June 24, 2026

PRE-SALE REPORT FOR

Independent School District No. 727 (Big Lake), Minnesota

$2,570,000 General Obligation Refunding Bonds, Series 2026A

Prepared by:

Ehlers
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Advisors:

Matthew Hammer, Senior Municipal Advisor
Jodie Zesbaugh, Senior Municipal Advisor

BUILDING COMMUNITIES. IT'S WHAT WE DO.

EXECUTIVE SUMMARY OF PROPOSED DEBT

Proposed Issue:

$2,570,000 General Obligation Refunding Bonds, Series 2026A

The resolution prepared for the School Board's consideration on June 24, 2026, includes the authorization of approximately $2,600,000 in bonds; $2,570,000 is our current estimate of the bond amount necessary based on that authorization, available funds on hand, and the expected premium pricing structure explained in more detail on Page 2.

Purposes:

The proposed issue will finance a current refunding of the 2027 through 2033 maturities of the District's $4,000,000 General Obligation School Building Bonds, Series 2016B to reduce future debt service payments and property tax levies.

The combination of the District's use of funds on hand in the debt service fund, the restructuring of the debt service payments, and the estimated premium to be paid by the underwriter would reduce future debt service payments by approximately $1,158,000 (see Page 9). Actual results will be determined based on market conditions on the day of sale.

This refunding is considered to be a Current Refunding as the bonds being refunded were callable beginning February 1, 2026.

Authority:

The Bonds are being issued pursuant to Minnesota Statutes, Chapter 475 and Section 475.67. The Bonds will be general obligations of the District for which its full faith, credit and taxing powers are pledged. Debt service on the Bonds will be paid from the District's annual property tax levies.

Term/Call Feature:

The Bonds are being issued for a term of 2 years and 5 months, shortening the maturity schedule of the refunded bonds compared to the original issuance. Principal on the Bonds will be due on February 1 of 2027 through 2029. Interest will be due every six months beginning February 1, 2027. The Bonds are being offered without option of prior redemption.

Bank Qualification:

Because the District is expecting to issue no more than $10,000,000 in tax exempt debt during the calendar year, the District will be able to designate the Bonds as "bank qualified" obligations. Bank qualified status broadens the market for the Bonds, which can result in lower interest rates.

State Credit Enhancement:

By resolution the District will covenant and obligate 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 rating on those bonds is "Aa1" (credit-enhanced rating) and "Aa3" (underlying rating). The District will request a new rating for the Bonds.

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 will be used to reduce the principal amount of the Bonds.

Review of Existing Debt:

We have reviewed all outstanding indebtedness for the District and find that, other than the obligations proposed to be refunded by the Bonds, there are no other 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 Signature, No-Litigation, Arbitrage Certificate and Purchase Price Receipt (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:

Proceeds from the new Bonds and funds on hand will be available for investment by the District from the closing date (September 17, 2026) until shortly before the redemption date October 22, 2026.

These estimates include the assumption that the proceeds of the Bonds will be deposited in an interest earning escrow account which will be used to redeem the existing bonds on the call date.

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: Dorsey & Whitney LLP

Paying Agent: Bond Trust Services Corporation

Rating Agency: Moody's

Escrow Agent: Zion's Bancorporation, National Association

PROPOSED DEBT ISSUANCE SCHEDULE

Ehlers Provides Pre-Sale Report to School Board, School Board Approves Resolution Authorizing Sale of the Bonds:	June 24, 2026
Due Diligence Call to Review Official Statement:	Week of August 10
Conference with Rating Agency:	Week of August 10
Distribute Official Statement:	August 13, 2026
District Receives and Evaluates Proposals for Purchase of Bonds: School Board Meeting to Award Sale of Bonds:	August 26, 2026
Estimated Transfer of Funds on Hand to Escrow Account:	September 14, 2026
Estimated Closing Date:	September 17, 2026
Redemption Date for the 2027 to 2033 Maturities of the 2016B Bonds:	October 22, 2026

Attachments

Estimated Sources and Uses of Funds

Existing Debt Service Schedule for 2016B Bonds

Estimated Debt Service Schedule for Proposed Refunding Bonds

Estimated Debt Service Comparison/Refunding Savings Analysis

Estimated Current Refunding Escrow

Estimated Tax Rates for Capital and Debt Service Levies

Resolution Authorizing Ehlers to Proceed with Bond Sale/Credit Enhancement Resolution (provided separately)

EHLERS' CONTACTS

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Independent School District No. 727 (Big Lake), MN

$2,570,000 General Obligation School Buildiong Refunding Bonds, Series 2026A

Dated: September 17, 2026 - Proposed Current Refunding of

$4,000,000 General Obligation School Buildiong Bonds, Series 2016B

Sources & Uses

Dated 09/17/2026 | Delivered 09/17/2026

Sources Of Funds

Par Amount of Bonds	$2,570,000.00
Reoffering Premium	67,844.55
Funds on Hand - Debt Service Funds	1,000,000.00
Total Sources	**$3,637,844.55**

