

REVISED April 7, 2025

PRE-SALE REPORT FOR

City of New Prague, Minnesota

\$10,430,000 General Obligation Capital Improvement Plan Bonds (Police Facility), Series 2025A



Prepared by:

Ehlers
3060 Centre Pointe Drive
Roseville, MN 55113

Advisors:

Rebecca Kurtz, Senior Municipal Advisor
Keith Dahl, Municipal Advisor
Nick Anhut, Senior Municipal Advisor

BUILDING COMMUNITIES. IT'S WHAT WE DO.

EXECUTIVE SUMMARY OF PROPOSED DEBT

Proposed Issue:

\$10,430,000 General Obligation Capital Improvement Plan (CIP) Bonds, Series 2025A

Purposes:

The proposed issue includes financing for construction of a new police station in the City. Debt service will be paid from ad valorem property taxes.

The City is using \$380,000 in cash from the building fund to eliminate the need for capitalized interest and reduce a portion of the issuance amount. In addition, the City has further reduced the overall amount of the issuance by reducing contingency in the project costs by \$390,000.

Authority:

The Bonds are being issued pursuant to Minnesota Statutes, Chapter:

- 475.521 – CIP Bonding Authority. The CIP Bonding Authority requires a public hearing and 30-day reverse referendum period. Annual CIP debt service for all CIP Bonds outstanding may not exceed 0.16% of estimated market value. For 2025, this amount is \$1,687,833.
- 475 – General Bonding Authority

The Bonds count against the Net Debt Limit of 3% of the estimated market value of taxable property in the City. It is estimated that about \$20 million in available Debt Limit will remain after the issuance of these Bonds.

The Bonds will be general obligations of the City for which its full faith, credit and taxing powers are pledged.

Term/Call Feature:

The Bonds are being issued for a term of 30 years. Principal on the Bonds will be due on February 1 in the years 2027 through 2055. Interest will be due every six months beginning February 1, 2026. The February 1, 2026 interest payment will be paid with funds on hand from the building fund.

The Bonds will be subject to prepayment at the discretion of the City on February 1, 2035, or any date thereafter.

Bank Qualification:

Because the City is issuing more than \$10,000,000 in tax-exempt obligations during the calendar year, the City will be not able to designate the Bonds as “bank qualified” obligations.

Rating:

The City's most recent bond issues were rated by S&P Global Ratings. The current rating on these bonds is "AA". The City will request a new rating for the Bonds.

If the winning bidder on the Bonds elects to purchase bond insurance, the rating for the issue may be higher than the City's bond rating in the event that the bond rating of the insurer is higher than that of the City.

Basis for Recommendation:

Based on your objectives, financial situation and need, risk tolerance, liquidity needs, experience with the issuance of Bonds and long-term financial capacity, as well as the tax status considerations related to the Bonds and the structure, timing and other similar matters related to the Bonds, we are recommending the issuance of Bonds as a suitable option.

Method of Sale/Placement:

We are recommending the Bonds be issued as municipal securities and offered through a competitive underwriting process. You will solicit competitive bids, which we will compile on your behalf, for the purchase of the Bonds from underwriters and banks.

An allowance for discount bidding will be incorporated in the terms of the issue. The discount is treated as an interest item and provides the underwriter with all or a portion of their compensation in the transaction.

If the Bonds are purchased at a price greater than the minimum bid amount (maximum discount), the unused allowance may be used to reduce your borrowing amount.

Premium Pricing:

In some cases, investors in municipal bonds prefer "premium" pricing structures. A premium is achieved when the coupon for any maturity (the interest rate paid by the issuer) exceeds the yield to the investor, resulting in a price paid that is greater than the face value of the bonds. The sum of the amounts paid in excess of face value is considered "reoffering premium." The amount of the premium varies, but it is not uncommon to see premiums for new issues in the range of 2.00% to 10.00% of the face amount of the issue. This means that an issuer with a \$2,000,000 offering may receive bids that result in proceeds of \$2,040,000 to \$2,200,000.

For this issue of Bonds we have been directed to use the net premium to reduce the size of the issue for the project. The resulting adjustments may slightly change the true interest cost of the issue, either up or down.

The amount of premium can be restricted in the bid specifications. Restrictions on premium may result in fewer bids, but may also eliminate large adjustments on the day of sale and unintended impacts with respect to debt service payment. Ehlers will identify appropriate premium restrictions for the Bonds intended to achieve the City's objectives for this financing.

Review of Existing Debt:

We continuously monitor the market and the call dates for the City's outstanding debt and will alert you to any future refunding opportunities.

