

November 17, 2025

PRE-SALE REPORT FOR

Independent School District No. 2172 (Kenyon-Wanamingo Public Schools), Minnesota

**\$10,485,000 General Obligation
Facilities Maintenance Bonds, Series 2026A**



Prepared by:

Ehlers
3001 Broadway Street, Suite 320
Minneapolis, MN 55413

Advisors:

Jodie Zesbaugh, Senior Municipal Advisor
Aaron Bushberger, Senior Municipal Advisor

BUILDING COMMUNITIES. IT'S WHAT WE DO.

EXECUTIVE SUMMARY OF PROPOSED DEBT

Proposed Issue:

\$10,485,000 General Obligation Facilities Maintenance Bonds, Series 2026A

The resolution approved by the School Board on July 28, 2025 authorized the issuance of an amount not to exceed \$13,675,000 in bonds. Our current estimate of the amount of bonds necessary to finance the project costs, based on updated estimates and the expected premium pricing structure explained in more detail on Page 2, is \$10,485,000.

Purposes:

The proposed issue will finance health and safety projects included in the district's ten-year facilities plan approved by the Commissioner of Education.

Authority:

The Bonds are being issued pursuant to Minnesota Statutes, Chapter 475 and Section 123B.595. The Bonds will be general obligations of the District for which its full faith, credit and taxing powers are pledged. Debt service will be paid from property tax levies received as part of the Long Term Facilities Maintenance program.

Term/Call Feature:

The Bonds are being issued for a term of 14 years and 1 month. Principal on the Bonds will be due on February 1 of 2027 through 2040. Interest will be due every six months beginning August 1, 2026.

The Bonds maturing on February 1, 2034 and later will be subject to prepayment at the discretion of the District on February 1, 2033, or any date thereafter.

State Credit Enhancement:

By resolution the District covenanted and obligated itself to be bound by the provisions of Minnesota Statutes, Section 126C.55, which provides for payment by the State of Minnesota in the event of a potential default of a school district obligation.

To qualify for the credit enhancement, the District must submit an application to the State. Ehlers will coordinate the application process to the State on your behalf.

Rating:

Under current bond ratings, the state credit enhancement would bring a Moody's "Aa1" rating. The District's most recent bond issues were rated by Moody's Investors Service. The current ratings on those bonds are "Aa1" (credit-enhanced rating) and "Ba1" (underlying rating). The District requested both a new credit enhanced rating and an underlying 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 District's bond rating in the event that the bond rating of the insurer is higher than that of the District.

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." Any net premium received may be used to reduce the principal amount of the Bonds, increase the net proceeds for the project, or to fund a portion of the interest on the Bonds.

Review of Existing Debt:

We have reviewed all outstanding indebtedness for the District and find that there are no refunding opportunities at this time.

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

Continuing Disclosure:

The District 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 District is already obligated to provide such reports for its existing bonds, and has contracted with Ehlers to prepare and file the reports.

Arbitrage Monitoring:

The District 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 District's specific arbitrage responsibilities will be detailed in the Tax Certificate (the "Tax Compliance Document") 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 District within 30 days after the sale date to review the District's specific responsibilities for the Bonds. The District is currently receiving arbitrage services from Ehlers in relation to the Bonds.

Investment of Bond Proceeds:

Ehlers will assist the District 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: Bond Trust Services Corporation

Rating Agency: Moody's Investors Service, Inc.

PROPOSED DEBT ISSUANCE SCHEDULE

School Board Approved Resolution Authorizing Sale of the Bonds:	July 28, 2025
Due Diligence Call to Review Official Statement:	November 12, 2025
Conference with Rating Agency:	November 13, 2025
Ehlers Presents Pre-Sale Report to School Board:	November 24, 2025
Distribute Official Statement:	November 26, 2025
Ehlers Receives and Evaluates Proposals for Purchase of Bonds:	December 8, 2025
School Board Meeting to Award Sale of Bonds:	December 8, 2025
Estimated Closing Date:	January 5, 2026

Attachments

Estimated Sources and Uses of Funds

Estimated Proposed Debt Service Schedule

Estimated Long-Term Financing Plan for Debt and Capital Payments and Levies

EHLERS' CONTACTS

Jodie Zesbaugh, Senior Municipal Advisor	(651) 697-8526
Aaron Bushberger, Senior Municipal Advisor	(651) 697-8532
Silvia Johnson, Lead Public Finance Analyst	(651) 697-8580
Brian Shannon, Senior Finance Manager	(651) 697-8515

