



AGENDA ITEM

Breezy Point City Council

Prepared By: <i>Janette Rust, Finance Specialist</i>	Meeting Date: <i>11/4/2024</i>	<input checked="" type="checkbox"/> Regular Agenda Item <input type="checkbox"/> Consent Agenda Item	Item No. Click or tap here to enter text.
Item Description: <i>Issuance and Sale of \$1,450,000 General Obligation Equipment Certificates, Series 2024A for the 2024</i>		Reviewed By: <i>Jerry Bohnsack, Interim City Administrator</i>	
		Reviewed By: <i>N/A</i>	

ACTION REQUESTED

Motion to approve a RESOLUTION providing for the issuance and sale of General Obligation Equipment Certificates, Series 2024A, in the proposed aggregate principal amount of \$1,450,000.

BACKGROUND/DISCUSSION

At the January 2, 2024, regular City Council meeting, the City Council approved Resolution 06-2024 authorizing the City to pay cash for the 2024 ladder truck purchase authorized by the Pequot Lakes Fire District Board earlier this year. A Joint Powers Agreement between the City of Breezy Point, City of Pequot Lakes, and the Pequot Lakes Fire District was signed authorizing the issuance of debt equal to the price of the ladder truck plus any related fees, sales taxes, and bonding costs to reimburse the City of Breezy Point. The ladder truck was received and paid for by the City in January of this year in the amount of \$1,409,470.

The Bonds will be sold through a competitive sale process on December 2, 2024. Baker Tilly Municipal Advisors, LLC will be present at the December meeting for any questions regarding the results of the sales.

By approving this resolution, you will be approving the issuance and sale of General Obligation Equipment Certificates, Series 2024A, in the amount of \$1,450,000.

FINANCIAL IMPACT

The attached amortization schedule shows the repayment schedule from the Pequot Lakes Fire District to the City of Breezy Point. The payment structure for the ladder truck is part of the Fire District's CIP plan and was integrated into the service contracts starting in 2024.

STAFF RECOMMENDATION

Approve resolution as stated above

ATTACHMENTS

Pre-Sale Summary for Issuance of Certificates
Resolution for issuance and sale of certificates
Joint Powers Agreement
Exhibit A: Cash Purchase Amortization Schedule
Resolution 06-2024

City of Breezy Point, Minnesota

Pre-Sale Summary for Issuance of Certificates

\$1,450,000 General Obligation Equipment Certificates, Series 2024A

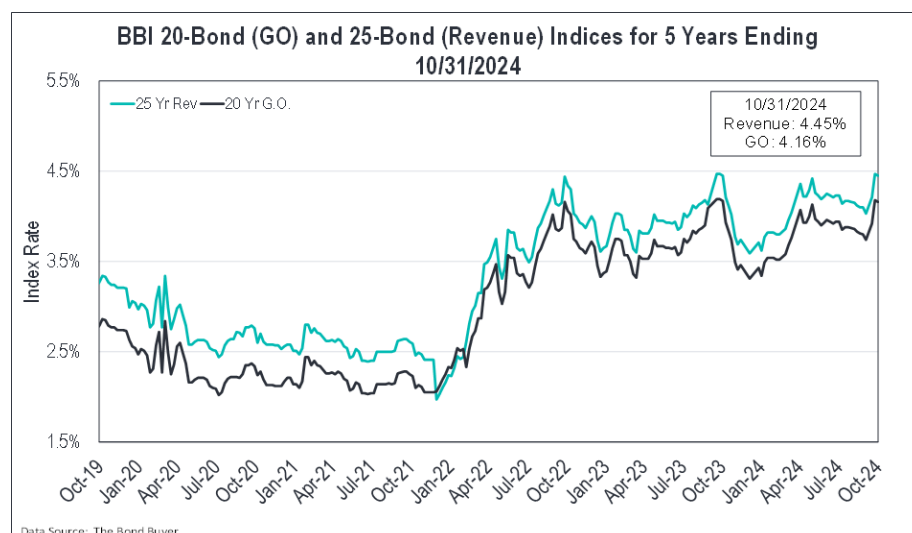
The Council has under consideration the issuance of certificates to finance (i) the reimbursement of the acquisition of a ladder truck and (ii) pay costs of issuance on the Certificates. This document provides information relative to the proposed issuance.

KEY EVENTS: The following summary schedule includes the timing of key events that will occur relative to the certificate issuance:

November 4, 2024	Council sets sale date and terms
November 12, 2024	Rating conference is conducted
December 2, 2024, 10:00 a.m.	Competitive proposals are received
December 2, 2024, 6:30 p.m.	Council considers award of the Certificates
December 19, 2024	Proceeds are received

RATING: An application will be made to S&P Global Ratings (S&P) for a rating on the Certificates. The City currently has no general obligation debt outstanding but there 2012A GO Crossover Refunding Bonds were initially rated "A+" by S&P and were upgraded to AA based on the new General Obligation criteria in 2013.

