the average coupon rate on the Street Improvements portion of the Bonds (currently estimated to be 3.17%) and structured for level annual payments. The Plan assumes that the assessments will be levied in 2022 for initial payment in 2023.
- Property Taxes. The remaining revenues needed to pay debt service on the Bonds are expected to come from Sanitary Sewer Revenues and Water Revenues of the Public Utilities Commission, Storm Sewer Revenues of the City, and property tax levies. The initial projections show an annual tax levy needed to produce the statutory requirement of 105% of debt service ranging from \$225,002 to \$292,706, after accounting for assessments, but not

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the various utility revenues. The levy may be adjusted annually based on actual special assessment collections, the various utility revenues intended to be used for repayment, and any additional monies in the debt service fund. The initial tax levy will be made in 2021 for taxes payable in 2022.

Given the timing of the initial revenue from the special assessments and tax levy, capitalized interest will be included in the bond issue to cover the first interest payment due on December 15, 2021, before the first tax collections are received.

- Utility Revenues. While not pledged, the City anticipates using net revenues of the City's storm sewer utility and net revenues of the Public Utility Commission's sanitary sewer and water utilities to reduce the levy on the Street Improvements portion of the Bonds.

### Plan Rationale

The Finance Plan recommended in this report is based on a variety of factors and information provided by the City related to the financed projects 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 issues. The Finance Plan is based on preliminary "A+" interest rates as of February 12, 2021.

### Issuing Process

Northland will receive bids to purchase the Bonds on Tuesday, April 13, 2021 at 10:00 AM. Market conditions and the marketability of the Bonds support issuance through a competitive sale. This process has been chosen as it is intended to produce the lowest combination of interest expense and underwriting expense on the date and time set to receive bids. The calendar of events for the issuing process can be found in Attachment 4.

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

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

**Paying Agent:** Northland Trust Services, Inc. Minneapolis, Minnesota

## Attachment 1 - Preliminary Debt Service Schedules

### Issue Summary

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
05/06/2021	-	-	-	-	-
12/15/2021	-	-	29,009.90	29,009.90	29,009.90
06/15/2022	-	-	23,843.75	23,843.75	-
12/15/2022	170,000.00	0.450%	23,843.75	193,843.75	217,687.50
06/15/2023	-	-	23,461.25	23,461.25	-
12/15/2023	325,000.00	0.500%	23,461.25	348,461.25	371,922.50
06/15/2024	-	-	22,648.75	22,648.75	-
12/15/2024	325,000.00	0.550%	22,648.75	347,648.75	370,297.50
06/15/2025	-	-	21,755.00	21,755.00	-
12/15/2025	325,000.00	0.600%	21,755.00	346,755.00	368,510.00
06/15/2026	-	-	20,780.00	20,780.00	-
12/15/2026	335,000.00	0.650%	20,780.00	355,780.00	376,560.00
06/15/2027	-	-	19,691.25	19,691.25	-
12/15/2027	340,000.00	0.750%	19,691.25	359,691.25	379,382.50
06/15/2028	-	-	18,416.25	18,416.25	-
12/15/2028	345,000.00	0.850%	18,416.25	363,416.25	381,832.50
06/15/2029	-	-	16,950.00	16,950.00	-
12/15/2029	350,000.00	1.000%	16,950.00	366,950.00	383,900.00
06/15/2030	-	-	15,200.00	15,200.00	-
12/15/2030	350,000.00	1.100%	15,200.00	365,200.00	380,400.00
06/15/2031	-	-	13,275.00	13,275.00	-
12/15/2031	330,000.00	1.200%	13,275.00	343,275.00	356,550.00
06/15/2032	-	-	11,295.00	11,295.00	-
12/15/2032	300,000.00	1.300%	11,295.00	311,295.00	322,590.00
06/15/2033	-	-	9,345.00	9,345.00	-
12/15/2033	305,000.00	1.400%	9,345.00	314,345.00	323,690.00
06/15/2034	-	-	7,210.00	7,210.00	-
12/15/2034	305,000.00	1.500%	7,210.00	312,210.00	319,420.00
06/15/2035	-	-	4,922.50	4,922.50	-
12/15/2035	310,000.00	1.550%	4,922.50	314,922.50	319,845.00
06/15/2036	-	-	2,520.00	2,520.00	-
12/15/2036	315,000.00	1.600%	2,520.00	317,520.00	320,040.00
<b>Total</b>	<b>\$4,730,000.00</b>	<b>-</b>	<b>\$491,637.40</b>	<b>\$5,221,637.40</b>	<b>-</b>

