

## **Finance & Facilities Committee**

Wednesday, January 17, 2024 6:00 PM

District Office Conf Rm B, 512 Industrial Blvd., Waconia, MN 55387

### **1. DISCUSSION ITEMS**

#### **2. PMA Process for Selling Bonds**

**Presenter:** Ra Chhoth,  
Director of Finance &  
Operations



## Memo

To: Ra Chhoth, Director of Finance and Operations

ISD 110, Waconia Public Schools

From: Michael Hart

Date: January 16, 2024

Re: 2024A Bond Underwriter Recommendation

On January 3<sup>rd</sup> PMA sent a request for proposal (“RFP”) for underwriting services related to the sale of the District’s proposed Series 2024A General Obligation Facilities Maintenance and Tax Abatement Bonds (the “Bonds”) to a broad list of regional and national underwriting firms. Six proposals were submitted to PMA prior to the deadline on January 16, which have been thoroughly reviewed by our team.

In the RFP, we asked the bidders to provide a variety of information as shown in the attached RFP form including their proposed fee as well as their proposed yields and coupons based on the appropriate indices. To support their proposed yields, we asked the bidders to attach primary market comparable sales and/or secondary market trades used to derive the yields and coupons as well as any other factors considered. We also asked for information about their strategy to market the bonds given current market conditions and the specific nature of the issue. With the information provided in the proposal, the following criteria were evaluated:

1. Experience and performance underwriting similar issues
2. Marketing ideas and plan
3. Fees (underwriting spread)
4. Proposed interest rates and yields
5. Support provided for proposed yields

One of the key requests in the RFP centered around the question of rating strategy. The District is eligible for the state rating through the Minnesota School District Credit Enhancement program. The question posed to underwriters was about whether or not the District should also pursue a rating that evaluates the underlying financial status of



ISD 110 in addition to the statewide rating. We asked for fees and interest rates for each strategy to understand the best option for ISD 110 and we received a variety of opinions from underwriters.

Provided below is a summary of the fees and estimated borrowing rates for each firm for an issue with an underlying rating and an issue without the underlying rating:

**With Underlying Baa3 Rating  
Underwriter Proposals<sup>1</sup>  
Summary**

<u>Firm</u>	<u>Fee per \$1000</u>	<u>TIC</u>	<u>AIC<sup>2</sup></u>
Northland Securities, Inc.	\$5.00	3.8724%	3.9642%
D.A. Davidson & Co.	\$5.19	3.9584%	4.0505%
Colliers Securities	\$5.50	4.0096%	4.1018%
Raymond James & Associates, Inc.	\$6.00	4.0221%	4.1143%
Robert W. Baird & Co., Inc.	\$5.00	4.0617%	4.1551%
Piper Sandler & Co	\$7.00	4.1356%	4.2390%

**Enhanced Rating Only  
Underwriter Proposals<sup>1</sup>  
Summary**

<u>Firm</u>	<u>Fee per \$1000</u>	<u>TIC</u>	<u>AIC<sup>2</sup></u>
Northland Securities, Inc.	\$5.00	3.8724%	3.9642%
D.A. Davidson & Co.	\$5.19	3.9041%	3.9959%
Raymond James & Associates, Inc.	\$6.00	4.0911%	4.1836%
Robert W. Baird & Co., Inc.	\$5.00	4.0990%	4.1925%
Colliers Securities	\$5.50	4.1119%	4.2045%
Piper Sandler & Co	\$7.00	NA	NA

1. Based on MMD yields as of January 12, 2024 and a 2032 optional redemption.

2. All Inclusive Cost (AIC) includes additional fees, if applicable, such as Underwriter's Counsel fees and miscellaneous underwriter expenses.



Based on both the quantitative analysis as well as the depth and quality of the response, we recommend that the District engage Northland Securities, Inc. as underwriter for the Series 2024A Bonds. This recommendation is based on the following factors:

- Clear evidence of Northland's history selling bank qualified issues for Minnesota issuers including comparable issues that were relevant and specific to Northland's track record as an underwriter on recent issues.
- Marketing plan that included research on who currently owns the District's bonds as well as discussion around their ability to reach the types of buyers who would most be interested in purchasing the bonds.
- The lowest overall fee and lowest interest rate proposal of the six proposals
- Northland's recommendation to forgo application of an underlying rating will save the District in overall costs of issuance and streamline the sales process
- Complete discussion and flexibility to structure the bonds in a manner to meet the District's structure needs including minimizing interest only payments early in the bond structure.

Please let me know if you have any questions or concerns with the recommendation or process. We are confident that our process and recommendation will lead to the lowest costs of borrowing for the District based on the number and quality of the proposals received. We look forward to a successful financing with Northland Securities, Inc. as underwriter for the bonds.

Best Regards,

A handwritten signature in blue ink that reads "Michael Hart". The signature is fluid and cursive, written in a professional style.

Michael Hart

**Attachments:**

- RFP sent to Underwriters
- Proposal provided by Northland Securities, Inc.



**Request for Proposal**  
**Independent School District No. 110, Waconia Public Schools, Carver and Hennepin Counties,**  
**Minnesota**  
**Approximately \$5,930,000\* General Obligation Facilities Maintenance and Tax Abatement Bonds,**  
**Series 2024A (the “Bonds”)**

PMA Securities, LLC (“PMA”) is accepting proposals for underwriting services on behalf of Independent School District No. 110, Waconia Public Schools (the “District”) for the Bonds described above. The District plans to price the Bonds via a negotiated sale in February 2024. Accordingly, please submit your executed proposal electronically by **12:00 p.m. CST on January 16, 2024**, to [mhart@pmanetwork.com](mailto:mhart@pmanetwork.com) and [jhanson@pmanetwork.com](mailto:jhanson@pmanetwork.com).

**Description of the Bonds**

The Bonds are being issued pursuant to Minnesota Statutes, Chapter 475 and Section 123B.595, as amended, and Minnesota Statutes, Sections 469.1812 to 469.1815, as amended. Proceeds of the Bonds will be used to provide funds (i) for various long-term facilities maintenance projects as described in the District’s ten-year facility plan, (ii) for parking lot reconstruction projects and (iii) to pay certain costs associated with the issuance of the Bonds.

The Bonds are valid and binding general obligations of the District. The full faith and credit and taxing powers of the District are pledged to the payment of the Bonds and the District has validly obligated itself to levy ad valorem taxes to pay all principal and interest payments on the Bonds. In addition, the District has covenanted and obligated itself to be bound by the provisions of Minnesota Statutes, Section 126C.55, as amended (Minnesota School District Credit Enhancement Program), which provides for payment by the State of Minnesota, in the event of a potential default of a school district debt obligation, of the principal and interest on the Bonds when due.

For additional information related to the security of the Bonds please see the attached draft preliminary official statement (the “Draft POS”). The Draft POS has not received final signoff from the District and is expected to go through an additional review process in conjunction with the selected underwriter and disclosure counsel. The Draft POS is being provided as a part of the RFP as a manner of more fully communicating the relevant features of the proposed financing and should not be distributed or used in any other manner at this time.

## Proposal Contents

Proposals should include responses to the following items:

### 1. Structure and Pricing

The Bonds will be mature on February 1 of each year beginning on February 1, 2037 through February 1, 2044. The Bonds will bear interest payable on February 1 and August 1 commencing August 1, 2024.

The current general obligation rating for the District is Baa3 (Stable Outlook). Given the current rating of the District, please submit two proposals (i) underlying rating and state credit enhancement and (ii) state credit enhancement rating only.

In a table similar to what is shown below, please provide your estimated yields and coupons based on the January 12, 2024 AAA MMD at the end of day. The District is willing to consider multiple coupon strategies. Responses are encouraged to include multiple couponing approaches along with commentary about the marketability of each as well as impact on overall financing cost. In addition to the coupons and yield, please provide a recommended call feature for the Bonds. ***Please attach any primary market comparable sales and/or secondary market trades used to derive the yields and coupons as well as any other factors considered.***

<u>Maturity</u> <u>(February 1)</u>	<u>Amount (\$)*</u>	<u>AAA</u> <u>MMD</u>	<u>Spread to</u> <u>MMD</u>	<u>Coupon</u> <u>(%)</u>	<u>Yield (%)</u>
2037	245,000	_____	_____	_____	_____
2038	255,000	_____	_____	_____	_____
2039	265,000	_____	_____	_____	_____
2040	935,000	_____	_____	_____	_____
2041	980,000	_____	_____	_____	_____
2042	1,030,000	_____	_____	_____	_____
2043	1,085,000	_____	_____	_____	_____
2044	1,135,000	_____	_____	_____	_____

\*Preliminary, subject to change.