Uses Of Funds

Total Underwriter's Discount (1.000%)	25,700.00
Costs of Issuance	68,000.00
Deposit to Current Refunding Fund	3,540,122.23
Rounding Amount	4,022.32
Total Uses	**$3,637,844.55**

Independent School District No. 727 (Big Lake), MN

$4,000,000 General Obligation School Buildiong Bonds, Series 2016B

Prior Original Debt Service

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
08/01/2026	-	-	-	-	-
02/01/2027	505,000.00	2.000%	39,218.75	544,218.75	544,218.75
08/01/2027	-	-	34,168.75	34,168.75	-
02/01/2028	500,000.00	2.000%	34,168.75	534,168.75	568,337.50
08/01/2028	-	-	29,168.75	29,168.75	-
02/01/2029	490,000.00	2.000%	29,168.75	519,168.75	548,337.50
08/01/2029	-	-	24,268.75	24,268.75	-
02/01/2030	500,000.00	2.000%	24,268.75	524,268.75	548,537.50
08/01/2030	-	-	19,268.75	19,268.75	-
02/01/2031	505,000.00	2.250%	19,268.75	524,268.75	543,537.50
08/01/2031	-	-	13,587.50	13,587.50	-
02/01/2032	515,000.00	2.500%	13,587.50	528,587.50	542,175.00
08/01/2032	-	-	7,150.00	7,150.00	-
02/01/2033	520,000.00	2.750%	7,150.00	527,150.00	534,300.00
Total	**$3,535,000.00**	-	**$294,443.75**	**$3,829,443.75**	-

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	9/17/2026
Average Life	3.398 Years
Average Coupon	2.3680442%
Weighted Average Maturity (Par Basis)	3.398 Years
Weighted Average Maturity (Original Price Basis)	3.398 Years

Refunding Bond Information

Refunding Dated Date	9/17/2026
Refunding Delivery Date	9/17/2026

Independent School District No. 727 (Big Lake), MN

$2,570,000 General Obligation School Buildiong Refunding Bonds, Series 2026A

Dated: September 17, 2026 - Proposed Current Refunding of

$4,000,000 General Obligation School Buildiong Bonds, Series 2016B

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
09/17/2026	-	-	-	-	-
02/01/2027	495,000.00	5.000%	47,830.56	542,830.56	542,830.56
08/01/2027	-	-	51,875.00	51,875.00	-
02/01/2028	1,970,000.00	5.000%	51,875.00	2,021,875.00	2,073,750.00
08/01/2028	-	-	2,625.00	2,625.00	-
02/01/2029	105,000.00	5.000%	2,625.00	107,625.00	110,250.00
Total	**$2,570,000.00**	**-**	**$156,830.56**	**$2,726,830.56**	**-**

Yield Statistics

Bond Year Dollars	$3,136.61
Average Life	1.220 Years
Average Coupon	5.0000001%
Net Interest Cost (NIC)	3.6563669%
True Interest Cost (TIC)	3.6137734%
Bond Yield for Arbitrage Purposes	2.7825899%
All Inclusive Cost (AIC)	5.8763316%

IRS Form 8038

Net Interest Cost	2.7543629%
Weighted Average Maturity	1.225 Years

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2016B School Building Debt Outstanding as of 09/17/2026

	Prior Debt Service Schedule				Proposed Debt Service Schedule				Levy Change
Fiscal Year	Principal	Interest	Total P & I	105% Levy	Principal	Interest	Total P & I	105% Levy	
2027	$505,000	$39,219	$544,219	$571,430	$495,000	$47,831	$542,831	$569,972	-$1,458
2028	500,000	68,338	568,338	596,754	1,970,000	103,750	2,073,750	2,177,438	1,580,683
2029	490,000	58,338	548,338	575,754	105,000	5,250	110,250	115,763	-459,992
2030	500,000	48,538	548,538	575,964	0	0	0	0	-575,964
2031	505,000	38,538	543,538	570,714	0	0	0	0	-570,714
2032	515,000	27,175	542,175	569,284	0	0	0	0	-569,284
2033	520,000	14,300	534,300	561,015	0	0	0	0	-561,015
Totals:	3,535,000	294,444	3,829,444	4,020,916	2,570,000	156,831	2,726,831	2,863,172	-1,157,744