Continuing Disclosure:

Because the City has more than \$10,000,000 in outstanding debt subject to a continuing disclosure undertaking (including this issue) and this issue does not meet an available exemption from continuing disclosure, the City will be agreeing to provide certain updated Annual Financial Information and its Audited Financial Statement annually, as well as providing notices of the occurrence of certain reportable events to the Municipal Securities Rulemaking Board (the "MSRB"), as required by rules of the Securities and Exchange Commission (SEC). The City is already obligated to provide such reports. The City may continue to work with their current provider to file these reports or contract with Ehlers to do so.

Arbitrage Monitoring:

The City must ensure compliance with certain sections of the Internal Revenue Code and Treasury Regulations ("Arbitrage Rules") throughout the life of the issue to maintain the tax-exempt status of the Bonds. These Arbitrage Rules apply to amounts held in construction, escrow, reserve, debt service account(s), etc., along with related investment income on each fund/account.

IRS audits will verify compliance with rebate, yield restriction and records retention requirements within the Arbitrage Rules. The City's specific arbitrage responsibilities will be detailed in the Tax Certificate prepared by your Bond Attorney and provided at closing.

The Bonds may qualify for one or more exception(s) to the Arbitrage Rules by meeting 1) small issuer exception, 2) spend down requirements, 3) bona fide debt service fund limits, 4) reasonable reserve requirements, 5) expenditure within an available period limitations, 6) investments yield restrictions, 7) de minimis rules, or; 8) borrower limited requirements.

An Ehlers arbitrage expert will contact the City within 30 days after the sale date to review the City's specific responsibilities for the Bonds. The City is currently receiving arbitrage services from Ehlers in relation to the Bonds.

Investment of Bond Proceeds:

Ehlers can assist the City in developing a strategy to invest your Bond proceeds until the funds are needed to pay project costs.

Other Service Providers:

This debt issuance will require the engagement of other public finance service providers. This section identifies those other service providers, so Ehlers can coordinate their engagement on your behalf. Where you have previously used a particular firm to provide a service, we have assumed that you will continue that relationship. For services you have not previously

required, we have identified a service provider. Fees charged by these service providers will be paid from proceeds of the obligation, unless you notify us that you wish to pay them from other sources. Our pre-sale bond sizing includes a good faith estimate of these fees, but the final fees may vary. If you have any questions pertaining to the identified service providers or their role, or if you would like to use a different service provider for any of the listed services, please contact us.

Bond Counsel: Kennedy & Graven, Chartered

Paying Agent: TBD

Rating Agency: S&P Global Ratings (S&P)

Summary:

The decisions to be made by the City Council are as follows:

- Accept or modify the finance assumptions described in this report
- Adopt the resolution attached to this report.

PROPOSED DEBT ISSUANCE SCHEDULE

Initial Review by City Council:	March 17, 2025
Special Council meeting to review bids and discuss bonding	March 31, 2025
Pre-Sale Review by Council	April 7, 2025
Conference Call with S&P Rating Agency:	April 16, 2025 at 1 PM
Due Diligence Call to Review Official Statement:	Week of April 21, 2025
Distribute Official Statement:	April 24, 2025
City Council Meeting to Award Sale of the Bonds:	May 5, 2025
Estimated Closing Date:	May 22, 2025

Attachments

Estimated Sources and Uses of Funds

Estimated Proposed Debt Service Schedule

Estimated Tax Impacts

EHLERS' CONTACTS

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City of New Prague, Minnesota

\$10,430,000 General Obligation CIP (Police Facility) Bonds, Series 2025A

Assumes Current Market Non-BQ AA Rates plus 50bps

30 Years

Sources & Uses

Dated 05/22/2025 | Delivered 05/22/2025

Sources Of Funds

Par Amount of Bonds	\$10,430,000.00
Planned Issuer Equity contribution	60,000.00
Total Sources	\$10,490,000.00

Uses Of Funds

Total Underwriter's Discount (1.100%)	114,730.00
Costs of Issuance	100,000.00
Deposit to Project Construction Fund	10,273,950.00
Rounding Amount	1,320.00
Total Uses	\$10,490,000.00

City of New Prague, Minnesota

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Assumes Current Market Non-BQ AA Rates plus 50bps