THE MARKET: Performance of the tax-exempt market is often measured by the Bond Buyer's Index ("BBI") which measures the yield of high-grade municipal bonds in the 20th year for general obligation bonds rated Aa2 by Moody's or AA by S&P (the BBI 20-Bond GO Index) and the 30th year for revenue bonds rated A1 by Moody's or A+ by S&P (the BBI 25-Bond Revenue Index). The following chart illustrates these two indices over the past five years:



PURPOSE:	Proceeds of the Certificates will be used to finance (i) the reimbursement of acquisition of a ladder truck; and (ii) pay costs of issuance on the Certificates.
AUTHORITY:	<p><u>Statutory Authority:</u> The Certificates are being issued pursuant to Minnesota Statutes Chapter 475 and Section 412.301.</p> <p><u>Statutory Requirements:</u> Pursuant to Minnesota Statutes, Section 412.301, if the total amount of the equipment certificates exceeds $\frac{1}{4}$ of 1% of the estimated market value of taxable property in the City, the City must publish a notice in the paper allowing for a petition requiring a referendum. One-quarter of one percent of the City's Pay 2024 estimated market value is \$2,178,037 ($\\$871,215,000 \times .25\%$). Therefore, the certificates of \$1,450,000 is within the limitation and not subject to taxpayer petition for a referendum.</p>
SECURITY AND SOURCE OF PAYMENT:	The Certificates will be a general obligation of the City, secured by its full faith and credit and taxing power. The City is planning on not levying for the repayment of the Certificates and the Certificates will be repaid from revenues pledged from a joint powers agreement.
STRUCTURING SUMMARY:	In consultation with the City staff, principal repayment is structured over a term of fifteen (15) years to result in level annual debt service payments.
SCHEDULES ATTACHED:	Schedules for the Certificates include (i) sources and uses of funds; (ii) pricing summary; and (iii) estimated debt service schedule.
RISKS/SPECIAL CONSIDERATIONS:	<p>The outcome of this financing will rely on the market conditions at the time of the sale. Any projections included herein are estimates based on current market conditions.</p> <p>The Certificates have been structured to result in additional proceeds generated from a reoffering premium. There is no guaranty that the winning bidder will price the Certificates with a reoffering premium in the amount that we have estimated, which could result in an issue size greater or less than what is projected in these schedules.</p>
SALE TERMS AND MARKETING:	<p><u>Variability of Issue Size:</u> A specific provision in the sale terms permits modifications to the issue size and/or maturity structure to customize the issue once the price and interest rates are set on the day of sale.</p> <p><u>Prepayment Provisions:</u> Certificates maturing on or after December 15, 2035 may be prepaid at a price of par plus accrued interest on or after December 15, 2034.</p> <p><u>Bank Qualification:</u> The City does not expect to issue more than \$10 million in tax-exempt obligations that count against the \$10 million limit for this calendar year; therefore, the Certificates are designated as bank qualified.</p>

Post Issuance Compliance

POST ISSUANCE COMPLIANCE:

The issuance of the Certificates will result in post-issuance compliance responsibilities. The responsibilities are in two primary areas: (i) compliance with federal arbitrage requirements and (ii) compliance with secondary disclosure requirements.

Federal arbitrage requirements include a wide range of implications that have been taken into account as this issue has been structured. Post-issuance compliance responsibilities for this tax-exempt issue include both rebate and yield restriction provisions of the IRS Code. In general terms the arbitrage requirements control the earnings on unexpended certificate proceeds, including investment earnings, moneys held for debt service payments (which are considered to be proceeds under the IRS regulations), and/or reserves. Under certain circumstances any “excess earnings” will need to be paid to the IRS to maintain the tax-exempt status of the Certificates. Any interest earnings on gross certificate proceeds or debt service funds should not be spent until it has been determined based on actual facts that they are not “excess earnings” as defined by the IRS Code.

The arbitrage rules provide for an exception to the rebate requirements for an issuer that issues \$5 million or less of tax-exempt obligations in a calendar year. The City does not expect to issue more than \$5 million in tax-exempt obligation in 2024; therefore, the City will qualify as a small issuer and the Certificates will be exempt from rebate.

Regardless of whether the issue qualifies for an exemption from the rebate provisions, yield restriction provisions will apply to Certificate proceeds (including interest earnings) unspent after three years and the debt service fund throughout the term of the Certificates. This money should be monitored until the Certificates are retired.

Secondary disclosure requirements result from an SEC requirement that underwriters provide ongoing disclosure information to investors. To meet this requirement, any prospective underwriter will require City to commit to providing the information needed to comply under a continuing disclosure agreement.

Baker Tilly MA currently provides both arbitrage and continuing disclosure services to the City. Baker Tilly MA will work with City Staff to provide these services for the Certificates under the existing Agreement for Municipal Advisor Services.