### **Date And Term Structure**

Dated	5/06/2021
Delivery Date	5/06/2021
First available call date	12/15/2029
Call Price	100.000%

### **Yield Statistics**

Bond Year Dollars	\$41,342.42
Average Life	8.740 Years
Average Coupon	1.1891840%
Net Interest Cost (NIC)	1.3607995%
True Interest Cost (TIC)	1.3655840%
All Inclusive Cost (AIC)	1.4938702%

### **IRS Form 8038**

Net Interest Cost	1.1891840%
Weighted Average Maturity	8.740 Years
Bond Yield for Arbitrage Purposes	1.1817383%

\*Based on estimated "A+" bank qualified rates as February 12, 2021, plus 0.25%.

## Street Improvements

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
05/06/2021	-	-	-	-	-
12/15/2021	-	-	26,547.67	26,547.67	26,547.67
06/15/2022	-	-	21,820.00	21,820.00	-
12/15/2022	120,000.00	0.450%	21,820.00	141,820.00	163,640.00
06/15/2023	-	-	21,550.00	21,550.00	-
12/15/2023	275,000.00	0.500%	21,550.00	296,550.00	318,100.00
06/15/2024	-	-	20,862.50	20,862.50	-
12/15/2024	275,000.00	0.550%	20,862.50	295,862.50	316,725.00
06/15/2025	-	-	20,106.25	20,106.25	-
12/15/2025	275,000.00	0.600%	20,106.25	295,106.25	315,212.50
06/15/2026	-	-	19,281.25	19,281.25	-
12/15/2026	280,000.00	0.650%	19,281.25	299,281.25	318,562.50
06/15/2027	-	-	18,371.25	18,371.25	-
12/15/2027	280,000.00	0.750%	18,371.25	298,371.25	316,742.50
06/15/2028	-	-	17,321.25	17,321.25	-
12/15/2028	285,000.00	0.850%	17,321.25	302,321.25	319,642.50
06/15/2029	-	-	16,110.00	16,110.00	-
12/15/2029	290,000.00	1.000%	16,110.00	306,110.00	322,220.00
06/15/2030	-	-	14,660.00	14,660.00	-
12/15/2030	290,000.00	1.100%	14,660.00	304,660.00	319,320.00
06/15/2031	-	-	13,065.00	13,065.00	-
12/15/2031	295,000.00	1.200%	13,065.00	308,065.00	321,130.00
06/15/2032	-	-	11,295.00	11,295.00	-
12/15/2032	300,000.00	1.300%	11,295.00	311,295.00	322,590.00
06/15/2033	-	-	9,345.00	9,345.00	-
12/15/2033	305,000.00	1.400%	9,345.00	314,345.00	323,690.00
06/15/2034	-	-	7,210.00	7,210.00	-
12/15/2034	305,000.00	1.500%	7,210.00	312,210.00	319,420.00
06/15/2035	-	-	4,922.50	4,922.50	-
12/15/2035	310,000.00	1.550%	4,922.50	314,922.50	319,845.00
06/15/2036	-	-	2,520.00	2,520.00	-
12/15/2036	315,000.00	1.600%	2,520.00	317,520.00	320,040.00
<b>Total</b>	<b>\$4,200,000.00</b>	<b>-</b>	<b>\$463,427.67</b>	<b>\$4,663,427.67</b>	<b>-</b>

### Date And Term Structure

Dated	5/06/2021
Delivery Date	5/06/2021
First available call date	12/15/2029
Call Price	100.000%

### Yield Statistics

Bond Year Dollars	\$38,095.00
Average Life	9.070 Years
Average Coupon	1.2165052%
Net Interest Cost (NIC)	1.3818813%
True Interest Cost (TIC)	1.3868342%
All Inclusive Cost (AIC)	1.5108370%

### IRS Form 8038

Net Interest Cost	1.2165052%
Weighted Average Maturity	9.070 Years
Bond Yield for Arbitrage Purposes	1.1817383%



