

June 15, 2026

PRE-SALE REPORT FOR

Independent School District No. 51 (Foley), Minnesota

\$240,000 General Obligation Facilities Maintenance Bonds, Series 2026A



Prepared by:

Ehlers
3001 Broadway Street, Suite 320
Minneapolis, MN 55413

Advisors:

Beth Downes, Municipal Advisor
Shelby McQuay, Senior Municipal Advisor

BUILDING COMMUNITIES. IT'S WHAT WE DO.

EXECUTIVE SUMMARY OF PROPOSED DEBT

Proposed Issue:

\$240,000 General Obligation Facilities Maintenance Bonds, Series 2026A

Purposes:

The proposed issue will finance Indoor Air Quality projects included in the District's ten year facility 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 ad valorem property taxes and state aid received as part of the School Building Bond Agricultural Credit program. Interest payments due in fiscal years 2027 and 2028 will be paid with funds on hand in the debt service fund.

Term/Call Feature:

The Bonds are being issued for a term of 2 years, 6 months. Principal on the Bonds will be due on February 1, 2029. Interest will be due every six months beginning February 1, 2027.

The Bonds will be subject to prepayment at the discretion of the District at any time.

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:

We recommend selling this issue non-rated as the cost of the rating would not be expected to be offset by the potential lower interest rates resulting from obtaining a rating. For a larger bond issue, or a longer term bond issue, a rating might broaden the market for the Bonds and result in an overall reduction in interest costs.

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 purchased by a financial institution to be selected through a competitive lending process. The Bonds will be held by the financial institution as a loan in its loan portfolio.

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:

Because the Bonds will be placed with a financial institution that intends to hold the Bonds to maturity, the Bonds are not considered a security and thus are not subject to the Continuing Disclosure requirements of the Securities and Exchange Commission (SEC). However, Ehlers recommends that the District voluntarily disclose this issuance due to existing Continuing Disclosure undertakings.

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:

Ehlers can 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: Dorsey & Whitney LLP

Paying Agent: Bond Trust Services Corporation

PROPOSED DEBT ISSUANCE SCHEDULE

School Board Approves Resolution Authorizing Sale of the Bonds:	March 15, 2026
Ehlers Provides Pre-Sale Report to School Board:	June 22, 2026
Distribute Offering Document:	June 29, 2026
Ehlers Receives and Evaluates Proposals for Purchase of Bonds:	July 16, 2026
School Board Meeting to Award Sale of Bonds:	July 20, 2026
Estimated Closing Date:	August 3, 2026

Attachments

Estimated Sources and Uses of Funds

Estimated Net Debt Service Schedule

Estimated Long-Term Financing Plan for Capital and Debt Levies

EHLERS' CONTACTS

Beth Downes, Municipal Advisor	(651) 697-8514
Shelby McQuay, Senior Municipal Advisor	(651) 697-8548
Faben Bekele, Public Finance Analyst	(651) 697-8531
Brian Shannon, Senior Finance Manager	(651) 697-8515