30 Years

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
05/22/2025	-	-	-	-	-
02/01/2026	-	-	326,556.58	326,556.58	326,556.58
08/01/2026	-	-	236,065.00	236,065.00	-
02/01/2027	195,000.00	3.150%	236,065.00	431,065.00	667,130.00
08/01/2027	-	-	232,993.75	232,993.75	-
02/01/2028	205,000.00	3.150%	232,993.75	437,993.75	670,987.50
08/01/2028	-	-	229,765.00	229,765.00	-
02/01/2029	210,000.00	3.200%	229,765.00	439,765.00	669,530.00
08/01/2029	-	-	226,405.00	226,405.00	-
02/01/2030	215,000.00	3.300%	226,405.00	441,405.00	667,810.00
08/01/2030	-	-	222,857.50	222,857.50	-
02/01/2031	225,000.00	3.400%	222,857.50	447,857.50	670,715.00
08/01/2031	-	-	219,032.50	219,032.50	-
02/01/2032	230,000.00	3.400%	219,032.50	449,032.50	668,065.00
08/01/2032	-	-	215,122.50	215,122.50	-
02/01/2033	240,000.00	3.550%	215,122.50	455,122.50	670,245.00
08/01/2033	-	-	210,862.50	210,862.50	-
02/01/2034	250,000.00	3.650%	210,862.50	460,862.50	671,725.00
08/01/2034	-	-	206,300.00	206,300.00	-
02/01/2035	255,000.00	3.700%	206,300.00	461,300.00	667,600.00
08/01/2035	-	-	201,582.50	201,582.50	-
02/01/2036	265,000.00	3.750%	201,582.50	466,582.50	668,165.00
08/01/2036	-	-	196,613.75	196,613.75	-
02/01/2037	275,000.00	4.300%	196,613.75	471,613.75	668,227.50
08/01/2037	-	-	190,701.25	190,701.25	-
02/01/2038	290,000.00	4.350%	190,701.25	480,701.25	671,402.50
08/01/2038	-	-	184,393.75	184,393.75	-
02/01/2039	300,000.00	4.400%	184,393.75	484,393.75	668,787.50
08/01/2039	-	-	177,793.75	177,793.75	-
02/01/2040	315,000.00	4.500%	177,793.75	492,793.75	670,587.50
08/01/2040	-	-	170,706.25	170,706.25	-
02/01/2041	330,000.00	4.550%	170,706.25	500,706.25	671,412.50
08/01/2041	-	-	163,198.75	163,198.75	-
02/01/2042	345,000.00	4.600%	163,198.75	508,198.75	671,397.50
08/01/2042	-	-	155,263.75	155,263.75	-
02/01/2043	360,000.00	4.650%	155,263.75	515,263.75	670,527.50
08/01/2043	-	-	146,893.75	146,893.75	-
02/01/2044	375,000.00	4.700%	146,893.75	521,893.75	668,787.50
08/01/2044	-	-	138,081.25	138,081.25	-
02/01/2045	395,000.00	4.750%	138,081.25	533,081.25	671,162.50
08/01/2045	-	-	128,700.00	128,700.00	-
02/01/2046	410,000.00	4.800%	128,700.00	538,700.00	667,400.00
08/01/2046	-	-	118,860.00	118,860.00	-
02/01/2047	430,000.00	4.850%	118,860.00	548,860.00	667,720.00
08/01/2047	-	-	108,432.50	108,432.50	-
02/01/2048	450,000.00	4.900%	108,432.50	558,432.50	666,865.00
08/01/2048	-	-	97,407.50	97,407.50	-
02/01/2049	475,000.00	4.950%	97,407.50	572,407.50	669,815.00
08/01/2049	-	-	85,651.25	85,651.25	-
02/01/2050	500,000.00	5.000%	85,651.25	585,651.25	671,302.50
08/01/2050	-	-	73,151.25	73,151.25	-
02/01/2051	525,000.00	5.000%	73,151.25	598,151.25	671,302.50
08/01/2051	-	-	60,026.25	60,026.25	-
02/01/2052	550,000.00	5.050%	60,026.25	610,026.25	670,052.50
08/01/2052	-	-	46,138.75	46,138.75	-
02/01/2053	575,000.00	5.050%	46,138.75	621,138.75	667,277.50
08/01/2053	-	-	31,620.00	31,620.00	-
02/01/2054	605,000.00	5.100%	31,620.00	636,620.00	668,240.00
08/01/2054	-	-	16,192.50	16,192.50	-
02/01/2055	635,000.00	5.100%	16,192.50	651,192.50	667,385.00
Total	\$10,430,000.00	-	\$9,308,181.58	\$19,738,181.58	-