## Capital Improvements

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
05/06/2021	-	-	-	-	-
12/15/2021	-	-	1,545.17	1,545.17	1,545.17
06/15/2022	-	-	1,270.00	1,270.00	-
12/15/2022	30,000.00	0.450%	1,270.00	31,270.00	32,540.00
06/15/2023	-	-	1,202.50	1,202.50	-
12/15/2023	30,000.00	0.500%	1,202.50	31,202.50	32,405.00
06/15/2024	-	-	1,127.50	1,127.50	-
12/15/2024	30,000.00	0.550%	1,127.50	31,127.50	32,255.00
06/15/2025	-	-	1,045.00	1,045.00	-
12/15/2025	30,000.00	0.600%	1,045.00	31,045.00	32,090.00
06/15/2026	-	-	955.00	955.00	-
12/15/2026	30,000.00	0.650%	955.00	30,955.00	31,910.00
06/15/2027	-	-	857.50	857.50	-
12/15/2027	35,000.00	0.750%	857.50	35,857.50	36,715.00
06/15/2028	-	-	726.25	726.25	-
12/15/2028	35,000.00	0.850%	726.25	35,726.25	36,452.50
06/15/2029	-	-	577.50	577.50	-
12/15/2029	35,000.00	1.000%	577.50	35,577.50	36,155.00
06/15/2030	-	-	402.50	402.50	-
12/15/2030	35,000.00	1.100%	402.50	35,402.50	35,805.00
06/15/2031	-	-	210.00	210.00	-
12/15/2031	35,000.00	1.200%	210.00	35,210.00	35,420.00
<b>Total</b>	<b>\$325,000.00</b>	<b>-</b>	<b>\$18,292.67</b>	<b>\$343,292.67</b>	<b>-</b>

### Date And Term Structure

Dated	5/06/2021
Delivery Date	5/06/2021
First available call date	12/15/2029
Call Price	100.000%

### Yield Statistics

Bond Year Dollars	\$2,047.71
Average Life	6.301 Years
Average Coupon	0.8933240%
Net Interest Cost (NIC)	1.1313950%
True Interest Cost (TIC)	1.1392112%
All Inclusive Cost (AIC)	1.3125650%

### IRS Form 8038

Net Interest Cost	0.8933240%
Weighted Average Maturity	6.301 Years
Bond Yield for Arbitrage Purposes	1.1817383%

## Equipment

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
05/06/2021	-	-	-	-	-
12/15/2021	-	-	917.06	917.06	917.06
06/15/2022	-	-	753.75	753.75	-
12/15/2022	20,000.00	0.450%	753.75	20,753.75	21,507.50
06/15/2023	-	-	708.75	708.75	-
12/15/2023	20,000.00	0.500%	708.75	20,708.75	21,417.50
06/15/2024	-	-	658.75	658.75	-
12/15/2024	20,000.00	0.550%	658.75	20,658.75	21,317.50
06/15/2025	-	-	603.75	603.75	-
12/15/2025	20,000.00	0.600%	603.75	20,603.75	21,207.50
06/15/2026	-	-	543.75	543.75	-
12/15/2026	25,000.00	0.650%	543.75	25,543.75	26,087.50
06/15/2027	-	-	462.50	462.50	-
12/15/2027	25,000.00	0.750%	462.50	25,462.50	25,925.00
06/15/2028	-	-	368.75	368.75	-
12/15/2028	25,000.00	0.850%	368.75	25,368.75	25,737.50
06/15/2029	-	-	262.50	262.50	-
12/15/2029	25,000.00	1.000%	262.50	25,262.50	25,525.00
06/15/2030	-	-	137.50	137.50	-
12/15/2030	25,000.00	1.100%	137.50	25,137.50	25,275.00
<b>Total</b>	<b>\$205,000.00</b>	<b>-</b>	<b>\$9,917.06</b>	<b>\$214,917.06</b>	<b>-</b>

### Date And Term Structure

Dated	5/06/2021
Delivery Date	5/06/2021
First available call date	12/15/2029
Call Price	100.000%

### Yield Statistics

Bond Year Dollars	\$1,199.71
Average Life	5.852 Years
Average Coupon	0.8266226%
Net Interest Cost (NIC)	1.0829349%
True Interest Cost (TIC)	1.0910398%
All Inclusive Cost (AIC)	1.2767781%

### IRS Form 8038

Net Interest Cost	0.8266226%
Weighted Average Maturity	5.852 Years
Bond Yield for Arbitrage Purposes	1.1817383%