### 2. Fees

Please indicate your proposed underwriter's discount per \$1,000 of bonds and any other underwriting expenses or costs that will be paid by the District. Please include the name of the firm and primary attorney if the proposal includes underwriter's counsel as a part of the transaction. Dorsey & Whitney LLP will serve as bond and disclosure counsel to the District for the proposed Issue. Please indicate if any portion of your fee will be owed by the District in the event the transaction is not completed successfully.

### 3. Assigned Personnel

Please provide contact information for all personnel assigned to work on this financing.

### 4. Other Relevant Information or Financing Ideas

Please provide any other relevant information that the proposer believes would improve the efficiency of the financing. Please be concise in your response and *refrain from providing boiler plate information.*

### General Terms and Conditions

The District will not pay for any costs in connection with the preparation of responses to this RFP. Additional information about the District can be obtained on the MSRB's EMMA website.

The District is aware of the "Municipal Advisor Rule" of the Securities and Exchange Commission (effective July 1, 2014) and the exemption from the definition of "municipal advisor" for a person providing "advice". In response to an RFP/RFQ, the District hereby notifies the recipient firms that it wishes them to provide advice and recommendations concerning the issuance of municipal securities (as such terms are defined in the Municipal Advisor Rule). The District intends for such advice and recommendations to qualify for the RFP/RFQ exemption. The advice and recommendations may be made orally or in writing. This RFP/RFQ is open from January 3, 2024 to February 1, 2024. The District understands that by responding to this RFP/RFQ, respondents are not municipal advisors to the District. This RFP/RFQ is being sent to at least three financial services firms.

Any questions about this financing or the request for proposals should be directed to Michael Hart at the contact information listed below. Any firm that contacts a District official without prior approval will be removed from the process.

It is anticipated that PMA will recommend to the District a firm(s) to serve as underwriter based upon the proposed scale as supported by recent comparable sales, if any, underwriter's discount, financing ideas, and any other qualitative factors deemed applicable by the District and PMA. The District in consultation with PMA reserves the right to accept or reject any proposal and investigate any element of a proposal further via interview or other process after the proposals are submitted. The District reserves the right to waive any informality, negotiate with any firm, or to proceed in any manner deemed in the best interest of the District in its sole discretion.



**Michael Hart**  
Director, Public Finance  
5298 Kyler Ave. NE, 2<sup>nd</sup> Fl  
Albertville, MN 55301  
Email: mhart@pmanetwork.com  
Direct: 612-509-2569



ISD No. 110, Waconia Public Schools, Carver and Hennepin  
Counties, Minnesota  
Request for Proposals for underwriting services

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PUBLIC SCHOOLS ISD 110

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January 16, 2024

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January 16, 2024

Michael Hart  
Director, Public Finance  
PMA Securities  
[mhart@pmanetwork.com](mailto:mhart@pmanetwork.com)

Joel Hanson  
Quantitative Analyst  
PMA Securities  
[jhanson@pmanetwork.com](mailto:jhanson@pmanetwork.com)

Re: Independent School District No. 110, Waconia Public Schools, MN, Request for Proposals for Underwriting Services for its Financing Request.

Letter of Transmittal

Dear Michael & Joel:

Northland Securities, Inc. is pleased to submit our proposal to provide underwriting services to Independent School District 110, Waconia Public Schools, Carver and Hennepin Counties, Minnesota (the "District") with regards to its proposed \$5,930,000 General Obligation Facilities Maintenance and Tax Abatement Bonds, Series 2024A (the "Bonds").

Northland is a Minneapolis-based, regional broker-dealer founded on a client focused approach with capabilities and scope of a national firm. Daily, our underwriting and trading desks participate in the bond market: committing capital in competitive sale bids, utilizing our distribution network in negotiated underwriting, and trading in the secondary market. **The firm is a leading underwriter of tax-exempt bonds in the Midwest and was ranked the #1 Underwriter in Minnesota for competitive bank qualified new municipal issues in 2022.**

Northland brings its underwriting expertise and commitment to the Minnesota public finance market to this engagement. The District will benefit from our distribution network during a time when a diversity of investors is important to underwriting execution.

Northland has built its reputation on being attentive to client needs and responding with creative and prudent ideas. Our philosophy of **"Providing Direction"** with our services and **"Producing Results"** with our execution will help the District reach its goals.

Thank you for this opportunity to submit our proposal. We at Northland Securities are excited about the District's upcoming financing requirements, and we are prepared to devote substantial time and resources to ensure the success of the financing plan. Please feel free to contact me if you have any questions or need additional information.

Sincerely,

A handwritten signature in blue ink that reads 'Doug DeAngelis'.

Doug DeAngelis  
Senior Managing Director, Regional Director of  
Public Finance  
Direct 612-851-5918 | Cell 612-418-9264  
[ddeangelis@northlandsecurities.com](mailto:ddeangelis@northlandsecurities.com)

A handwritten signature in blue ink that reads 'Peter Meidal'.

Peter Meidal  
Vice President  
Direct 612.851.4978 | Cell 612.423.2503  
[pmeidal@northlandsecurities.com](mailto:pmeidal@northlandsecurities.com)



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## I. Firm Qualifications

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### Firm Overview

Northland Securities, Inc. was founded in 2002 by a core of municipal finance and underwriting professionals. The veterans of that early organization came from national and regional investment banking and financial advisory firms and shared a common focus – Midwest bond issuers. The firm has grown to over 170 employees, across complementary business units, several of whom are shareholders of the holding company, Northland Capital Holdings, Inc. **The firm is a leading underwriter of tax-exempt bonds in the Midwest** and is recognized for its equity markets research and specialization in finance and capital market access for corporate, government, and non-profit clients. Headquartered in Minneapolis, Minnesota, Northland Securities has branch offices in California, Colorado, Illinois, Iowa, Michigan, New York, Wisconsin, and Nebraska.

**First National of Nebraska acquired Northland Securities, Inc. effective May 1, 2023. First National of Nebraska and its affiliates have nearly \$30 billion in assets and 5,000 employee associates. Primary banking offices are located in Nebraska, Colorado, Illinois, Iowa, Kansas, South Dakota, Texas and Wyoming.**

### Distribution Capabilities

Northland is well-qualified and eager to add value as underwriter for the District's Bonds. An important factor differentiating Northland from other municipal debt underwriters is our regional presence and our commitment to the local municipal marketplace. Northland will provide the District with a depth of market penetration which few of our competitors can match. We have established investing relationships with both retail investors and regional/national institutional investors that will create unmatched demand for the District's Bonds. Northland possesses an extensive local brokerage network, providing a consistent and reliable distribution system to sell the District's debt issue. We are confident in our abilities to perform and deliver the lowest cost available to the District in the tax-exempt market. Northland's distribution network enables us to identify and target investors, whether institutional or retail, most likely to purchase the District's Bonds.

**Generally, we believe in a balanced sales approach focusing on the following major types of investors.**

**Retail Investors:** Recognized as one of the most effective bond sales organizations in the Midwest, Northland Securities' extensive retail distribution network is a competitive advantage we have over the other regional firms. Of our 50 municipal bond investment executives, 40 have retail distribution capacity and represent over 8,000 retail accounts in Minnesota, Illinois, Iowa, North Dakota, South Dakota, Wisconsin, Nebraska, Colorado, and Michigan with assets under management totaling over \$2.0 billion. Our registered representatives work closely with each of our individual clients to keep abreast of their investment desires and match their investment needs with local municipal bonds.

**Commercial Banks:** Northland Securities has one of the largest institutional sales groups in the Midwest dedicated to serving community banks. We have placed a focus on developing strong relationships with regional banks, and our salespeople will target banks with a local presence in the District and surrounding areas. Northland Securities takes great pride in our commitment to serving the local municipal

marketplace by providing our regional investors with local investment opportunities that are intelligently marketed.