Yield Statistics

Bond Year Dollars	\$194,459.08
Average Life	18.644 Years
Average Coupon	4.7867044%
Net Interest Cost (NIC)	4.8457040%
True Interest Cost (TIC)	4.8249193%
Bond Yield for Arbitrage Purposes	4.7303840%
All Inclusive Cost (AIC)	4.9086190%

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Net Interest Cost	4.7867044%
Weighted Average Maturity	18.644 Years

Series 2025A GO CIP Bonds | SINGLE PURPOSE | 4/ 1/2025 | 11:07 AM

City of New Prague, Minnesota

\$10,430,000 General Obligation CIP (Police Facility) Bonds, Series 2025A

Assumes Current Market Non-BQ AA Rates plus 50bps

30 Years

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	105% Overlevy
02/01/2026	-	-	326,556.58	326,556.58	342,884.41
02/01/2027	195,000.00	3.150%	472,130.00	667,130.00	700,486.50
02/01/2028	205,000.00	3.150%	465,987.50	670,987.50	704,536.88
02/01/2029	210,000.00	3.200%	459,530.00	669,530.00	703,006.50
02/01/2030	215,000.00	3.300%	452,810.00	667,810.00	701,200.50
02/01/2031	225,000.00	3.400%	445,715.00	670,715.00	704,250.75
02/01/2032	230,000.00	3.400%	438,065.00	668,065.00	701,468.25
02/01/2033	240,000.00	3.550%	430,245.00	670,245.00	703,757.25
02/01/2034	250,000.00	3.650%	421,725.00	671,725.00	705,311.25
02/01/2035	255,000.00	3.700%	412,600.00	667,600.00	700,980.00
02/01/2036	265,000.00	3.750%	403,165.00	668,165.00	701,573.25
02/01/2037	275,000.00	4.300%	393,227.50	668,227.50	701,638.88
02/01/2038	290,000.00	4.350%	381,402.50	671,402.50	704,972.63
02/01/2039	300,000.00	4.400%	368,787.50	668,787.50	702,226.88
02/01/2040	315,000.00	4.500%	355,587.50	670,587.50	704,116.88
02/01/2041	330,000.00	4.550%	341,412.50	671,412.50	704,983.13
02/01/2042	345,000.00	4.600%	326,397.50	671,397.50	704,967.38
02/01/2043	360,000.00	4.650%	310,527.50	670,527.50	704,053.88
02/01/2044	375,000.00	4.700%	293,787.50	668,787.50	702,226.88
02/01/2045	395,000.00	4.750%	276,162.50	671,162.50	704,720.63
02/01/2046	410,000.00	4.800%	257,400.00	667,400.00	700,770.00
02/01/2047	430,000.00	4.850%	237,720.00	667,720.00	701,106.00
02/01/2048	450,000.00	4.900%	216,865.00	666,865.00	700,208.25
02/01/2049	475,000.00	4.950%	194,815.00	669,815.00	703,305.75
02/01/2050	500,000.00	5.000%	171,302.50	671,302.50	704,867.63
02/01/2051	525,000.00	5.000%	146,302.50	671,302.50	704,867.63
02/01/2052	550,000.00	5.050%	120,052.50	670,052.50	703,555.13
02/01/2053	575,000.00	5.050%	92,277.50	667,277.50	700,641.38
02/01/2054	605,000.00	5.100%	63,240.00	668,240.00	701,652.00
02/01/2055	635,000.00	5.100%	32,385.00	667,385.00	700,754.25
Total	\$10,430,000.00	-	\$9,308,181.58	\$19,738,181.58	\$20,725,090.66

Significant Dates

Dated	5/22/2025
First Coupon Date	2/01/2026

Yield Statistics

Bond Year Dollars	\$194,459.08
Average Life	18.644 Years
Average Coupon	4.7867044%
Net Interest Cost (NIC)	4.8457040%
True Interest Cost (TIC)	4.8249193%
Bond Yield for Arbitrage Purposes	4.7303840%
All Inclusive Cost (AIC)	4.9086190%

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Net Interest Cost	4.7867044%
Weighted Average Maturity	18.644 Years

Series 2025A GO CIP Bonds | SINGLE PURPOSE | 4/ 1/2025 | 11:08 AM



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Assumes Current Market Non-BQ AA Rates plus 50bps

30 Years

Detail Costs Of Issuance

Dated 05/22/2025 | Delivered 05/22/2025

COSTS OF ISSUANCE DETAIL

Municipal Advisor	\$53,000.00
Bond Counsel	\$23,000.00
Rating Agency Fee	\$23,000.00
Miscellaneous	\$1,000.00
TOTAL	\$100,000.00