ESTIMATES PRIOR TO BOND SALE

Kenyon-Wanamingo School District No. 2172

November 17, 2025

Estimated Sources and Uses of Funds

Facilities Maintenance Bonds - Health & Safety/Indoor Air Quality Projects

Authorized Bond Amount	\$13,675,000
Estimated Bond Amount	\$10,485,000
Estimated Project Costs	\$10,675,000
Closing Date	January 5, 2026
Sources of Funds	
Par Amount	\$10,485,000
Reoffering Premium ¹	400,286
Investment Earnings ²	44,493
Total Sources	\$10,929,780
Uses of Funds	
Underwriter's Discount ³	\$104,850
Legal and Fiscal Costs ⁴	102,000
Net Available for Project Costs	10,722,930
Total Uses	\$10,929,780
Deposit to Construction Fund	\$10,678,436

¹ The underwriter of the bonds may receive a reoffering premium in the sale of the bonds. They will retain a portion of the premium as their compensation, or underwriter's discount. The remainder of the premium will either be used to reduce the par amount of the bonds, pay a portion of the first year's interest on the bonds, or deposited in the construction fund and used to fund a portion of the project costs.

² Estimated investment earnings are based on an average interest rate of 1.00% and an estimated project duration of 10 months (average life for investments of approximately 5 months).

³ The underwriter's discount is an estimate of the compensation taken by the underwriter who provides the lowest true interest cost as part of the competitive bidding process and purchases the bonds. Ehlers provides independent municipal advisory services as part of the bond sale process and is not an underwriting firm.

⁴ Includes fees for municipal advisor, bond counsel, rating agency, county certificates and paying agent.

Kenyon Wanamingo School District No. 2172

\$10,485,000 General Obligation Facilities Maintenance Bonds, Series 2026A

Dated: January 5, 2026

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
01/05/2026	-	-	-	-	-
08/01/2026	-	-	279,161.47	279,161.47	-
02/01/2027	365,000.00	5.000%	243,927.50	608,927.50	888,088.97
08/01/2027	-	-	234,802.50	234,802.50	-
02/01/2028	425,000.00	5.000%	234,802.50	659,802.50	894,605.00
08/01/2028	-	-	224,177.50	224,177.50	-
02/01/2029	500,000.00	5.000%	224,177.50	724,177.50	948,355.00
08/01/2029	-	-	211,677.50	211,677.50	-
02/01/2030	565,000.00	5.000%	211,677.50	776,677.50	988,355.00
08/01/2030	-	-	197,552.50	197,552.50	-
02/01/2031	650,000.00	5.000%	197,552.50	847,552.50	1,045,105.00
08/01/2031	-	-	181,302.50	181,302.50	-
02/01/2032	675,000.00	5.000%	181,302.50	856,302.50	1,037,605.00
08/01/2032	-	-	164,427.50	164,427.50	-
02/01/2033	710,000.00	5.000%	164,427.50	874,427.50	1,038,855.00
08/01/2033	-	-	146,677.50	146,677.50	-
02/01/2034	540,000.00	5.000%	146,677.50	686,677.50	833,355.00
08/01/2034	-	-	133,177.50	133,177.50	-
02/01/2035	565,000.00	5.000%	133,177.50	698,177.50	831,355.00
08/01/2035	-	-	119,052.50	119,052.50	-
02/01/2036	590,000.00	5.000%	119,052.50	709,052.50	828,105.00
08/01/2036	-	-	104,302.50	104,302.50	-
02/01/2037	620,000.00	5.000%	104,302.50	724,302.50	828,605.00
08/01/2037	-	-	88,802.50	88,802.50	-
02/01/2038	650,000.00	4.000%	88,802.50	738,802.50	827,605.00
08/01/2038	-	-	75,802.50	75,802.50	-
02/01/2039	1,780,000.00	4.100%	75,802.50	1,855,802.50	1,931,605.00
08/01/2039	-	-	39,312.50	39,312.50	-
02/01/2040	1,850,000.00	4.250%	39,312.50	1,889,312.50	1,928,625.00
Total	\$10,485,000.00	-	\$4,365,223.97	\$14,850,223.97	-

Yield Statistics

Bond Year Dollars	\$96,967.25
Average Life	9.248 Years
Average Coupon	4.5017508%
Net Interest Cost (NIC)	4.1970745%
True Interest Cost (TIC)	4.1406939%
Bond Yield for Arbitrage Purposes	3.9529926%
All Inclusive Cost (AIC)	4.2715385%

IRS Form 8038

Net Interest Cost	3.9814471%
Weighted Average Maturity	9.149 Years

ESTIMATES PRIOR TO BOND SALE

Kenyon-Wanamingo School District No. 2172 Analysis of Possible Structure for Capital and Debt Levies