EHLERS PUBLIC FINANCE ADVISORS

Prepared 6/22/2026

Independent School District No. 727 (Big Lake), MN

$2,570,000 General Obligation School Buildiong Refunding Bonds, Series 2026A

Dated: September 17, 2026 - Proposed Current Refunding of

$4,000,000 General Obligation School Buildiong Bonds, Series 2016B

Current Refunding Escrow

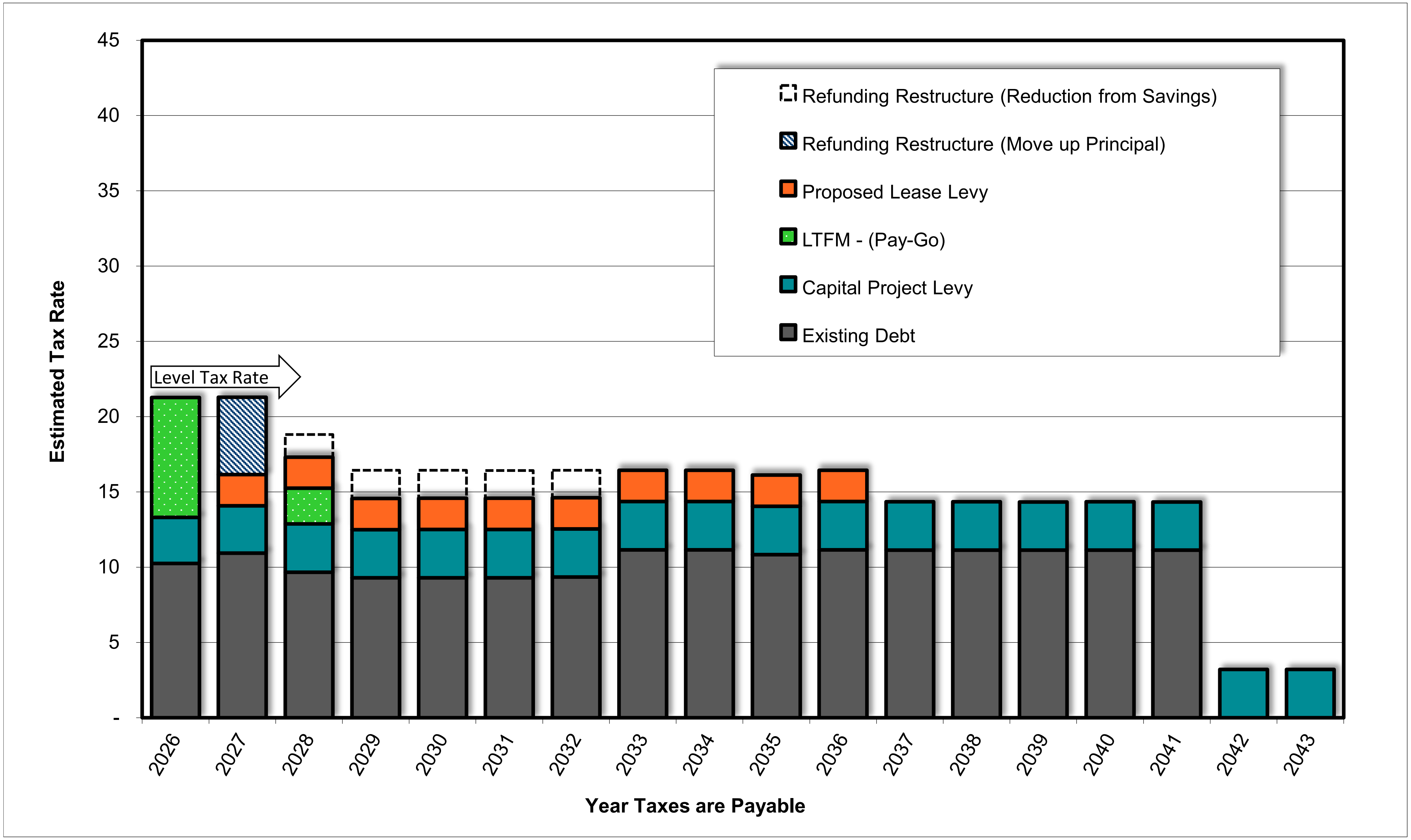
Date	Principal	Rate	Interest	Receipts	Disbursements	Cash Balance
09/17/2026	-	-	-	0.23	-	0.23
10/22/2026	3,540,122.00	3.690%	12,526.21	3,552,648.21	3,552,648.44	-
Total	**$3,540,122.00**	**-**	**$12,526.21**	**$3,552,648.44**	**$3,552,648.44**	**-**

Investment Parameters

Investment Model [PV, GIC, or Securities]	Securities
Default investment yield target	Unrestricted
Cash Deposit	0.23
Cost of Investments Purchased with Bond Proceeds	3,540,122.00
Total Cost of Investments	$3,540,122.23
Target Cost of Investments at bond yield	$3,543,116.53
Actual positive or (negative) arbitrage	2,994.30
Yield to Receipt	3.6662256%
Yield for Arbitrage Purposes	2.7825899%
State and Local Government Series (SLGS) rates for	6/15/2026

Big Lake Public School District No. 727

Estimated Tax Rates for Capital and Debt Service Levies
Existing Commitments and Proposed New Debt



Date Prepared: June 15, 2026

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Debt Plan 26e Big Lake (Restructure).xlsx