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

\$1,450,000

City of Breezy Point, Minnesota

General Obligation Equipment Certificates, Series 2024A

Sources & Uses

Dated 12/19/2024 | Delivered 12/19/2024

Sources Of Funds

Par Amount of Bonds	\$1,450,000.00
Reoffering Premium	31,214.45

Total Sources	\$1,481,214.45
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Uses Of Funds

Deposit to Project Construction Fund	1,409,470.00
Costs of Issuance	49,800.00
Total Underwriter's Discount (1.400%)	20,300.00
Rounding Amount	1,644.45

Total Uses	\$1,481,214.45
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\$1,450,000

City of Breezy Point, Minnesota

General Obligation Equipment Certificates, Series 2024A

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
12/15/2026	Serial Coupon	4.000%	3.140%	75,000.00	101.645%	76,233.75
12/15/2027	Serial Coupon	4.000%	3.070%	75,000.00	102.636%	76,977.00
12/15/2028	Serial Coupon	4.000%	3.090%	80,000.00	103.390%	82,712.00
12/15/2029	Serial Coupon	4.000%	3.120%	80,000.00	104.036%	83,228.80
12/15/2030	Serial Coupon	4.000%	3.200%	85,000.00	104.328%	88,678.80
12/15/2031	Serial Coupon	4.000%	3.250%	90,000.00	104.655%	94,189.50
12/15/2032	Serial Coupon	4.000%	3.300%	90,000.00	104.880%	94,392.00
12/15/2033	Serial Coupon	4.000%	3.350%	95,000.00	105.008%	99,757.60
12/15/2034	Serial Coupon	4.000%	3.400%	100,000.00	105.045%	105,045.00
12/15/2035	Serial Coupon	3.510%	3.510%	105,000.00	100.000%	105,000.00
12/15/2036	Serial Coupon	3.650%	3.650%	105,000.00	100.000%	105,000.00
12/15/2037	Serial Coupon	3.770%	3.770%	110,000.00	100.000%	110,000.00
12/15/2038	Serial Coupon	3.840%	3.840%	115,000.00	100.000%	115,000.00
12/15/2039	Serial Coupon	3.940%	3.940%	120,000.00	100.000%	120,000.00
12/15/2040	Serial Coupon	3.990%	3.990%	125,000.00	100.000%	125,000.00
Total	-	-	-	\$1,450,000.00	-	\$1,481,214.45

Bid Information

Par Amount of Bonds	\$1,450,000.00
Reoffering Premium or (Discount)	31,214.45
Gross Production	\$1,481,214.45
Total Underwriter's Discount (1.400%)	\$(20,300.00)
Bid (100.753%)	1,460,914.45
Total Purchase Price	\$1,460,914.45
Bond Year Dollars	\$14,048.89
Average Life	9.689 Years
Average Coupon	3.8775782%
Net Interest Cost (NIC)	3.7998891%
True Interest Cost (TIC)	3.7787652%

\$1,450,000

City of Breezy Point, Minnesota

General Obligation Equipment Certificates, Series 2024A

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	105% Levy
12/15/2025	-	-	55,967.65	55,967.65	58,766.03
12/15/2026	75,000.00	4.000%	56,596.50	131,596.50	138,176.33
12/15/2027	75,000.00	4.000%	53,596.50	128,596.50	135,026.33
12/15/2028	80,000.00	4.000%	50,596.50	130,596.50	137,126.33
12/15/2029	80,000.00	4.000%	47,396.50	127,396.50	133,766.33
12/15/2030	85,000.00	4.000%	44,196.50	129,196.50	135,656.33
12/15/2031	90,000.00	4.000%	40,796.50	130,796.50	137,336.33
12/15/2032	90,000.00	4.000%	37,196.50	127,196.50	133,556.33
12/15/2033	95,000.00	4.000%	33,596.50	128,596.50	135,026.33
12/15/2034	100,000.00	4.000%	29,796.50	129,796.50	136,286.33
12/15/2035	105,000.00	3.510%	25,796.50	130,796.50	137,336.33
12/15/2036	105,000.00	3.650%	22,111.00	127,111.00	133,466.55
12/15/2037	110,000.00	3.770%	18,278.50	128,278.50	134,692.43
12/15/2038	115,000.00	3.840%	14,131.50	129,131.50	135,588.08
12/15/2039	120,000.00	3.940%	9,715.50	129,715.50	136,201.28
12/15/2040	125,000.00	3.990%	4,987.50	129,987.50	136,486.88
Total	\$1,450,000.00	-	\$544,756.65	\$1,994,756.65	\$2,094,494.48

SIGNIFICANT DATES

Dated	12/19/2024
Delivery Date	12/19/2024
First Coupon Date	12/15/2025

Yield Statistics

Bond Year Dollars	\$14,048.89
Average Life	9.689 Years
Average Coupon	3.8775782%
Net Interest Cost (NIC)	3.7998891%
True Interest Cost (TIC)	3.7787652%
Bond Yield for Arbitrage Purposes	3.6022482%
All Inclusive Cost (AIC)	4.2265029%

IRS Form 8038

Net Interest Cost	3.6003344%
Weighted Average Maturity	9.630 Years

Interest rates are estimates. Changes in rates may cause significant alterations to this schedule.

