

Finance & Facilities Committee

Monday, February 12, 2024 6:00 PM

Waconia High School - Room C107, 1650 Community Drive, Waconia, MN 55387

1. DISCUSSION ITEMS

Presenter: Ra Chhoth,
Director of Finance &
Operations

1.A. Adopted Budget Timeline and Process

1.B. S&P Global Rating Letter

February 1, 2024

Independent School District No. 110
512 Industrial Blvd.
Waconia, MN 55387
Attention: RA Chhoth, Director of Finance & Operations

Re: ***US\$5,930,000 Waconia Independent School District #110, Minnesota, General Obligation Facilities Maintenance And Tax Abatement Bonds, Series 2024A, dated: Date of delivery, due: February 01, 2044***

Dear RA Chhoth

Pursuant to your request for an S&P Global Ratings rating on the above-referenced obligations, S&P Global Ratings has assigned a rating of "AAA" . S&P Global Ratings views the outlook for this rating as stable. A copy of the rationale supporting the rating is enclosed.

This letter constitutes S&P Global Ratings' permission for you to disseminate the above-assigned ratings to interested parties in accordance with applicable laws and regulations. However, permission for such dissemination (other than to professional advisors bound by appropriate confidentiality arrangements or to allow the Issuer to comply with its regulatory obligations) will become effective only after we have released the ratings on standardandpoors.com. Any dissemination on any Website by you or your agents shall include the full analysis for the rating, including any updates, where applicable. Any such dissemination shall not be done in a manner that would serve as a substitute for any products and services containing S&P Global Ratings' intellectual property for which a fee is charged.

To maintain the rating, S&P Global Ratings must receive all relevant financial and other information, including notice of material changes to financial and other information provided to us and in relevant documents, as soon as such information is available. Relevant financial and other information includes, but is not limited to, information about direct bank loans and debt and debt-like instruments issued to, or entered into with, financial institutions, insurance companies and/or other entities, whether or not disclosure of such information would be required under S.E.C. Rule 15c2-12. You understand that S&P Global Ratings relies on you and your agents and advisors for the accuracy, timeliness and completeness of the information submitted in connection with the rating and the continued flow of material information as part of the surveillance process. Please send all information via electronic delivery to: pubfin_statelocalgovt@spglobal.com. If SEC rule 17g-5 is applicable, you may post such information on the appropriate website. For any information not available in electronic format or posted on the applicable website,

Please send hard copies to:
S&P Global Ratings
Public Finance Department
55 Water Street
New York, NY 10041-0003

The rating is subject to the Terms and Conditions, if any, attached to the Engagement Letter applicable to the rating. In the absence of such Engagement Letter and Terms and Conditions, the rating is subject to the attached Terms and Conditions. The applicable Terms and Conditions are incorporated herein by reference.

S&P Global Ratings is pleased to have the opportunity to provide its rating opinion. For more information please visit our website at www.standardandpoors.com. If you have any questions, please contact us. Thank you for choosing S&P Global Ratings.

Sincerely yours,

S&P Global Ratings
a division of Standard & Poor's Financial Services LLC

ma
enclosures

cc: ***Joel Hanson, Quantitative Analyst***
PMA Financial Network, LLC

S&P Global Ratings
Terms and Conditions Applicable To Public Finance Credit Ratings

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1.C. POS (Preliminary Official Statement) -Bond Sale

NEW ISSUE -BOOK-ENTRY ONLY
-BANK QUALIFIED

RATING[†]: S&P “AAA”
MINNESOTA SCHOOL DISTRICT CREDIT ENHANCEMENT PROGRAM[†]

In the opinion of Dorsey & Whitney LLP, Bond Counsel, based on existing law and assuming the accuracy of certain representations and compliance with certain covenants, interest on the Bonds (i) is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”), (ii) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on noncorporate taxpayers by Section 55 of the Code, (iii) is excluded from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes, and (iv) is not an item of tax preference for Minnesota alternative minimum tax purposes. Interest on the Bonds may, however, be taken into account in determining adjusted financial statement income for purposes of the federal alternative minimum tax imposed on applicable corporations (as defined in Section 59(k) of the Code) and is included in net income for purposes of the Minnesota franchise tax imposed on corporations and financial institutions. See “TAX CONSIDERATIONS” herein.