## Attachment 2 - Estimated Levy Schedule

Date	Total P+I	CIIF	105% Levy	Less: Special Assessment Revenue**	Net Levy	Less: Sanitary Sewer Revenues (PUC)**	Less: Water Revenues (PUC)**	Less: Storm Sewer Revenues**	Levy Year after Application of Revenues	Levy Year	Collection Year
12/15/2021	29,009.90	(29,009.90)	228,571.88	-	228,571.88	14,914.15	14,140.95	20,464.00	179,052.77	2021	2022
12/15/2022	217,687.50	-	390,518.63	110,389.09	280,129.54	28,991.63	27,488.61	39,780.00	183,869.29	2022	2023
12/15/2023	371,922.50	-	388,812.38	110,389.09	278,423.29	28,866.32	27,369.79	39,608.04	182,579.13	2023	2024
12/15/2024	370,297.50	-	386,935.50	110,389.09	276,546.41	28,728.47	27,239.09	39,418.90	181,159.96	2024	2025
12/15/2025	368,510.00	-	395,388.00	110,389.09	284,998.91	29,033.79	27,528.58	39,837.83	188,598.71	2025	2026
12/15/2026	376,560.00	-	398,351.63	110,389.09	287,962.54	28,867.91	27,371.30	39,610.23	192,113.09	2026	2027
12/15/2027	379,382.50	-	400,924.13	110,389.09	290,535.04	29,132.22	27,621.91	39,972.89	193,808.02	2027	2028
12/15/2028	381,832.50	-	403,095.00	110,389.08	292,705.92	29,367.13	27,844.64	40,295.22	195,198.93	2028	2029
12/15/2029	383,900.00	-	399,420.00	110,389.09	289,030.91	29,102.82	27,594.04	39,932.56	192,401.48	2029	2030
12/15/2030	380,400.00	-	374,377.50	110,389.09	263,988.41	29,267.79	27,750.45	40,158.91	166,811.26	2030	2031
12/15/2031	356,550.00	-	338,719.50	110,389.08	228,330.42	29,400.85	27,876.61	40,341.49	130,711.46	2031	2032
12/15/2032	322,590.00	-	339,874.50	110,389.09	229,485.41	29,501.11	27,971.67	40,479.05	131,533.58	2032	2033
12/15/2033	323,690.00	-	335,391.00	110,389.10	225,001.90	29,111.94	27,602.68	39,945.07	128,342.21	2033	2034
12/15/2034	319,420.00	-	335,837.25	110,389.08	225,448.17	29,150.67	27,639.41	39,998.22	128,659.87	2034	2035
12/15/2035	319,845.00	-	336,042.00	110,389.09	225,652.91	29,168.45	27,656.26	40,022.60	128,805.61	2035	2036
12/15/2036	320,040.00	-	-	110,389.09	-	-	-	-	-	-	-
12/15/2037	-	-	-	110,389.09	-	-	-	-	-	-	-
<b>Total</b>	<b>\$5,221,637.40</b>	<b>(29,009.90)</b>	<b>\$5,452,258.88</b>	<b>\$1,655,836.33</b>	<b>\$3,906,811.64</b>	<b>\$422,605.24</b>	<b>\$400,695.99</b>	<b>\$579,865.03</b>	<b>\$2,503,645.38</b>		

\*Special assessment revenue is based on assessments totaling \$1,295,527 assessed at a rate of 3.217% (2% over the Street Improvements average coupon), spread over 15 years with equal annual payments.

\*\*The City anticipates using Sanitary Sewer Revenues and Water Revenues from the PUC to cover 8.68% and 8.23%, respectively, of the Street Improvements 105% Levy and using Storm Sewer Revenues from the City to cover 11.91% of the Street Improvements 105% Levy.

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## Attachment 3 – Related Considerations

### 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 2021.

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: Limited

Dissemination Agent: Northland Securities

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

The City has less than \$10,000,000 of outstanding debt and will provide "limited" continuing disclosure. Historically, limited disclosure only required that certain information be provided upon request. The 2010 amendments to the Rule added the provision that issuers must annually provide financial information and operating data which is customarily prepared by the issuer and is publicly available. Issuers must also report certain "material events." Material events set forth in the Rule, including, but not limited to, bond rating changes, call notices, and the issuance of "financial obligations" (PFA loans, leases, or bank placements) must be reported within ten days of occurrence. Northland currently serves as dissemination agent for the City. We assist with getting your annual report filed in compliance with limited 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.