**National Institutions:** Northland Securities has developed strong sales relationships with all of the major national institutional investors including major pension funds, retirement systems and corporations, along with regional bond funds, trust departments, independent money managers, insurance companies and others.

Northland Securities has a depth of relationship history that extends beyond the Tier I and Tier II investors so heavily relied upon by our competitors. Northland’s volume of business in the negotiated, competitive, and the secondary space requires layered interaction with Tier II, III, IV and V investors, in order to not develop sensitivity to the trappings of one group of investors with varying asset class interests.

Northland’s underwriting success has relied on service focused public finance professionals; an underwriting desk with the knowledge and willingness to take underwriting risk; and a seasoned fix income team covering both retail and institutional investors.

#### Northland’s Underwriting Experience (2022- 2023)

Year	Role	Total Par Issued	Northland’s share of Par Issued
2022	Member	\$4.782B	\$215M
	Lead	\$360M	\$155M
	Sole Manager	\$581M	\$581M
	<b>Total</b>		<b>\$951M</b>

Year	Role	Total Par Issued	Northland’s share of Par Issued
(Nov 1) 2023	Member	\$4.105B	\$219M
	Lead	\$119M	\$51M
	Sole Manager	\$371M	\$371M
	<b>Total</b>		<b>\$641M</b>

**Recent Northland Transactions as Senior Manager**

	Actual				Actual				Actual			
Issuer	Perham, MN				Worthington, MN				Worthington, MN			
Sale Date	11/13/2023				11/13/2023				11/13/2023			
Dated Date	11/30/2023				12/7/2023				12/7/2023			
Par Amount	\$1,870,000				\$4,925,000				\$4,090,000			
Call Date	2/1/2033				2/1/2033				2/1/2033			
Credit Rating	GO AA-				GO AA-				GO AA-			
Underwriter	Northland Securities, Inc.				Northland Securities, Inc.				Northland Securities, Inc.			
	Coupon	Yield	Spread	Int. Feb MMD (11/10/23)	Coupon	Yield	Spread	Int. Feb MMD (11/10/23)	Coupon	Yield	Spread	Int. Feb MMD (11/10/23)
2025	5.0000	3.6200	30	3.3200	5.0000	3.5900	27	3.3200	5.0000	3.5900	27	3.3200
2026	5.0000	3.5500	28	3.2700	5.0000	3.5900	32	3.2700	5.0000	3.5900	32	3.2700
2027	5.0000	3.4900	30	3.1900	5.0000	3.4900	30	3.1900	5.0000	3.4900	30	3.1900
2028	5.0000	3.4200	30	3.1200	5.0000	3.4200	30	3.1200	5.0000	3.4200	30	3.1200
2029	5.0000	3.4200	30	3.1200	5.0000	3.4200	30	3.1200	5.0000	3.4200	30	3.1200
2030	5.0000	3.4600	31	3.1500	5.0000	3.4500	30	3.1500	5.0000	3.4500	30	3.1500
2031	5.0000	3.4800	32	3.1600	5.0000	3.4600	30	3.1600	5.0000	3.4600	30	3.1600
2032	5.0000	3.5100	33	3.1800	5.0000	3.4800	30	3.1800	5.0000	3.4800	30	3.1800
2033					5.0000	3.5000	30	3.2000	5.0000	3.5000	30	3.2000
2034					5.0000	3.5100	30	3.2100	5.0000	3.5100	30	3.2100
2035	5.0000	3.6000	23	3.3700	5.0000	3.6000	31	3.2900	5.0000	3.6000	31	3.2900
2036									5.0000	3.7500	31	3.4400
2037									4.0000	3.9500	34	3.6100
2038	4.0500	4.0500	34	3.7100					4.0000	4.0500	34	3.7100
2039									4.0000	4.1000	35	3.7500
2040												
2041	4.2000	4.2000	35	3.8500								
2042												
2043												
2044	4.3500	4.3500	37	3.9800								

**Customized Marketing Plan**

Northland is a market leader in Minnesota in the sale of Bank Qualified Negotiated and Competitive New Municipal Issues and will bring new investors to the District’s financing by widening the distribution network by engaging with the under-utilized Tier III, IV, and V investors, which are not actively covered by our competitors. With an average client relationship lasting roughly 10 years and a sales force with an average 20 plus years of experience, Northland will expand the distribution network of the District’s Bonds and help achieve lower borrowing costs for the District.

2022 MINNESOTA BANK QUALIFIED NEGOTIATED & COMPETITIVE NEW MUNICIPAL ISSUES			
Managing Underwriters	Par Amount (US \$ mil)	Rank	# of Issues
<b>NORTHLAND SECURITIES</b>	<b>228.14</b>	<b>1</b>	<b>66</b>
Robert W Baird & Co	169.22	2	42
Piper Sandler & Co	94.57	3	18
Stifel	22.36	4	3
FHN Financial	18.87	5	4
Colliers Securities	13.95	6	2
Hilltop Securities Inc	5.30	7	1
BOK Financial Corp	4.75	8	2
Baker Group LP	4.39	9	1
United Bankers Bank	2.65	10	2

**Targeting Likely Bond Investors**

Part of the marketing pre-sale strategy is identifying and targeting likely investors to market the District’s financing to. Below are some of the top holders of ISD No. 110. These investors are prime targets for the District and may generate orders by leveraging existing relationships and direct outreach.

Top Debt Holders of ISD No. 110		
AUTO OWNERS GROUP	LIBERTY MUTUAL INVESTMENT ADVISO	SIT INVESTMENT ASSOCIATES INC
WESTERN ASSET MANAGEMENT CO	LIBERTY MUTUAL GROUP ASSET MGMT	FBL INVESTMENT MANAGEMENT SERVIC
SECURIAN ASSET MANAGEMENT INC	NORTH CAROLINA FARM BUREAU GROUP	FMR LLC
STANCORP MORTGAGE INVESTORS LLC	FARM BUREAU MUTUAL INSURANCE CO	MAIRS & POWER INCORPORATED
PRUDENTIAL FINANCIAL INC	TIAA-CREF	

Source: Bloomberg

Northland recently served as Senior Managing Underwriter on the Itasca County ISD #318, Upsala ISD #487, and Watertown Mayer ISD #111 bond issues. All the issues were general obligations, sold competitively, and were designated bank qualified. Northland received a majority of orders from local Minnesota banks and larger regional and national banking institutions. Some of the longer maturities were sold to Trust and Investment Funds and Investment Advisories. Northland sees a similar audience for ISD 110 Bonds and will market the District bonds to these clients.

Marketing Plan Summary		
Pre-Sale	Sale	Post-Sale
<ul style="list-style-type: none"> <li>• Develop target buyer list and distribute offering materials</li> <li>• Develop presentation materials for retail and institutional investors</li> <li>• Contact key investors, including existing holders of the Bonds</li> <li>• Generate national institutional demand</li> </ul>	<ul style="list-style-type: none"> <li>• Confer with key investors on preferred coupon structure for institutional and retail sales</li> <li>• Pre-pricing call to discuss structure and initial price levels</li> <li>• Determine order period for institutional sales</li> <li>• Arrange online order access for Staff</li> <li>• Morning of sale, take orders</li> <li>• Review orders with finance staff and make recommendations on final price adjustments</li> <li>• Underwrite unsold balances</li> </ul>	<ul style="list-style-type: none"> <li>• Prepare post sale summary and distribution analysis</li> <li>• Distribute OS to buyers</li> <li>• Provide ongoing secondary market information</li> <li>• Monitor other obligations for refunding opportunities</li> </ul>







**Financial Resources**

All of Northland’s bond market activities – negotiated underwriting, competitive sales, and trading - represent deliberate use of our capital. That is, our capital is most effective when used and managed. This has been a successful strategy in growing market share as well as establishing market presence and commitment. Northland is well-positioned for continued growth with the ability to underwrite up to \$150,000,000 in par amount. Having underwritten more than \$38 billion in fixed income securities and loans, Northland frequently steps up to support the sale of our clients’ bonds. **We routinely commit capital for significant portions of transactions to avoid having to reprice maturities.**