The actual underwriter's discount bid may also vary

CITY OF BREEZY POINT, MINNESOTA

RESOLUTION NO. XX-2024

**RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF
GENERAL OBLIGATION EQUIPMENT CERTIFICATES,
SERIES 2024A, IN THE PROPOSED AGGREGATE PRINCIPAL
AMOUNT OF \$1,450,000**

BE IT RESOLVED By the City Council of the City of Breezy Point, Minnesota (the "City") as follows:

1. Authorization.

(a) The City is authorized by Minnesota Statutes, Chapter 475, as amended, and Minnesota Statutes, Section 412.301, as amended (collectively, the "Act"), to issue general obligation equipment certificates of indebtedness on such terms and in such manner as the City determines to finance the purchase of items of capital equipment, subject to certain limitations contained in the Act.

(b) The City has purchased and acquired a ladder truck (the "Capital Equipment"), pursuant to the Act.

(c) As required by the Act:

(i) the expected useful life of the Capital Equipment is or will be at least as long as the term of the equipment certificates issued to finance the Capital Equipment;

(ii) the equipment certificates shall be payable in not more than 20 years and shall be issued on the terms and in the manner determined by the City Council; and

(iii) the principal amount of equipment certificates to be issued in the year 2024 will not exceed 0.25 percent of the estimated market value of taxable property in the City for the year 2024.

(d) The City has proposed to issue its General Obligation Equipment Certificates, Series 2024A (the "Equipment Certificates"), in the proposed aggregate principal amount of \$1,450,000, pursuant to the Act, to reimburse the City for costs related to the acquisition of the Capital Equipment and the costs of issuing the Equipment Certificates.

(e) The City is authorized by Section 475.60, subdivision 2(9) of the Act to negotiate the sale of the Equipment Certificates, it being determined that the City has retained an independent municipal advisor in connection with such sale. The actions of the City staff and municipal advisor in negotiating the sale of the Equipment Certificates are ratified and confirmed in all aspects.

2. Sale of Equipment Certificates. The City Council finds it necessary and expedient to the sound financial management of the affairs of the City to issue the Equipment Certificates, pursuant to the Act, in the proposed aggregate principal amount of \$1,450,000, to reimburse the City for costs related to the acquisition of the Capital Equipment and the costs of issuing the Equipment Certificates. The Equipment Certificates will be issued, sold, and delivered in accordance with the Terms of Proposal set forth in EXHIBIT A attached hereto (the "Terms of Proposal").

3. Authority of Municipal Advisor. Baker Tilly Municipal Advisors, LLC, municipal advisor to the City (the "Municipal Advisor"), is authorized and directed to advertise the Equipment Certificates for sale in accordance with the Terms of Proposal. The City Council will meet on Monday, December 2, 2024, to consider proposals on the Equipment Certificates and take any other appropriate action with respect to the Equipment Certificates.

4. Authority of Bond Counsel. The law firm of Kennedy & Graven, Chartered, as bond counsel for the City ("Bond Counsel"), is authorized to act as bond counsel and to assist in the preparation and review of necessary documents, certificates and instruments relating to the Equipment Certificates. The officers, employees and agents of the City are hereby authorized to assist Bond Counsel in the preparation of such documents, certificates, and instruments.

5. Covenants. In the resolution awarding the sale of the Equipment Certificates, the City Council will set forth the covenants and undertakings required by the Act.

6. Official Statement. In connection with the sale of the Equipment Certificates, the officers or employees of the City are authorized and directed to cooperate with the Municipal Advisor and participate in the preparation of an official statement for the Equipment Certificates and to deliver it on behalf of the City upon its completion.

(The remainder of this page is intentionally left blank.)

Adopted this 4th day of November 2024.

Mayor Angel Zierden

Attest:

Deb Runksmeier, Deputy City Clerk

EXHIBIT A
TERMS OF PROPOSAL

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

TERMS OF PROPOSAL

\$1,450,000*

CITY OF BREEZY POINT, MINNESOTA

GENERAL OBLIGATION EQUIPMENT CERTIFICATES, SERIES 2024A

(BOOK ENTRY ONLY)

Proposals for the above-referenced obligations (the "Certificates") will be received by the City of Breezy Point, Minnesota (the "City") on Monday, December 2, 2024 (the "Sale Date") until 10:00 A.M., Central Time (the "Sale Time") at the offices of Baker Tilly Municipal Advisors, LLC ("Baker Tilly MA"), 30 East 7th Street, Suite 3025, Saint Paul, MN 55101, after which time proposals will be opened and tabulated. Consideration for award of the Certificates will be by the City Council at its meeting commencing at 6:30 P.M., Central Time, of the same day.