\$10,485,000 Bond Issue
14 Tax Levies
Wrapped Around Existing Debt

November 17, 2025

Type of Bond	Principal Amount	Dated Date	Interest Rate
FM - Heath & Safety	\$10,485,000	01/05/26	4.14%

Levy		Tax Capacity		Existing Commitments							Proposed New Board Approved Bonds				Combined Totals			
Payable Year	Fiscal Year	Value (\$000s)	% Chg	Building Bonds ²	Alt Fac/Fac Maint H&S Bonds ²	Abatement Bonds ²	Est. Debt Excess ³	Net Levy	Tax Rate	Existing Tax Rate	Principal	Interest	Add'l. Debt Excess ³	Net Debt Levy	Initial Debt Levy	State Aid	Net Levy	Tax Rate
2023	2024	13,371	18.1%	508,883	981,068	60,297	-	1,550,248	11.59	11.59	-	-	-	-	1,550,248	-	1,550,248	11.59
2024	2025	15,445	15.5%	509,723	980,385	58,643	-	1,548,751	10.03	10.03	-	-	-	-	1,548,751	-	1,548,751	10.03
2025	2026	16,382	6.1%	505,156	984,165	62,239	-	1,551,560	9.47	9.47	-	-	-	-	1,551,560	-	1,551,560	9.47
2026	2027	16,967	3.6%	1,172,588	-	60,402	-	1,232,990	7.27	7.27	365,000	523,089	-	930,563	2,163,553	-	2,163,553	12.75
2027	2028	16,967	0.0%	1,158,360	-	63,814	-	1,222,174	7.20	7.20	425,000	469,605	-	939,335	2,161,509	-	2,161,509	12.74
2028	2029	16,967	0.0%	1,154,318	-	61,793	(48,887)	1,167,223	6.88	6.88	500,000	448,355	-	995,773	2,162,996	-	2,162,996	12.75
2029	2030	16,967	0.0%	1,154,895	-	59,771	(48,644)	1,166,022	6.87	6.87	565,000	423,355	(39,831)	997,942	2,163,964	-	2,163,964	12.75
2030	2031	16,967	0.0%	1,154,685	-	-	(48,587)	1,106,098	6.52	6.52	650,000	395,105	(39,918)	1,057,443	2,163,541	-	2,163,541	12.75
2031	2032	16,967	0.0%	1,158,938	-	-	(46,187)	1,112,750	6.56	6.56	675,000	362,605	(42,298)	1,047,188	2,159,938	-	2,159,938	12.73
2032	2033	16,967	0.0%	1,156,995	-	-	(46,358)	1,110,638	6.55	6.55	710,000	328,855	(41,888)	1,048,910	2,159,548	-	2,159,548	12.73
2033	2034	16,967	0.0%	1,159,515	-	-	(46,280)	1,113,235	6.56	6.56	540,000	293,355	(41,956)	833,066	1,946,302	-	1,946,302	11.47
2034	2035	16,967	0.0%	1,155,840	-	-	(46,381)	1,109,459	6.54	6.54	565,000	266,355	(33,323)	839,600	1,949,059	-	1,949,059	11.49
2035	2036	16,967	0.0%	1,156,628	-	-	(46,234)	1,110,394	6.54	6.54	590,000	238,105	(33,584)	835,926	1,946,320	-	1,946,320	11.47
2036	2037	16,967	0.0%	1,155,650	-	-	(46,265)	1,109,385	6.54	6.54	620,000	208,605	(33,437)	836,598	1,945,983	-	1,945,983	11.47
2037	2038	16,967	0.0%	1,158,951	-	-	(46,226)	1,112,725	6.56	6.56	650,000	177,605	(33,464)	835,521	1,948,246	-	1,948,246	11.48
2038	2039	16,967	0.0%	-	-	-	-	-	-	-	1,780,000	151,605	(79,779)	1,948,406	1,948,406	-	1,948,406	11.48
2039	2040	16,967	0.0%	-	-	-	-	-	-	-	1,850,000	78,625	(77,936)	1,947,120	1,947,120	-	1,947,120	11.48
2040	2041	16,967	0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2041	2042	16,967	0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2042	2043	16,967	0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2043	2044	16,967	0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2044	2045	16,967	0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2045	2046	16,967	0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2046	2047	16,967	0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Totals				15,421,122	2,945,618	426,959	(470,048)	18,323,651			10,485,000	4,365,224	(497,413)	15,093,392	33,417,043	-	33,417,043	

1 Tax capacity value for taxes payable in 2023 through 2025 are the actual values. Estimates for future years are based on the percentage changes as shown above.