**Commitment to Underwriting Unsold Bonds (Negotiated Sales Information Only)**

	2023	2022	2023
<b>Total Par</b>	<b>\$185M</b>	<b>\$167M</b>	<b>\$196M</b>
<b>Unsold Balances Underwritten</b>	<b>\$43M</b>	<b>\$9M</b>	<b>\$20M</b>
<b>Percentages Underwritten</b>	<b>23%</b>	<b>6%</b>	<b>10%</b>

**II. Assigned Personnel**

**Doug DeAngelis**  
**Lead Banker**  
 Senior Managing Director  
 Phone: 708-369-5594  
 Email: deangelis@northlandsecurities.com

**Peter Meidal**  
**Support Banker**  
 Vice President  
 Phone: 612-851-4978  
 Email: pmeidal@northlandsecurities.com

**Dustin Siehr**  
**Head of Municipal Trading & Underwriting**  
 Senior Managing Director  
 Phone: 414-908-0422  
 Email: dsiehr@northlandsecurities.com

**Michael Harlander**  
**Head of Fixed Income**  
 Senior Managing Director  
 Phone: 612-851-5992  
 Email: mharlander@northlandsecurities.com

**Carrie Fisher**  
**Client Services Manager**  
 Phone: 612-851-4970  
 Email: cfisher@northlandsecurities.com

**Trent Wells**  
**Senior Analyst**  
 Phone: 612-851-5915  
 Email: twells@northlandsecurities.com

Northland is strongly committed to the District’s upcoming financing and has a highly experienced team of professionals to serve the District and its Municipal Advisor. Doug DeAngelis, Senior Managing Director /Regional Director of Public Finance, will lead our team and serve as primary contact, committing all of Northland’s resources to the District and its Municipal Advisor. Dustin Siehr, Senior Managing Director / Head of Municipal Trading & Underwriting in our Milwaukee office, will serve as lead underwriter for the District’s Bonds. Mike Harlander, Senior Managing Director / Head of Fixed Income in our Minneapolis headquarters, will coordinate the sales effort across the firm’s entire salesforce in Minneapolis and nationally. The District will be supported by the following public finance professionals: Peter Meidal, Vice President, Trent Wells, Senior Analyst, and Carrie Fisher, Client Services Manager & Senior Issuance Specialist.

## **Full Resumes in Appendix A**

### ***III. Structure and Pricing***

One of Northland’s key strengths is our ability to stay adaptable to the ever-changing market landscape. Providing structural ideas that are fluid in nature is of key importance to issuers and their advisors. If selected, we will further refine the structure to adhere to District priorities and market factors and anomalies. Structural ideas will be presented to investors during the pre-sale marketing period and market feedback will be shared with the working group. Our objective will always be best execution for the District.

Since the District will have debt outstanding until 2039, Northland would not advise the District to seek an underlying rating as we can essentially price at the same levels with an Enhanced rating only. This will also save on cost of issuance. We approached this pricing based on the end of day January 12, 2024 AAA MMD.

The interest rate proposal assumes the Bonds will carry a Moody’s State Enhanced rating of “Aa1” only. The scenario assumes the Bonds will close on or around March 14, 2024 and assumes a call date of February 1, 2032.

In addition, we’ve provided high and low couponing options for this proposal. The different couponing options contain their own merits and justifications to the pricing structure. Northland Securities has the capabilities to market additional couponing structures and call features beyond what we are presenting today.

Market comparables used to derive preliminary coupons/yields listed in Appendix B.

**State Credit Enhanced Rating Only (5 Coupon)**

Feb MMD	Maturity Date	Pricing (Call) Date	Priced To	Principal Amount	Coupon	YTW	Spread		Px Yield	Kick
2.56	2/1/2037	2/1/2032	Callable	245,000	5.000%	2.960%	+40	114.242	3.610%	0.650%
2.77	2/1/2038	2/1/2032	Callable	255,000	5.000%	3.170%	+40	112.669	3.820%	0.650%
2.85	2/1/2039	2/1/2032	Callable	265,000	5.000%	3.250%	+40	112.077	3.920%	0.670%
2.91	2/1/2040	2/1/2032	Callable	935,000	5.000%	3.310%	+40	111.635	4.000%	0.690%
2.97	2/1/2041	2/1/2032	Callable	980,000	5.000%	3.370%	+40	111.195	4.080%	0.710%
3.03	2/1/2042	2/1/2032	Callable	1,030,000	5.000%	3.430%	+40	110.757	4.140%	0.710%
3.08	2/1/2043	2/1/2032	Callable	1,085,000	5.000%	3.480%	+40	110.394	4.200%	0.720%
3.13	2/1/2044	2/1/2032	Callable	1,135,000	5.000%	3.530%	+40	110.032	4.250%	0.720%
				\$5,930,000						

**State Credit Enhanced Rating Only (4 Coupon)**

Feb MMD	Maturity Date	Pricing (Call) Date	Priced To	Principal Amount	Coupon	YTW	Spread		Px Yield	Kick
2.56	2/1/2037	2/1/2032	Callable	245,000	4.000%	3.260%	+70	105.103	3.500%	0.240%
2.77	2/1/2038	2/1/2032	Callable	255,000	4.000%	3.470%	+70	103.624	3.660%	0.190%
2.85	2/1/2039	2/1/2032	Callable	265,000	4.000%	3.550%	+70	103.067	3.730%	0.180%
2.91	2/1/2040	2/1/2032	Callable	935,000	4.000%	3.610%	+70	102.651	3.780%	0.170%
2.97	2/1/2041	2/1/2032	Callable	980,000	4.000%	3.670%	+70	102.237	3.820%	0.150%
3.03	2/1/2042	2/1/2032	Callable	1,030,000	4.000%	3.730%	+70	101.826	3.860%	0.130%
3.08	2/1/2043	2/1/2032	Callable	1,085,000	4.000%	3.780%	+70	101.484	3.890%	0.110%
3.13	2/1/2044	2/1/2032	Callable	1,135,000	4.000%	3.830%	+70	101.144	3.920%	0.090%
				\$5,930,000						

<b>Higher Coupon - 2032 Callable</b>	
<b>Sources of Funds</b>	
Par Amount of Bonds	\$ 5,930,000.00
Original Issue Premium	655,133.70
<b>Total Sources</b>	<b>\$ 6,585,133.70</b>

<b>Lower Coupon - 2032 Callable</b>	
<b>Sources of Funds</b>	
Par Amount of Bonds	\$ 5,930,000.00
Original Issue Premium	124,436.45
<b>Total Sources</b>	<b>\$ 6,054,436.45</b>

<b>Uses of Funds</b>	
Deposit to BP Account	\$6,555,483.70
Underwriter's Discount (\$5.00/Bond)	29,650.00
Rounding	0.00
<b>Total Uses</b>	<b>\$ 6,585,133.70</b>

<b>Uses of Funds</b>	
Deposit to BP Account	\$6,024,786.45
Underwriter's Discount (\$5.00/Bond)	29,650.00
Rounding	0.00
<b>Total Uses</b>	<b>\$ 6,054,436.45</b>

Date	Principal	Interest	Total New Issue	
				D/S
2/1/2037	245,000	3,819,085	4,064,085	
2/1/2038	255,000	284,250	539,250	
2/1/2039	265,000	271,500	536,500	
2/1/2040	935,000	258,250	1,193,250	
2/1/2041	980,000	211,500	1,191,500	
2/1/2042	1,030,000	162,500	1,192,500	
2/1/2043	1,085,000	111,000	1,196,000	
2/1/2044	1,135,000	56,750	1,191,750	
<b>Total</b>	<b>5,930,000</b>	<b>5,174,835</b>	<b>11,104,835</b>	

Date	Principal	Interest	Total New Issue	
				D/S
2/1/2037	245,000	3,055,268	3,300,268	
2/1/2038	255,000	227,400	482,400	
2/1/2039	265,000	217,200	482,200	
2/1/2040	935,000	206,600	1,141,600	
2/1/2041	980,000	169,200	1,149,200	
2/1/2042	1,030,000	130,000	1,160,000	
2/1/2043	1,085,000	88,800	1,173,800	
2/1/2044	1,135,000	45,400	1,180,400	
<b>Total</b>	<b>5,930,000</b>	<b>4,139,868</b>	<b>10,069,868</b>	