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

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

Northland will work with City staff prior to the day of sale 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 "A+" by S&P. The rating process will include a conference call with the rating analyst. Northland will assist City staff in preparing for and conducting the rating call.

## Attachment 4 - Calendar of Events

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

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

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

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

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

	Holiday
	Action Required

Date	Action	Responsible Party
No Later Than February 24	Publication of Public Hearing Notice in Newspaper (at least 14 but not more than 28 days before the date of the hearing)	City Staff
March 2	Revised Finance Plan and Resolution Sent to the City Revised Preliminary Official Statement Sent to City for Sign Off and to Rating Agency	Northland, Bond Counsel
March 10	Resolution Adopted and Review of Finance Plan  Public Hearing Held on Capital Improvement Plan and Issuance of Bonds (Special Meeting)	<b>City Council Action</b> , Northland
March 15	Rating Call	Northland, City Staff, Rating Agency
March 29	Rating Received	Northland, City Staff, Rating Agency
April 5	Awarding Resolution sent to City	Northland, Bond Counsel
April 9	End of 30-day Petition Period	

April 13	Sale Date - 10:00 a.m.  Awarding Resolution adopted - 5:30 p.m. (Special Meeting)	<b>City Council Action</b> , Northland, Bond Counsel
May 6	Closing on the Bonds (Proceeds Available)	Northland, City Staff, Bond Counsel

## Attachment 5 - Risk Factors

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

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

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

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

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

HELD: March 10, 2021

Pursuant to due call and notice thereof, a regular or special meeting of the City Council of the City of Springfield, Brown County, Minnesota, was duly held at the City Hall on March 10, 2021, at 5:30 P.M. for the purpose in part of authorizing the competitive negotiated sale of the \$4,730,000 General Obligation Bonds, Series 2021B.

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 2021B

A. WHEREAS, the City Council of the City of Springfield, Minnesota (the "City"), has heretofore determined that it is necessary and expedient to issue General Obligation Bonds, Series 2021B (the "Bonds"), pursuant to Minnesota Statutes, Chapters 429 and 475, Sections 475.521 and 412.301 to finance various public improvements and the purchase of equipment in the City; 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 Springfield, 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 City 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 City 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  
COUNTY OF BROWN  
CITY OF SPRINGFIELD

I, the undersigned, being the duly qualified and acting Clerk of the City of Springfield, 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 \$4,730,000 General Obligation Bonds, Series 2021B.

WITNESS my hand on March 10, 2021.

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Clerk

## ATTACHMENT A

### NOTICE OF SALE

\$4,730,000\*  
GENERAL OBLIGATION BONDS, SERIES 2021B

CITY OF SPRINGFIELD, 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 Manager, or designee, on Tuesday, April 13, 2021, at 10:00 A.M., CT, at the offices of Northland Securities, Inc. (the City’s “Municipal Advisor”), 150 South 5th Street, Suite 3300, Minneapolis, Minnesota 55402. Consideration of the Proposals for award of the sale will be by the City Council at its meeting at the City Offices beginning Tuesday, April 13, 2021 at 5:30 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) 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 612-851-4921, or
- d) submitted electronically.

Notice is hereby given that electronic proposals will be received via PARITY™, or its successor, in the manner described below, until 10:00 A.M., CT, on Tuesday, April 13, 2021. Proposals may be submitted electronically via PARITY™ or its successor, pursuant to this Notice until 10:00 A.M., CT, but no Proposal will be received after the time for receiving Proposals specified above. To the extent any instructions or directions set forth in PARITY™, or its successor, conflict with this Notice, the terms of this Notice shall control. For further information about PARITY™, or its successor, potential bidders may contact Northland Securities, Inc. or i-Deal® at 1359 Broadway, 2<sup>nd</sup> floor, New York, NY 10018, telephone 212-849-5021.

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

#### **BOOK-ENTRY SYSTEM**

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

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\* 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.