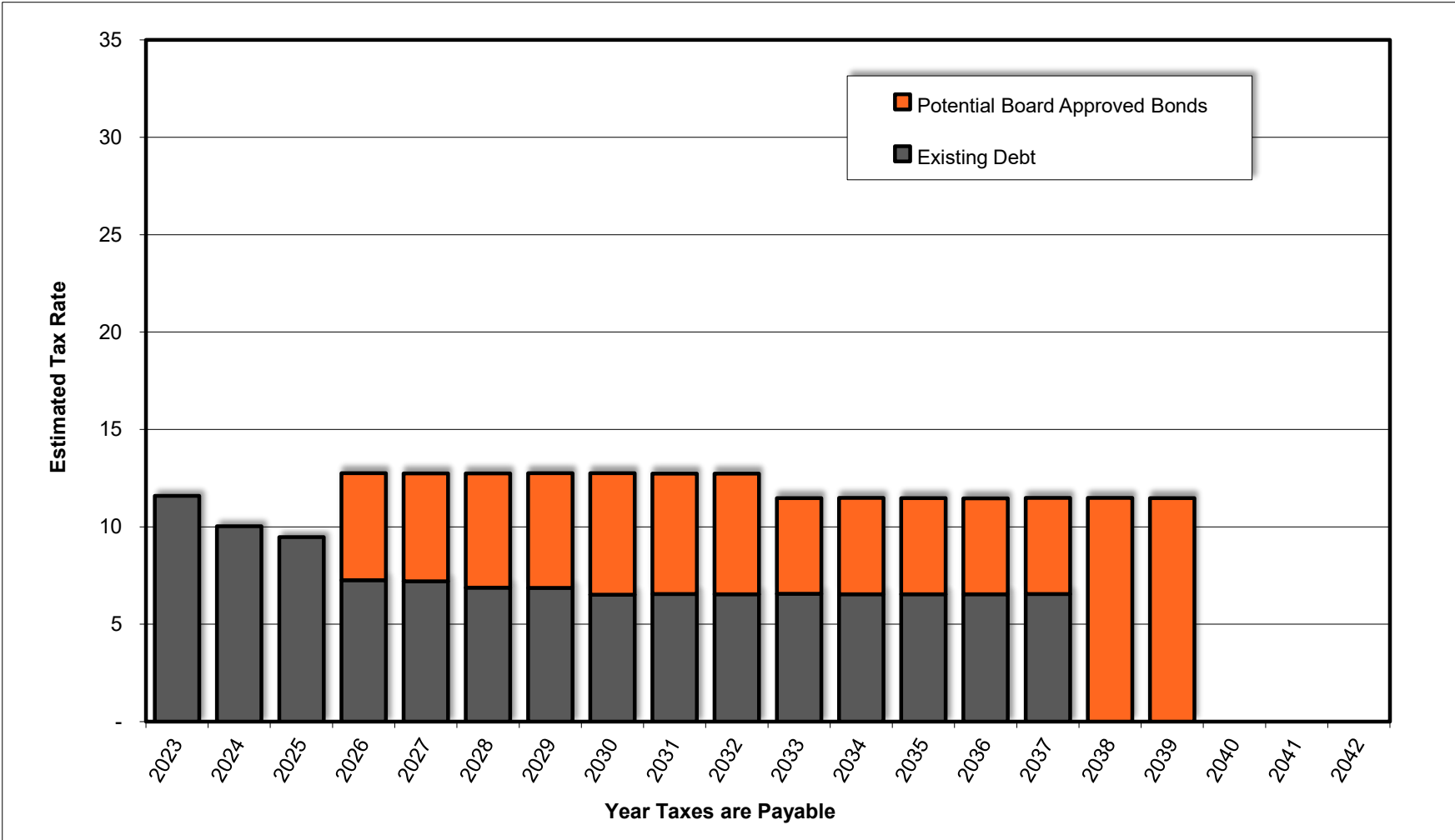
2 Initial debt service levies (prior to subtracting debt equalization aid) are set at 105 percent of the principal and interest payments during the next fiscal year.

3 Debt excess adjustment for taxes payable in 2023 through 2025 are actual amounts. The adjustment for 2026 is an estimate using the June 30, 2024 debt service fund balance. Debt excess for future years is estimated at 4% of the prior year's initial debt service levy.

ESTIMATES PRIOR TO BOND SALE

Kenyon-Wanamingo School District No. 2172
Estimated Tax Rates for Capital and Debt Service Levies
Existing Commitments and Proposed New Debt

\$10,485,000 Bond Issue
14 Tax Levies
Wrapped Around Existing Debt



Date Prepared: November 17, 2025