<b>Issue Statistics</b>	
Par Amount of Bonds	5,930,000
Original Issue Premium	655,134
Gross Production	6,585,134
Underwriter Discount	29,650
Underwriter Purchase Price	6,555,484
<b>Total Interest</b>	<b>5,174,835</b>
<b>Total Debt Service</b>	<b>11,104,835</b>
<b>Average Annual Debt Service</b>	<b>427,109</b>
<b>Average Life</b>	<b>17.453 Years</b>
<b>Net Interest Cost (%)</b>	<b>4.396%</b>
<b>True Interest Cost (%)</b>	<b>4.143%</b>

<b>Issue Statistics</b>	
Par Amount of Bonds	5,930,000
Original Issue Premium	124,436
Gross Production	6,054,436
Underwriter Discount	29,650
Underwriter Purchase Price	6,024,786
<b>Total Interest</b>	<b>4,139,868</b>
<b>Total Debt Service</b>	<b>10,069,868</b>
<b>Average Annual Debt Service</b>	<b>387,303</b>
<b>Average Life</b>	<b>17.453 Years</b>
<b>Net Interest Cost (%)</b>	<b>3.908%</b>
<b>True Interest Cost (%)</b>	<b>3.873%</b>

As the above analysis suggests, there is an initial cost to preserving future optionality. While the higher couponing scenario does produce higher initial debt service payments and a TIC, with the increased optionality, the District would have a greater expectation for future refinancing savings to reduce the higher initial debt service payments. Depending on District priorities, the goal may be to keep the initial dollar cost of borrowing lower with a lower couponing structure. The lower coupons will produce lower scheduled debt service payments and a lower TIC, but with a lower expectation for future refunding savings.

<b>COUPONING CONSIDERATIONS</b>	
<b>LOWER COUPON</b>	<b>HIGHER COUPON</b>

LOWER YIELD TO MATURITY	LOWER YIELD-TO-CALL
LOWER TIC	HIGHER TIC
LESS LIKELY TO REFUND	MORE LIKELY TO REFUND
LOWER SCHEDULED DEBT SERVICE	LOWER EXPECTED DEBT SERVICE
MORE RETAIL PARTICIPANTS	INSTITUTIONAL BUYERS
<b>CALL DATE CONSIDERATIONS</b>	
9- 10 YEAR CALL – MOST COMMON APPROACH WITH NO ADDITIONAL INVESTOR PENALTIES	
8 YEAR CALL OR SHORTER – INVESTOR PENALTIES INCREASE, BUT GREATER FUTURE OPTIONALITY. ANYTHING SHORTER THAN 8 YEARS WILL INCREASE ISSUER BORROWING COSTS.	

Northland will work with PMA and the District to determine the optimal couponing structure and call date that maximizes future optionality, while reducing investor penalties. Northland’s goal is to provide structural ideas that maximize potential investor interest, but also adhere to District priorities and market forces.

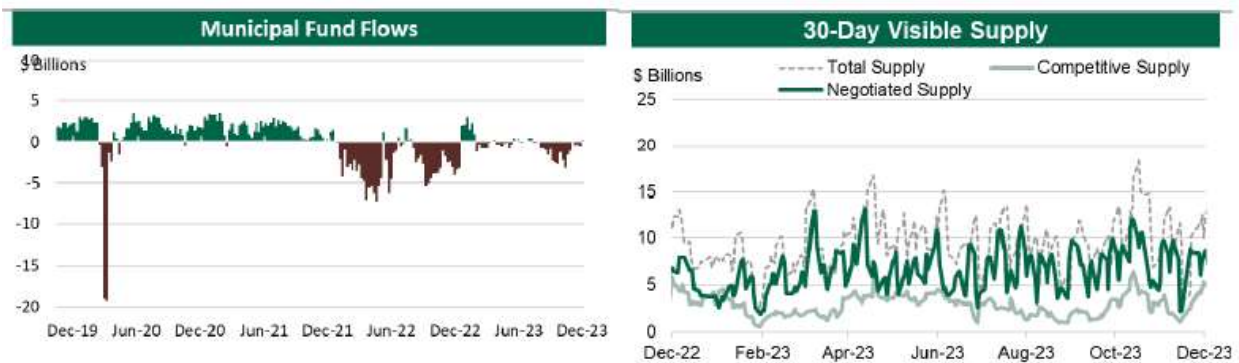
**IV. Fees**

- i.* Northland’s proposed fee is \$5.00/\$1,000 of the total par amount of the Bonds due upon the closing of the Bonds.
- ii.* If the Bonds are not issued, Northland agrees to pay its own expenses and receive no fee for any services it has rendered.
- iii.* Northland will not require its own Underwriter’s Counsel.

**V. Market Commentary**

- **Interest rates.** As trends from Q4 2023 into the New Year suggest, interest rates are widely expected to decrease amid a dovish Fed observing easing inflationary pressures. FOMC officials’ median estimate – as of the December 2023 meeting – suggest three quarter point cuts for 2024.
- **Economy.** As inflation begins to ease, so should the acute (at times) price pressures in materials and goods the economy experienced in 2022 and 2023. Fuel prices have eased as well and the labor market ended 2024 with a surprise higher-than-expected increase. Employment conditions warrant continued and close observation but easing inflation and lowering interest rates should contribute to re-igniting development projects sidelined by poor borrowing conditions in 2023.
- **Supply and demand.** Shown below this supply and demand are important market considerations to reaching best execution. Municipal bond mutual fund flows, a proxy for demand, experienced difficulties in 2023, particularly for non-rated or high yield bonds. These categories of bonds generally are the first to see a lack of liquidity in deteriorating economic and

borrowing conditions. Muni bond fund outflows were significant at times in 2023 for all categories of bonds, and an outflow trend carries over in the New Year for high yield paper. Per LSEG Lipper, high yield bond outflows are \$165 million for the week ending January 3, 2024 following minor outflows the prior week. Bond issuance, a proxy for supply, finished 2023 strongly with lowering interest rates. Earlier in the year, supply was down double-digits year-over-year but ended the year just 2.8% lower than 2022. Market opinions vary on 2024 supply forecasts – anywhere from \$330 – 450 billion, most of which project an increase over 2023 totals (\$380 billion).



**TAKEAWAYS**

- Investors have favored defensive coupon structures resulting in premium pricing in which coupons exceed yields and dollar prices exceed 100. This may result in a slightly higher true interest cost, but also improves optionality (i.e., refunding for savings and lowering the borrowing cost over the life of maturity).
- Timing bond sales largely focuses on staying away from certain market moving news indicators when practical, and/or FOMC meetings. The District’s Bonds are expected to price well after the end-of-January deadline for current federal government funding.
- A premium coupon structure should be balanced with the District’s desire for optionality, or the ability to refinance for savings and lowering the borrowing cost. Northland can present various pricing alternatives.

**VI. Conclusion**

Northland Securities, Inc. appreciates the opportunity to provide our credentials to both the District and PMA. We hope the response provides the basis for the decision to select our firm.

Northland Securities doesn’t shy away from taking an aggressive stance in pre-sale marketing securities. That aggressiveness carries through pre-pricing and ultimate final execution. We are ready to put the full resources of our public finance experience and distribution capability to work in an effort to fulfill all the priorities of the District in this important undertaking.

Do not hesitate to contact me should you have questions or require additional information. Thanks in advance for your consideration.

***Disclaimer***

Northland is providing the information contained in this document for discussion purposes only in anticipation of serving as underwriter to Independent School District 110, Waconia Public Schools (the “District” respectively). The primary role of Northland, as underwriter, is to purchase securities, for resale to investors, in an arm’s-length commercial transaction between the District and Northland. In its role as underwriter, Northland would have financial and other interests that differ from those of the District. Northland is not acting as a municipal advisor, financial advisor or fiduciary to the District or any other person or entity. The information provided is not intended to be and should not be construed as “advice” within the meaning of Section 15B of the Securities Exchange Act of 1934. The District should consult with its own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent it deems appropriate.

## *Appendix A - Resumes*

### Public Finance

#### **Douglas P. DeAngelis – Lead Banker & Primary Contact**

**Senior Managing Director-Regional Director of Public Finance | (708) 369-5594 |  
deangelis@northlandsecurities.com**

Doug DeAngelis serves as the Regional Director of Public Finance as well as the Illinois-based primary banker for the development of bond issues that meet the financial requirements of a variety of borrowers. His experience includes technical and analytical support, structuring and coordination of municipal underwritings and direct replacements for: states, cities, villages, counties, school districts, park districts, universities, hospitals, tax increment authorities, and state agencies. In addition, Doug has lead-managed tax-exempt and taxable underwritings and direct placements with variable and synthetically fixed-rate transactions for developers, 501(c)3 organizations, corporations, and manufacturing issuers.