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 Northland Trust Services, Inc. Minneapolis, 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 May 6, 2021)

**AUTHORITY/PURPOSE/SECURITY**

The Bonds are being issued pursuant to Minnesota Statutes, Chapters 429 and 475, and Sections 412.301 and 475.521. Proceeds will be used to finance (i) various street and related utility improvement projects within the City, (ii) various capital improvement projects within the City, and (iii) the acquisition of various capital equipment. The Bonds are payable from special assessments against benefited property and 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 June 15 and December 15, commencing December 15, 2021, to registered owners of the Bonds appearing of record in the Bond Register as of the close of business on the first day (whether or not a business day) of the calendar month of such interest payment date.

**MATURITIES**

Principal is due annually on December 15, 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>
2022	\$170,000	2027	\$340,000	2032	\$300,000
2023	325,000	2028	345,000	2033	305,000
2024	325,000	2029	350,000	2034	305,000
2025	325,000	2030	350,000	2035	310,000
2026	335,000	2031	330,000	2036	315,000

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

**INTEREST RATES**

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

**ESTABLISHMENT OF ISSUE PRICE**

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

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

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

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

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

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

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

- (1) the close of the fifth (5<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 will rely on (i) the agreement of each underwriter to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule, if applicable to the Bonds, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter or dealer who is a member of the selling group is a

party to a third-party distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The City further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price of the Bonds, including but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule, if applicable to the Bonds, and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule if applicable to the Bonds.

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

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

- (1) "public" means any person other than an underwriter or a related party,*
- (2) "underwriter" means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public).*
- (3) a purchaser of any of the Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation or another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership or another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and*
- (4) "sale date" means the date that the Bonds are awarded by the City to the winning bidder.*

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

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

## **OPTIONAL REDEMPTION**

Bonds maturing on December 15, 2030 through 2036 are subject to redemption and prepayment at the option of the City on December 15, 2029 and any date thereafter, at a price of par plus accrued interest. Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the maturities and principal amounts within each maturity to be redeemed shall be determined by the City and if only part of the Bonds having a common maturity date are called for prepayment, the specific Bonds to be prepaid shall be chosen by lot by the Bond Registrar.

## **CUSIP NUMBERS**

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

## **DELIVERY**

Delivery of the Bonds will be within forty days after award, subject to an approving legal opinion by Taft Stettinius & Hollister LLP, 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 \$4,659,050.00 (98.50%) and accrued interest on the principal sum of \$4,730,000 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:

Joe Stremcha, City Manager  
2 East Central St.,  
Springfield, MN 56087

A good faith deposit (the "Deposit") in the amount of \$94,600 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).

### **LIMITED 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: March 10, 2021

BY ORDER OF THE SPRINGFIELD CITY COUNCIL



/s/ Joe Stremcha  
City 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 2021B (the "Bonds") of the City of Springfield, 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).

(e) 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: \_\_\_\_\_, 2021.

\_\_\_\_\_

By \_\_\_\_\_

Its \_\_\_\_\_

*(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 2021B (the "Bonds") of the City of Springfield, 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.

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: \_\_\_\_\_, 2021.

\_\_\_\_\_

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

Its: \_\_\_\_\_

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

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

**WITNESSETH**

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

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

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

WHEREAS, the MSRB provides a municipal advisory client brochure on its website ([www.msrb.org](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 City and NSI are entering into this Agreement to define the municipal advisory relationship at the earliest opportunity related to the inception of the municipal advisory relationship for the Debt, and

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

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

**SERVICES TO BE PROVIDED BY NSI**

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

**Planning and Development**

1. Assist City officials to define the scope and the objectives for the Debt.
2. Investigate and consider reasonably feasible financing alternatives.
3. Assist the City in understanding the material risks, potential benefits, structure and other characteristics of the recommended plan for the Debt, including issue structure, estimated debt service payments, projected revenues, method of issuance, bond rating, sale timing, and call provisions.

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

**Bond Sale**

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

**Post-Sale Support**

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

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

**COMPENSATION**

For providing these services with respect to the Debt, NSI shall be paid a lump sum of \$21,960. The fee due to NSI shall be payable by the City upon the closing of the Bonds.

NSI agrees to pay the following expenses from its fee:

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

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

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

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

### **CONFLICTS OF INTEREST**

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

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

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

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

### **LEGAL AND DISCIPLINARY ACTIONS**

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



**TERM OF THIS AGREEMENT**

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

Dated this 10th day of March 2021.

Northland Securities, Inc.

By:   
Clifton Schultz, Managing Director

City of Springfield, Minnesota

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

Its: \_\_\_\_\_