SUBMISSION OF PROPOSALS

Baker Tilly MA will assume no liability for the inability of a bidder or its proposal to reach Baker Tilly MA prior to the Sale Time, and neither the City nor Baker Tilly MA shall be responsible for any failure, misdirection or error in the means of transmission selected by any bidder. All bidders are advised that each proposal shall be deemed to constitute a contract between the bidder and the City to purchase the Certificates regardless of the manner in which the proposal is submitted.

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

OR

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

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

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

*Preliminary; subject to change.

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

DETAILS OF THE CERTIFICATES

The Certificates will be dated the date of delivery and will bear interest payable on June 15 and December 15 of each year, commencing December 15, 2025. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

The Certificates will mature December 15 in the years and amounts* as follows:

2026	\$75,000	2030	\$85,000	2034	\$100,000	2038	\$115,000
2027	\$75,000	2031	\$90,000	2035	\$105,000	2039	\$120,000
2028	\$80,000	2032	\$90,000	2036	\$105,000	2040	\$125,000
2029	\$80,000	2033	\$95,000	2037	\$110,000		

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

BOOK ENTRY SYSTEM

The Certificates will be issued by means of a book entry system with no physical distribution of Certificates made to the public. The Certificates will be issued in fully registered form and one Certificate, representing the aggregate principal amount of the Certificates maturing in each year, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Certificates. Individual purchases of the Certificates may be made in the principal amount of \$5,000 or any multiple thereof of a single maturity through book entries made on the books and records of DTC and its participants. Principal and interest are payable by the registrar to DTC or its nominee as registered owner of the Certificates. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants will be the responsibility of such participants and other nominees of beneficial owners. The lowest bidder (the "Purchaser"), as a condition of delivery of the Certificates, will be required to deposit the Certificates with DTC.

REGISTRAR/PAYING AGENT

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

OPTIONAL REDEMPTION

The City may elect on December 15, 2034, and on any day thereafter, to redeem Certificates due on or after December 15, 2035. Redemption may be in whole or in part and if in part at the option of the City and in such manner as the City shall determine. If less than all Certificates of a maturity are called for redemption, the City will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. All redemptions shall be at a price of par plus accrued interest.

SECURITY AND PURPOSE

The Certificates will be general obligations of the City for which the City will pledge its full faith and credit and power to levy direct general ad valorem taxes. The proceeds of the Certificates will be used to (i) reimburse the costs of the purchase of a ladder truck and (ii) pay costs of issuance on the Certificates.

BANK QUALIFIED TAX-EXEMPT OBLIGATIONS

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

BIDDING PARAMETERS

Proposals shall be for not less than \$1,450,000 (Par) plus accrued interest, if any, on the total principal amount of the Certificates. Rates shall be in integral multiples of 1/100 or 1/8 of 1%. The initial price to the public for each maturity as stated on the proposal must be 98.0% or greater.

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

No proposal can be withdrawn or amended after the time set for receiving proposals on the Sale Date unless the meeting of the City scheduled for award of the Certificates is adjourned, recessed, or continued to another date without award of the Certificates having been made. Certificates of the same maturity shall bear a single rate from the date of the Certificates to the date of maturity. No conditional proposals will be accepted.

ESTABLISHMENT OF ISSUE PRICE

In order to provide the City with information necessary for compliance with Section 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder (collectively, the "Code"), the Purchaser will be required to assist the City in establishing the issue price of the Certificates and shall complete, execute, and deliver to the City prior to the closing date, a written certification in a form acceptable to the Purchaser, the City, and Bond Counsel (the "Issue Price Certificate") containing the following for each maturity of the Certificates (and, if different interest rates apply within a maturity, to each separate CUSIP number within that maturity): (i) the interest rate; (ii) the reasonably expected initial offering price to the "public" (as said term is defined in Treasury Regulation Section 1.148-1(f) (the "Regulation")) or the sale price; and (iii) to the extent the hold-the-offering-price rule applies, pricing wires or equivalent communications supporting such offering or sale price. Any action to be taken or documentation to be received by the City pursuant hereto may be taken or received on behalf of the City by Baker Tilly MA.

The City intends that the sale of the Certificates pursuant to this Terms of Proposal shall constitute a "competitive sale" as defined in the Regulation based on the following:

- (i) the City shall cause this Terms of Proposal to be disseminated to potential bidders in a manner that is reasonably designed to reach potential bidders;
- (ii) all bidders shall have an equal opportunity to submit a bid;
- (iii) the City reasonably expects that it will receive bids from at least three bidders that have established industry reputations for underwriting municipal bonds such as the Certificates; and
- (iv) the City anticipates awarding the sale of the Certificates to the bidder who provides a proposal with the lowest true interest cost, as set forth in this Terms of Proposal (See "AWARD" herein).

Any bid submitted pursuant to this Terms of Proposal shall be considered a firm offer for the purchase of the Certificates, as specified in the proposal. The Purchaser shall constitute an "underwriter" as said term is defined in the Regulation. By submitting its proposal, the Purchaser confirms that it shall require any agreement among underwriters, a selling group agreement, or other agreement to which it is a party relating to the initial sale of the Certificates, to include provisions requiring compliance with the provisions of the Code and the Regulation regarding the initial sale of the Certificates.