Over his career in the industry, Mr. DeAngelis has been involved in both the creation and utilization of a variety of economic development and financing programs including, but not limited to: the New York Liberty Bond Provision; the Gulf Opportunity Zone Bond Act; the Illinois Distressed Cities Act; the Illinois Distressed School Districts Act; the Midwest Disaster Relief Program; Qualified School Construction Bonds; and various iterations of the Private Activity Bond provisions.

Doug received his bachelor's degree in Finance and English from Marquette University and his master's in business administration, with concentrations in accounting, economics, labor relations, strategic management and international business, from the University of Chicago's Booth School of Business. He has the following licenses: Registered General Securities (Series 7); General Securities Principal (Series 24); Registered Municipal Advisor Representative (Series 50); Registered Municipal Securities Representative (Series 52); Registered Municipal Securities Principal (Series 53); Registered Uniform Securities Agent (Series 63); and Investment Banking Representative (Series 79).

#### **Peter Meidal**

##### **Vice President, Support Banker**

Peter is a Vice President at Northland Securities and joined the firm in 2022. He has 10 years of public finance experience and brings a deep understanding of debt and financial management. Prior to joining Northland Securities, Peter served as a Debt Management Administrator for the State of Minnesota and administered the issuance of the State's General Obligation, General Fund Appropriation, and Revenue debt. He worked from 2012 – 2016 as an Analyst at Northland Securities and specialized in structuring debt. His areas of expertise include debt issuance and management, financial planning, and economic development.

Peter earned his Master of Public Administration (MPA) from Hamline University, St Paul and his Bachelor of Arts from the University of Minnesota. Peter holds and maintains the FINRA Series 50 Municipal Advisor Representative, Series 52 Municipal Securities Representative, Series 63 Uniform Securities Agent State Law Registration, and the Securities Industry Essentials examination.

**Trent Wells**  
**Senior Analyst**

Trent Wells is a Senior Analyst for Northland Securities, joining the firm in 2014. He has worked with a wide range of cities, counties, school districts, public utilities, economic development authorities, and special districts in Minnesota, Iowa, Missouri, North Dakota, and Colorado. Trent's areas of focus include structuring bond issues, identifying potential refunding opportunities, creating rate studies, and determining tax abatement areas. He also works with issuers to help them prepare their disclosure documents for competitive and negotiated bond sales.

Prior to joining Northland, Trent worked across several different levels of government. At the Minnesota Department of Revenue, he travelled across the State teaching taxpayers how to prepare individual income tax and property tax refund returns. He also interned in the Administrative Services Department of Carver County, Minnesota, and served as a legislative affairs intern for the Minnesota Governor's office. While in graduate school, Trent also helped the City of Hyattsville, Maryland, become a "Sustainable Maryland Certified" City.

Trent earned his Master of Public Policy in Public Sector Financial Management from the University of Maryland and his Bachelor of Arts in Political Science from Carleton College. Trent holds and maintains the FINRA Series 50 Municipal Advisor Representative, Series 52 Municipal Securities Representative, and Series 63 Uniform Securities Agent State Law Registration.

**Carrie Fisher**  
**Client Services Manager & Senior Issuance Specialist**

Carrie Fisher is a Senior Closer for Northland Securities, joining the firm in 2012. Carrie oversees all documentation needed by issuers from the earliest stages of a financing through the final closing, including the preparation of a bond transcript for an issuer's permanent records. Carrie works with cities, counties, school districts, special districts, utilities, and authorities through all steps in the issuance process, always with an eye to maintaining an expected timeline that will facilitate the closing and timely receipt of proceeds.

Together with her previous background in community banking, Carrie has more than a decade of experience in the financial industry, and her extensive work in public finance has covered issuances in Minnesota, Iowa, North Dakota, and Colorado. Carrie's knowledge of the various types of municipal debt issuance includes complex lease deals involving multiple entities, to multi-issue refundings, to basic single-purpose issues, Carrie has the expertise and statutory knowledge needed to work alongside an issuer and bond counsel to ensure a successful financing.

Carrie takes great pride in providing top notch service to every client. She provides clear communications to clients so that they're informed every step of the way and her strong attention to detail ensures that every aspect of a debt issuance is handled correctly on the client's behalf.

Carrie achieved a Bachelor of Science in Mathematics with a Minor in Economics, from Minnesota State University Mankato. Carrie holds and maintains the FINA Series 50 Municipal Advisor Representative, Series 52 Municipal Securities Representative, and Series 63 Uniform Securities Agent State Law registrations.

#### Underwriter /Sales Trading

**Dustin Siehr – Senior Managing Director, Fixed Income**

**Head of Municipal Trading & Underwriting | (414) 908-0422 | dsiehr@northlandsecurities.com**

Dustin Siehr is the Head of Municipal Trading & Underwriting at Northland Securities. Dustin joined Northland Securities in 2016 to lead the Municipal Trading & Underwriting Desk from our Milwaukee office. He has 14 years of experience in the municipal space and joined specifically to oversee and increase the firm's participation in both competitive and negotiated municipal underwritings. Since joining, Northland has become a regional leader in Midwest competitive underwriting by more than doubling its previous volume and has continued to grow its negotiated presence across the region. Prior to joining the firm, he was Vice President of Trading & Underwriting at Bank of Oklahoma. Other experiences include Director Trading & Underwriting at BMO and Vice President of Municipal Trading & Underwriting at Marshall & Ilsley Bank.

Dustin earned his Bachelor of Arts degree in Economics from Vanderbilt University. He holds and maintains the FINRA Series 7 General Securities Representative, Series 31 Futures Managed Funds, and Series 66 Uniform Combined State Law registrations.

#### **Michael Harlander**

**Senior Managing Director, Head of Fixed Income**

Mike Harlander has over 25 years of experience in the Institutional Fixed Income industry, and for the last 15 years he has acted as a member of senior management teams responsible for growing sales distribution and financial results. He joined Northland Securities in 2015 to oversee and grow the Fixed Income division. Northland continues to execute as a regional municipal securities-based company. Mike previously worked as an Institutional Sales Manager with Wells Fargo Securities, Piper Jaffray, and US Bank. Mike will coordinate the sales effort across the firm's entire salesforce in Wisconsin and nationally.

Mike received his bachelor's degree in General Finance from the University of Nebraska-Lincoln. He holds and maintains the FINRA Series 7 General Securities Representative, Series 63 Uniform Securities Agent, Series 4 Registered Options Principal, Series 12 NYSE Branch Manager, Series 24 General Securities Principal, and Series 53 Municipal Securities Principal registrations.

**Appendix B – Market Comparables**

Issuer	Lester Prairie ISD 424, MN				Browerville ISD 787, MN			
	Coupon	Yield	Spread	Int. Feb MMD (1/5/24)	Coupon	Yield	Spread	Int. Feb MMD (1/2/24)
Sale Date	1/8/2024				1/3/2024			
Dated Date	2/1/2024				2/6/2024			
Par Amount	\$835,000				\$8,400,000			
Call Date	Non-Callable				2/1/2031			
Credit	GO				GO			
Rating	Aa1 (Enhanced)				AAA/A+ (Enhanced/Underlying)			
Underwriter	Colliers Securities				Robert W. Baird & Co., Inc.			
2025	5.0000	3.0000	33	2.6700	5.0000	2.9000	27	2.6300
2026	5.0000	3.0000	54	2.4600	5.0000	2.8000	37	2.4300
2027	5.0000	2.8500	48	2.3700	5.0000	2.7500	41	2.3400
2028	5.0000	2.8000	49	2.3100	5.0000	2.7000	42	2.2800
2029	5.0000	2.7500	50	2.2500	5.0000	2.7000	45	2.2500
2030	5.0000	2.7500	50	2.2500	5.0000	2.7200	47	2.2500
2031	5.0000	2.8000	54	2.2600	5.0000	2.7500	49	2.2600
2032	5.0000	2.9000	62	2.2800				
2033								
2034					5.0000	2.7800	50	2.2800
2035								
2036					5.0000	2.9800	51	2.4700
2037								
2038					4.0000	3.4300	66	2.7700
2039					4.0000	3.5200	67	2.8500
2040					4.0000	3.5800	67	2.9100
2041					4.0000	3.6500	68	2.9700
2042					4.0000	3.7000	67	3.0300
2043					4.0000	3.7500	67	3.0800
2044					4.0000	3.8000	67	3.1300