The District will designate the Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code relating to the ability of financial institutions to deduct from income for federal income tax purposes a portion of the interest expense that is allocable to carrying and acquiring tax-exempt obligations. See “TAX CONSIDERATIONS” herein.

\$5,930,000*
INDEPENDENT SCHOOL DISTRICT NO. 110
(WACONIA PUBLIC SCHOOLS)
CARVER AND HENNEPIN COUNTIES, MINNESOTA
GENERAL OBLIGATION FACILITIES MAINTENANCE AND TAX ABATEMENT BONDS, SERIES 2024A

Dated Date: Date of Issuance

Due: February 1, as shown on the Inside Cover Page

The General Obligation Facilities Maintenance and Tax Abatement Bonds, Series 2024A (the “Bonds”), of Independent School District No. 110 (Waconia Public Schools), Carver and Hennepin Counties, Minnesota (the “District”), will be issued as fully registered Bonds, and when issued will be registered in the name of Cede & Co., as nominee of the Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Bonds. Individual purchases may be made in book entry system form only, in the principal amount of \$5,000 and integral multiples thereof. Purchasers will not receive bond certificates representing their interest in the Bonds purchased. Principal is payable annually on February 1, beginning February 1, 2037, and interest, payable semiannually on each February 1 and August 1 beginning August 1, 2024, will be paid to DTC, which will in turn remit such principal and interest to its participants for subsequent dispersal to the beneficial owners of the Bonds as described herein. Interest on the Bonds is calculated based on a 360-day year of twelve 30-day months.

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. See “THE PROJECT” herein for additional information.

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. See “SECURITY” herein for additional information.

The Bonds due on or after February 1, 2033, are subject to optional redemption prior to maturity in whole or in part on February 1, 2032, and on any date thereafter at a redemption price of par plus accrued interest to the date of optional redemption. See “THE BONDS - Optional Redemption” herein.

The Bonds are offered when, as and if issued by the District and received by Northland Securities, Inc., Minneapolis, Minnesota (the “Underwriter”), subject to prior sale, withdrawal or modification of the offer without any notice, and subject to the approval of legality by Dorsey & Whitney LLP, Minneapolis, Minnesota, as bond counsel. Dorsey & Whitney LLP is also serving as Disclosure Counsel to the District in connection with the issuance of the Bonds. Delivery of the Bonds through the facilities of DTC will be on or about March 14, 2024.



The date of this Official Statement is February __, 2024

*Preliminary, subject to change.
†See “SECURITY” herein.

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

MATURITY SCHEDULE, AMOUNTS, INTEREST RATES, YIELDS AND CUSIP NUMBERS

\$5,930,000* General Obligation Facilities Maintenance and Tax Abatement Bonds, Series 2024A

<u>Maturity</u> <u>(February 1)</u>	<u>Amount (\$)*</u>	<u>Rate (%)</u>	<u>Yield (%)</u>	<u>CUSIP⁽¹⁾</u> <u>(930047)</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.

⁽¹⁾ CUSIP data herein is provided by CUSIP Global Services (“CGS”). CGS is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. No representations are made as to the correctness of the CUSIP numbers. These CUSIP numbers are subject to change after the issuance of the Bonds.

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or amended by Independent School District No. 110 (Waconia Public Schools), Carver and Hennepin Counties, Minnesota (the “District”), from time to time (collectively, the “Official Statement”), may be treated as an Official Statement with respect to the Bonds described herein that is deemed final by the District as of the date hereof (or of any such supplement or amendment), except for the omission of certain information permitted to be omitted pursuant to such Rule.

No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as statements of the District or the Underwriter (as defined below). This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. Unless otherwise indicated, the District is the source of all tables and statistical and financial information contained in this Official Statement. The information set forth herein relating to governmental bodies other than the District has been obtained from such governmental bodies or from other sources believed to be reliable. The information and opinions expressed herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date of this Official Statement.