If all of the requirements of a "competitive sale" are not satisfied, the City shall advise the Purchaser of such fact prior to the time of award of the sale of the Certificates to the Purchaser. **In such event, any proposal submitted will not be subject to cancellation or withdrawal.** Within twenty-four (24) hours of the notice of award of the sale of the Certificates, the Purchaser shall advise the City and Baker Tilly MA if 10% of any maturity of the Certificates (and, if different interest rates apply within a maturity, to each separate CUSIP number within that maturity) has been sold to the public and the price at which it was sold. The City

will treat such sale price as the "issue price" for such maturity, applied on a maturity-by-maturity basis. The City will not require the Purchaser to comply with that portion of the Regulation commonly described as the "hold-the-offering-price" requirement for the remaining maturities, but the Purchaser may elect such option. If the Purchaser exercises such option, the City will apply the initial offering price to the public provided in the proposal as the issue price for such maturities. If the Purchaser does not exercise that option, it shall thereafter promptly provide the City and Baker Tilly MA the prices at which 10% of such maturities are sold to the public; provided such determination shall be made and the City and Baker Tilly MA notified of such prices whether or not the closing date has occurred, until the 10% test has been satisfied as to each maturity of the Certificates or until all of the Certificates of a maturity have been sold.

GOOD FAITH DEPOSIT

To have its proposal considered for award, the Purchaser is required to submit a good faith deposit via wire transfer to the City in the amount of \$14,500 (the "Deposit") no later than 1:00 P.M., Central Time on the Sale Date. The Purchaser shall be solely responsible for the timely delivery of its Deposit, and neither the City nor Baker Tilly MA have any liability for delays in the receipt of the Deposit. If the Deposit is not received by the specified time, the City may, at its sole discretion, reject the proposal of the lowest bidder, direct the second lowest bidder to submit a Deposit, and thereafter award the sale to such bidder.

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

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

AWARD

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

The City will reserve the right to: (i) waive non-substantive informalities of any proposal or of matters relating to the receipt of proposals and award of the Certificates, (ii) reject all proposals without cause, and (iii) reject any proposal that the City determines to have failed to comply with the terms herein.

BOND INSURANCE AT PURCHASER'S OPTION

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

CUSIP NUMBERS

If the Certificates qualify for the assignment of CUSIP numbers such numbers will be printed on the Certificates; however, neither the failure to print such numbers on any Certificate nor any error with respect thereto will constitute cause for failure or refusal by the Purchaser to accept delivery of the Certificates. Baker Tilly MA will apply for CUSIP numbers pursuant to Rule G-34 implemented by the Municipal

Securities Rulemaking Board. The CUSIP Service Bureau charge for the assignment of CUSIP identification numbers shall be paid by the Purchaser.

SETTLEMENT

On or about December 19, 2024, the Certificates will be delivered without cost to the Purchaser through DTC in New York, New York. Delivery will be subject to receipt by the Purchaser of an approving legal opinion of Kennedy & Graven, Chartered of Minneapolis, Minnesota, and of customary closing papers, including a no-litigation certificate. On the date of settlement, payment for the Certificates shall be made in federal, or equivalent, funds that shall be received at the offices of the City or its designee not later than 12:00 Noon, Central Time. Unless compliance with the terms of payment for the Certificates has been made impossible by action of the City, or its agents, the Purchaser shall be liable to the City for any loss suffered by the City by reason of the Purchaser's non-compliance with said terms for payment.

CONTINUING DISCLOSURE

At the time of delivery of the Certificates, the City will not be obligated with respect to more than \$10,000,000 of outstanding municipal securities, including the Certificates being offered hereby. In order to assist bidders in complying with SEC Rule 15c2-12, as amended, the City will enter into a Continuing Disclosure Certificate pursuant to which it will covenant to file with the Municipal Securities Rulemaking Board electronically through the Electronic Municipal Market Access system certain financial information or operating data that is customarily prepared and is publicly available and notices of certain material events to the limited extent required by SEC Rule 15c2-12(d)(2). The Continuing Disclosure Certificate will be set forth in the Official Statement.

OFFICIAL STATEMENT

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

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

Dated November 4, 2024

BY ORDER OF THE CITY COUNCIL

/s/ Janette Rust
Finance Specialist

**JOINT POWERS AGREEMENT
BETWEEN THE CITY OF BREEZY POINT, CITY OF PEQUOT LAKES
AND THE PEQUOT LAKES FIRE DISTRICT**

This Agreement is entered into by and between the City of Breezy Point, a Minnesota municipal corporation, the City of Pequot Lakes, a Minnesota municipal corporation, and the Pequot Lakes Fire District, a Minnesota joint powers organization, pursuant to Minn. Stat. § 471.59.