**Bond Sale Calendar**  
**ISD No. 110, Waconia Public Schools**  
**General Obligation Facilities Maintenance and Tax Abatement Bonds, Series 2024A**

December 2023						
S	M	T	W	Th	F	Sa
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

January 2024						
S	M	T	W	Th	F	Sa
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

February 2024						
S	M	T	W	Th	F	Sa
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29		

March 2024						
S	M	T	W	Th	F	Sa
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

Board Action Dates

Est. Bond Pricing Date

Bond Closing

Date	Action Item
December 18, 2023	Resolution to set abatement public hearing and approve 10 yr. LTFM plan and intent to issue LTFM Bonds
End of December 2023	Submit updated LTFM Plan to MDE for approval
End of December 2023	Publish Notice of Public Hearing and notice of intent to issue LTFM Bonds
January 3, 2024	Prepare and send RFP to potential Underwriters
January 16, 2024	Receive RFPs and select Underwriter
January 26, 2024	Rating Call
January 29, 2024	Abatement public hearing, consideration of abatement resolution and resolution calling for the sale of the bonds
Week of February 5, 2024	Rating Received & POS released
Week of February 19, 2024	Bond Pricing (Interest Rates Locked)
February 26, 2024	Board Considers Ratifying Resolution
March 14, 2024	Bond Closing (Funds Received)



# public finance

## ROLE OF DISCLOSURE COUNSEL

### Why Hire Disclosure Counsel?

- **Disclosure Counsel has a duty to the Issuer** as the Issuer is the client of the Disclosure Counsel firm
- **Closely review official statement from a legal perspective** in conjunction with Issuer, municipal advisor and other finance team members
- **Assess risks** associated with Issuer and bond offering to ensure disclosure is appropriate
- **Participate in due diligence** to inform the risk assessment
- **Review Issuer's compliance** with previous continuing disclosure undertakings
- **Deliver "10b-5" negative assurance opinion** to Issuer (described below)
- **Disclosure counsel monitors SEC enforcement actions** and counsels clients on developments
- **In negotiated deals**, will draft or review a bond purchase agreement as counsel to the Issuer

### What is a 10b-5 Opinion?

- Various provisions of federal securities law including Rule 10b-5 under the Securities Exchange Act of 1934 prohibit fraud in the issuance, purchase, or sale of municipal securities.
- Opinion tracks requirements of Rule 10b-5, and generally state that no information has come to the attention of counsel that gives reason to believe that the official statement (with certain noted exceptions) contained

any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were or are made, not misleading

- The 10b-5 opinion does not cover certain items, such as financial or operational data of the Issuer

### Disclosure Counsel and Continuing Disclosure

- Disclosure counsel reviews the continuing disclosure undertaking for the financing to ensure its compliance with applicable federal regulations
- Disclosure counsel reviews the continuing disclosure compliance history of the Issuer
- Disclosure counsel also prepares continuing disclosure policies and procedures and trains Issuers regarding those policies and procedures
- Disclosure counsel is available to discuss the need for material event notices on EMMA

### Important considerations for the Issuer in the public offering of municipal securities

- Just because the Issuer hires various professionals to aid in the process, the Issuer is not absolved of responsibility for the content of the official statement
- The official statement is the Issuer's document and the Issuer must review and approve it before the official statement is used in connection with the marketing and sale of the bonds

## PUBLIC FINANCE CONTACTS



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This handout is not legal advice, but contains general information not applicable to specific matters. We are not acting as your legal counsel unless separately retained in a written agreement signed by us.



January 16, 2024

Ra Chhoth  
Director of Finance and Operations  
ISD No. 110, Waconia Public Schools

**RE: Engagement of Northland Securities as Underwriter**

Dear Mr. Chhoth,

The purpose of this letter is to comply with federal security regulations. One objective of the regulations is to promote a clear understanding between the issuer and the underwriter in negotiated financings.

Northland Securities, Inc. ("Northland") responded to a Request for Proposals (the "RFP") for underwriting services in connection with the issuance of General Obligation Facilities Maintenance and Tax Abatement Bonds, Series 2024A (the "Bonds" or the "Issue") provided by PMA Securities, as Municipal Advisor (the "Municipal Advisor") to ISD No. 110, Waconia Public Schools (the "Issuer"). The RFP was due on January 16, 2024 and was sent to at least three underwriting firms. As a result of the responses received, the Issuer seeks to engage Northland to serve as underwriter in connection with the issuance of the Bonds. Northland will not serve as financial advisor or municipal advisor in connection with the issuance of the Bonds. Federal securities regulations require that Northland receive written acknowledgment from the Issuer that it is represented by PMA Securities, acting in the capacity as Municipal Advisor, and that it will rely on the advice from the Municipal Advisor.

Northland has a duty under rules of the Municipal Securities Rulemaking Board (MSRB) to make certain disclosures to the Issuer concerning its role, its compensation, and actual or potential material conflicts of interest. In engaging Northland in this capacity, the Issuer should be aware of the following:

1. The primary role Northland has as Underwriter is to purchase, or arrange for the placement, of securities; as such we will purchase the Bonds in an arm's-length commercial transaction with the Issuer. In this process, Northland is required to deal fairly at all times with both the Issuer and investors. Northland has a duty to purchase the Bonds from the Issuer at a fair and reasonable price, but must balance that duty with its duty to sell municipal securities to investors at prices that are fair and reasonable.
2. Under federal securities laws, Northland does not have a legal fiduciary duty to the Issuer. The Municipal Advisor identified above has the fiduciary obligation to represent your interest in this transaction. Therefore, Northland is not required to act in the best interests of the Issuer without regard to its own financial or other interests. Northland has financial and other interests that differ from those of the Issuer.

Main 612-851-5900 | Toll Free 800-851-2920  
150 South 5<sup>th</sup> Street, Suite 3300 | Minneapolis, MN 55402

[NorthlandSecurities.com](http://NorthlandSecurities.com) | Member FINRA and SIPC | Registered with SEC and MSRB

3. Northland will review the official statement for the Bonds in accordance with, and as part of, its responsibilities to investors under the federal securities laws, as applied to the facts and circumstances of the transaction.
4. Depending on the structure of the transaction that the Issuer decides to pursue, Northland will disclose any additional potential or actual material conflicts, inclusive of any dealer specific or complex financing disclosures, related to this engagement. We will seek your acknowledgement of receipt of any such additional disclosures.
5. Northland is a registered broker-dealer, and its affiliates are engaged in securities activities, as well as providing investment banking, asset management, financing, financial advisory services and other commercial and investment banking products and services to a wide range of corporations and individuals. In the ordinary course of their respective businesses, Northland and its affiliates have engaged, and may in the future engage, in transactions with, and perform services for, the Issuer and its affiliates for which they received or will receive customary fees and expenses. In addition, Northland and its affiliates may currently have and may in the future have investment and commercial banking, trust, and other relationships with parties that may relate to assets of, or be involved in the issuance of securities and/or instruments by, the Issuer and its affiliates.
6. Northland's compensation is based on the size of the Issue and is contingent on the closing of the Issue. The MSRB has identified this means of compensation as presenting a conflict of interest, because it may cause Northland to recommend a transaction that is unnecessary or to recommend that the size of the transaction be larger than is necessary.

For serving as underwriter with respect to the Bonds, Northland shall be paid an underwriter's discount of \$5.00/bond or 0.500% of the par amount of the bonds. The compensation due to Northland shall be deducted from proceeds at closing.

It is expressly understood that there is no obligation on the part of the Issuer under the terms of this engagement to undertake the Issue. If not issued, Northland agrees to pay its own expenses and receive no fee for any services it has rendered.

You have been identified by the Issuer as a primary contact for the Issuer's receipt of these disclosures. It is our understanding that you are not a party to any disclosed conflict of interest relating to the transaction and have the authority to bind the Issuer by contract with us. If our understanding is incorrect, please notify us immediately.

If you or any other Issuer officials have any questions or concerns regarding these disclosures, please make those questions or concerns known immediately to Northland. In addition, you should consult with your own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent you deem appropriate.

We look forward to working with you on this issue. I would be happy to discuss this letter, these disclosures, our relationship with the Issuer for the Bonds or other aspects of federal securities regulations.

Please acknowledge the receipt of this letter and use of the Municipal Advisor by signing in the space below. At your convenience, return a copy of the signed letter to me. In signing this letter, the Issuer acknowledges and accepts the representations made in this letter.

Sincerely,



Doug DeAngelis,  
Senior Managing Director

Acknowledged by the Issuer:

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

3. **FY23-24 Revise Budget Draft Summary**

**INDEPENDENT SCHOOL DISTRICT #110**  
**COMBINED STATEMENT OF BUDGETED REVENUES, EXPENDITURES,**  
**AND PROJECTED CHANGES IN FUND BALANCE**  
**Fiscal Year Ending June 30, 2024**

	Audited Balance June 30, 2023	FY23-24 Revised Revenues	FY23-24 Revised Expenditures	FY23-24 Revised Required Transfers	Projected Balance June 30, 2024
<b>GENERAL FUND (01)</b>					
Nonspendable - General	885,964	-	-	-	885,964
Nonspendable - Capital	-	-	-	-	-
<b>Subtotal Nonspendable</b>	<b>885,964</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>885,964</b>
Restricted for Student Activities	343,063	-	-	-	343,063
Restricted for Staff Development	-	-	415,246	415,246	-
Restricted for Capital	-	832,238	1,441,551	609,313	-
Restricted for Learning & Development	650,567	858,209	382,802	-	1,125,975
Restricted for ALC	-	266,000	330,243	64,243	-
Restricted for Gifted Education	44,742	56,660	14,043	-	87,358
Restricted for Basic Skills-ML	-	78,422	260,740	182,318	-
Restricted for Basic Skills-Compensatory	-	257,314	927	-	256,387
Restricted for Safe Schools	139,499	171,192	165,063	-	145,629
Restricted for Long Term Facilities Maintenance	260,613	624,010	614,131	-	270,492
Restricted for Medical Assistance	348,023	201,000	18,057	-	530,966
<b>Subtotal Restricted</b>	<b>1,786,507</b>	<b>3,345,045</b>	<b>3,642,803</b>	<b>1,271,120</b>	<b>2,759,869</b>
Unassigned - Unemployment	-	(30,000)	45,560	-	(75,560)
Unassigned - Lease Levy	-	-	-	-	-
Unassigned - Career and Technical	-	147,866	456,374	308,508	-
Unassigned - General	(6,096,744)	53,011,935	47,785,039	(1,579,628)	(2,449,475)
<b>Subtotal Unassigned</b>	<b>(6,096,744)</b>	<b>53,129,802</b>	<b>48,286,973</b>	<b>(1,271,120)</b>	<b>(2,525,035)</b>
<b>Total General</b>	<b>(3,424,273)</b>	<b>56,474,847</b>	<b>51,929,776</b>	<b>-</b>	<b>1,120,798</b>
<b>FOOD SERVICE FUND (02)</b>					
Nonspendable	-	-	-	-	-
Restricted	2,272,643	2,986,051	3,524,593	-	1,734,101
<b>Total Food Service</b>	<b>2,272,643</b>	<b>2,986,051</b>	<b>3,524,593</b>	<b>-</b>	<b>1,734,101</b>
<b>COMMUNITY SERVICE FUND (04)</b>					
Nonspendable Community Ed - General	63,565	-	-	-	-
Restricted for Community Ed - General	1,056,684	2,946,554	2,523,481	-	1,479,758
Restricted for ECFE	108,906	405,470	382,585	-	131,791
Restricted for School Readiness	143,425	457,293	403,602	-	197,116
Restricted for Other Community Ed	-	-	-	-	-
<b>Total Community Service</b>	<b>1,372,580</b>	<b>3,809,317</b>	<b>3,309,667</b>	<b>-</b>	<b>1,808,665</b>
<b>Total Operating Funds</b>	<b>220,950</b>	<b>63,270,216</b>	<b>58,764,037</b>	<b>-</b>	<b>4,663,564</b>
<b>BUILDING FUND (06)</b>					
Nonspendable - Tech Levy	-	-	-	-	-
Restricted for Capital/Technology Levy	-	-	-	-	-
Restricted for \$7M Building Bond	-	-	-	-	-
Restricted for Lease Levy	-	-	-	-	-
Restricted for Long Term Facilities Maintenance	-	16,800,000	250,000	-	16,550,000
<b>Total Building</b>	<b>-</b>	<b>16,800,000</b>	<b>250,000</b>	<b>-</b>	<b>16,550,000</b>
<b>DEBT SERVICE FUND (07)</b>					
Restricted for Bond Refunding	-	-	-	-	-
Restricted Fund Balance	2,190,875	9,572,863	9,512,869	-	2,250,869
<b>Total Debt Service</b>	<b>2,190,875</b>	<b>9,572,863</b>	<b>9,512,869</b>	<b>-</b>	<b>2,250,869</b>
<b>INTERNAL SERVICE FUND - Dental (20)</b>					
Unassigned Fund Balance	85,260	480,200	498,334	-	67,126
<b>Total Internal Service</b>	<b>85,260</b>	<b>480,200</b>	<b>498,334</b>	<b>-</b>	<b>67,126</b>
<b>TOTAL ALL FUNDS</b>	<b>2,497,085</b>	<b>90,123,279</b>	<b>69,025,240</b>	<b>-</b>	<b>23,531,559</b>

4. SOD Notification Letter FY23-Process



December 21, 2023 (sent via email)

Mr. Brian Gersich, Superintendent  
Waconia Public School District, 110-01  
512 Industrial Blvd  
Waconia, MN 55387-1742

Dear Mr. Gersich,

This letter is to inform you that Waconia Public School District, 110-01, is in Statutory Operating Debt (SOD). Minnesota Statutes, section 123B.81 defines SOD as having a net negative unrestricted general fund balance, as of June 30, 2023, more than 2.5 % of its FY 2023 General fund unrestricted expenditures. This determination is based upon the school's audited financial data submitted to MDE as of November 27, 2023 on the Uniform Financial Accounting and Reporting Standards (UFARS) system.

Waconia Public School District reported a negative \$5,210,781 unassigned/nonspendable/restricted/assigned and committed fund balance, which, as a percentage of the school's FY 2023 unreserved operating expenditures, is – 10.81 %. A copy of the UFARS Fiscal Compliance Report (06/30/23) is attached.

Under Minnesota Statutes, section 123B.81, Subdivision 4, a district in SOD is subject to section 123B.83, which, in part, requires the submission of a special operating plan to reduce the school's deficit expenditures. ***The plan must be submitted to the commissioner prior to January 31, 2024, for review and approval.*** Instructions and a spreadsheet are attached to assist you with the preparation of the plan. The District's SOD plan must be approved by the Board of Education before it is submitted to MDE.

If you have questions, please contact Deb Meier at (651) 582-8656, [debra.a.meier@state.mn.us](mailto:debra.a.meier@state.mn.us) –OR– Molly Koppes at (651) 582-8249, [molly.koppes@state.mn.us](mailto:molly.koppes@state.mn.us).

Respectfully yours,

Deb Meier, Education Finance Specialist  
Molly Koppes, Education Finance Specialist  
Minnesota Department of Education  
Division of School Finance, Financial Management

CC:

*Dana Geller, Board Chair, [dgeller@isd110.org](mailto:dgeller@isd110.org)*

*Brian Gersich, Superintendent, [bgersich@isd110.org](mailto:bgersich@isd110.org)*

*Ra Chhoth, District Business Manager, [rchhoth@isd110.org](mailto:rchhoth@isd110.org)*

*Mary Weigel, Supervisor Financial Management/Reporting, [Mary.Weigel@state.mn.us](mailto:Mary.Weigel@state.mn.us)*

*Enclosure (1) – Final Audited UFARS Fiscal Compliance Report (MFR system)*