1. Purpose. The cities of Breezy Point and Pequot Lakes are members of the Pequot Lakes Fire District. The Fire District Board approved the purchase of a ladder truck (Rosenbauer Aerial with Commander chassis and King Cobra Platform) pursuant to its Capital Improvement Plan. The purpose of this Agreement is to establish the procedure and responsibility for financing the truck.
2. Term. The term of this Agreement shall commence on January 9, 2024, and shall continue until the debt on the truck is paid in full.
3. Joint Responsibility. Pequot Lakes and Breezy Point each acknowledge their respective responsibility to pay for one half of the cost of the new truck, including any financing costs, which payments shall be made to the Fire District as part of each City's annual contribution to the District.
4. Equipment Financing. Breezy Point shall provide the initial financing to purchase the ladder truck. At its sole discretion, Breezy Point shall utilize one of the two following financing methods:
 - a. Debt Issue. Breezy Point may issue general obligation bonds in an amount equal to the price of the truck plus any related fees, sales taxes and bonding costs. The bonds shall issue as soon as reasonably practicable following approval of this Agreement. Breezy Point shall provide Pequot Lakes and the Fire District Board with information on the final bond sales price, net proceeds and repayment schedule. Breezy Point shall make bond payments pursuant to the bond payment schedule. At least 30 days before the scheduled payments, the Fire District shall submit payment to Breezy Point in an amount equal to the scheduled bond payment.
 - b. Cash Purchase. Breezy Point may issue a cash payment for the final invoice amount, in which case the Fire District shall submit an annual payment to Breezy Point as shown in Exhibit A.
5. Equipment Acquisition. Upon receipt of confirmation of the sale of bonds, or receipt of notice from the City of Breezy Point that it is ready to issue a cash payment, the Fire District Board shall finalize the purchase of the specified ladder truck and provide the final invoice to each City. Upon the sale of bonds (if applicable) and receipt of the final invoice, Breezy Point shall pay the final invoice directly to the seller and notify Pequot Lakes and the Fire District Board of the payment. The Fire District shall arrange for delivery and receipt of the truck.

6. Miscellaneous Provisions.

- a. Compliance with Laws and Standards. The parties hereto agree to abide by all Federal, State or local laws, statutes, ordinances, rules and regulations now in effect or hereafter adopted pertaining to this Agreement.
- b. Liability and Indemnification. Each party to the Agreement shall be liable for its own acts and the results thereof to the extent authorized by law and shall not be responsible for the acts of the other party, its officers, employees or agents. To the extent allowed by law, each party hereby agrees to defend and indemnify the other, its officers and employees against any and all liability, loss, costs, damages, expenses, claims or actions, including attorney's fees which the other, its officers and employees may hereafter sustain, incur or be required to pay, arising out of or by reason of any act or omission of the party, its agents, servants or employees, in the execution, performance, or failure to adequately perform its obligations pursuant to the Agreement.

It is understood and agreed that liability arising from the parties' acts or omissions is governed by the provisions of the Municipal Tort Claims Act, Minn. Stat. ch. 466, and other applicable laws.

- c. Amendments. Any alterations, variations or modifications of the provisions of this Agreement shall be valid only when reduced to writing, approved by the parties' Board or Council, and signed by authorized representatives.
- d. Disposition of Property. Upon termination of this Agreement, any property acquired as a result of activities undertaken pursuant to this Agreement and any surplus moneys shall be returned to the Fire District.
- e. Relationship of the Parties. Nothing contained in this Agreement is intended or shall be construed in any manner as creating or establishing a partnership, joint venture, or agency relationship between the parties.
- f. Notice. All notices and communications required by this Agreement shall be given in writing, by certified mail, as follows:

To Breezy Point: David Chanski
 City Administrator
 8319 County Road 11
 Breezy Point, MN 56472

To Pequot Lakes: Angie Duus
 City Administrator
 4638 Main Street
 Pequot Lakes, MN 56472

To Fire District: Mike Schwankl
 Fire Chief
 4638 Main Street

Pequot Lakes, MN 56472

- g. Counterparts. The Agreement may be signed in one or more counterparts, each of which shall constitute an original and all of which, taken together, shall constitute one and the same agreement.

City of Breezy Point

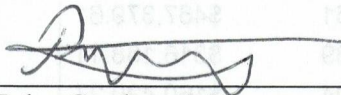

Angel Zierden, Mayor

Dated: 1-8-2024

Attest:



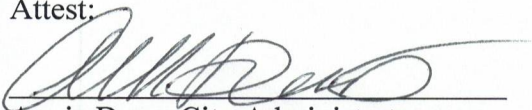
David Chanski, City Administrator

City of Pequot Lakes


Tyler Gardner, Mayor

Dated: 1-8-2024

Attest:



Angie Duus, City Administrator

Pequot Lakes Fire District


Tyler Gardner, Chair

Dated: 1-8-2024

Attest:



Mike Schwankl, Fire Chief

Exhibit A: Cash Purchase Amortization Schedule

Rosenbauer 101' King Cobra Aerial Cash Purchase Amortization Schedule:

Principal:	\$1,409,470.00
Interest rate:	3.00%
Annual payment:	\$165,232.88
Years:	10

PAYMENT DATE	ANNUAL PAYMENT	PRINCIPAL	INTEREST	UNPAID BALANCE
August 1, 2024	\$165,232.88	\$122,948.78	\$42,284.10	\$1,286,521.22
August 1, 2025	\$165,232.88	\$126,637.25	\$38,595.64	\$1,159,883.97
August 1, 2026	\$165,232.88	\$130,436.36	\$34,796.52	\$1,029,447.61
August 1, 2027	\$165,232.88	\$134,349.45	\$30,883.43	\$895,098.16
August 1, 2028	\$165,232.88	\$138,379.94	\$26,852.94	\$756,718.22
August 1, 2029	\$165,232.88	\$142,531.34	\$22,701.55	\$614,186.88
August 1, 2030	\$165,232.88	\$146,807.28	\$18,425.61	\$467,379.61
August 1, 2031	\$165,232.88	\$151,211.49	\$14,021.39	\$316,168.11
August 1, 2032	\$165,232.88	\$155,747.84	\$9,485.04	\$160,420.27
August 1, 2033	\$165,232.88	\$160,420.27	\$4,812.61	\$0.00
	\$1,652,328.82	\$1,409,470.00	\$242,858.82	

CITY OF BREEZY POINT
RESOLUTION 06-2024

A RESOLUTION DECLARING THE OFFICIAL INTENT OF THE CITY OF BREEZY POINT TO
REIMBURSE CERTAIN CAPITAL EXPENDITURES OF A PROJECT FROM THE PROCEED OF TAX-
EXEMPT BONDS

WHEREAS, the Internal Revenue Service has issued Treasury Regulations, Section 1.150-2 (the "Reimbursement Regulations") under the Internal Revenue Code of 1986, as amended (the "Code"), providing that proceeds of tax-exempt bonds used to reimburse prior capital expenditures will not be deemed spent unless certain requirements are met; and

WHEREAS, the City of Breezy Point, Minnesota, a municipal corporation and a political subdivision of the State of Minnesota (the "City"), expects to incur certain expenditures that may be financed temporarily from sources other than tax-exempt bonds, and later reimbursed from the proceeds of tax-exempt bonds; and

WHEREAS, the City has determined to make a declaration of its official intent (the "Declaration") to reimburse certain capital costs from the proceeds derived from the sale of tax-exempt bonds issued by the City or another political subdivision in accordance with the Reimbursement Regulations.

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

1. The City may incur certain capital expenditures in connection with the acquisition of a ladder truck (collectively, the "Project").
2. The City reasonably expects to reimburse the expenditures made for certain costs of the Project from the proceeds of tax-exempt bonds in a principal amount currently estimated not to exceed \$1,409,470.00. All reimbursed expenditures related to the Project will be capital expenditures, costs of issuance of the tax-exempt bonds or other expenditures eligible for reimbursement under Section 1.150-2(d)(3) of the Reimbursement Regulations.
3. This Declaration has been made not later than 60 days after payment of any original expenditure to be subject to a reimbursement allocation with respect to the proceeds of tax-exempt bonds, except for the following expenditures: (a) costs of issuance of tax-exempt bonds; (b) costs in an amount not in excess of the lesser of \$100,000 or 5% of the proceeds of the tax-exempt bonds; or (c) "preliminary expenditures" up to an amount not in excess of 20% of the aggregate issue price of the tax-exempt bonds that are reasonably expected by the City to finance the Project. The term "preliminary expenditures" includes architectural, engineering, surveying, soil testing, bond issuance and similar costs that are incurred prior to commencement of acquisition, construction, or rehabilitation of the Project,

excluding land acquisition, site preparation, and similar costs incident to commencement of construction.

4. A reimbursement allocation with respect to tax-exempt bonds will be made not later than 18 months after the later of: (i) the date the original expenditure is paid; or (ii) the date the Project is placed in service or abandoned, but in no event more than 3 years after the original expenditure.
5. This Declaration is an expression of the reasonable expectations of the City based on the facts and circumstances known to the City as of the date hereof. The anticipated original expenditures for the Project and the principal amount of the tax-exempt bonds described in paragraph 2 are consistent with the City's budgetary and financial circumstances. No sources other than proceeds of tax-exempt bonds are reasonably expected to be reserved, allocated on a long-term basis, or otherwise set aside pursuant to the City's budget or financial policies to pay such expenditures for which bonds are issued.
6. The action is intended to constitute a declaration of official intent for purposes of the Reimbursement Regulations.

Rebecca Ball: Yes

Brad Scott: Yes

Steve Jensen: Yes

Angel Zierden: Yes

Michael Moroni: Yes

Adopted this 2nd Day of January 2024



Mayor Angel Zierden

Attest:



David C. Chanski, City Administrator/Clerk