Any statements made in this Official Statement, including the appendices hereto, involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of such estimates will be realized. This Official Statement contains certain forward-looking statements and information that are based on the District's beliefs as well as assumptions made by and information currently available to the District. Such statements are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or expected.

PMA Securities, LLC, Albertville, Minnesota, is serving as municipal advisor (the “Municipal Advisor” or “PMA”) to the District in connection with the issuance of the Bonds. In preparing this Official Statement, the Municipal Advisor has relied upon the District and other sources having access to relevant data to provide accurate information for this Official Statement. To the best of the Municipal Advisor’s knowledge, the information contained in this Official Statement is true and accurate. However, the Municipal Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information.

Northland Securities Inc., Minneapolis, Minnesota (the “Underwriter”) has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

This Official Statement should be considered in its entirety and no one factor considered less important than any other by reason of its position in this Official Statement. Where statutes, resolutions, reports or other documents are referred to herein, reference should be made to such statutes, resolutions, reports or other documents for more complete information regarding the rights and obligations of parties thereto, facts and opinions contained therein and the subject matter thereof.

Upon issuance, the Bonds will not be registered under the Securities Act of 1933, as amended, and will not be listed on any stock or other securities exchange, and neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity, other than the District, shall have passed upon the accuracy or adequacy of this Official Statement.

Certain persons participating in this offering may engage in transactions that maintain or otherwise affect the price of the Bonds. Specifically, the Underwriter may overallocate in connection with the offering, and may bid for, and purchase, the Bonds in the open market. The prices and other terms respecting the offering and sale of the Bonds may be changed from time to time by the Underwriter after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts.

**Independent School District No. 110
(Waconia Public Schools)
Carver and Hennepin Counties, Minnesota
512 Industrial Boulevard
Waconia, Minnesota 55387
(952) 442-0600**

* * * * *

Board of Education

Chair
Dana Geller

Vice Chair/Clerk
Luke DeBoer

Treasurer
Alycia Myers

Directors
Melanie Hagen Kimberly Kelzer-Breeden Jesse Bergstrom Kelly Amott

Superintendent
Brian Gersich

Director of Finance & Operations
Ra Chhoth

* * * * *

Paying Agent/Registrar
U.S. Bank Trust Company, National Association
60 Livingston Avenue
St. Paul, Minnesota 55107

Independent Auditors
CliftonLarsonAllen LLP
109 Main Street North, Suite 200
Austin, Minnesota 55912

Bond & Disclosure Counsel
Dorsey & Whitney LLP
50 South Sixth Street, Suite 1500
Minneapolis, Minnesota 55402

Municipal Advisor
PMA Securities, LLC
5298 Kyler Avenue Northeast
Albertville, Minnesota 55301

Underwriter
Northland Securities Inc.,
150 South 5th Street, Suite 3300
Minneapolis, Minnesota 55402

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Appendices:

- A. Form of Legal Opinion of Bond Counsel
- B. Annual Comprehensive Financial Report for Fiscal Year Ended June 30, 2023
- C. Form of Continuing Disclosure
- D. Book-Entry System

SUMMARY OF ISSUANCE

\$5,930,000*

**Independent School District No. 110
(Waconia Public Schools)**

Carver and Hennepin Counties, Minnesota

General Obligation Facilities Maintenance and Tax Abatement Bonds, Series 2024A

Amount: \$5,930,000*

Issuer: Independent School District No. 110 (Waconia Public Schools), Carver and Hennepin Counties, Minnesota (the "District")

Issue Type: General Obligation Facilities Maintenance and Tax Abatement Bonds, Series 2024A (the "Bonds")

Maturities*:

2/1/2037	\$245,000	2/1/2041	\$980,000
2/1/2038	255,000	2/1/2042	1,030,000
2/1/2039	265,000	2/1/2043	1,085,000
2/1/2040	935,000	2/1/2044	1,135,000

Bond Rating: S&P Global Ratings ("S&P") has assigned a rating of "AAA" based on the Minnesota School District Credit Enhancement Program. See "SECURITY" herein for further details.

Sale Date: February 21, 2024

Date of Issuance: March 14, 2024

Closing: March 14, 2024

Interest Payment: The Bonds will pay interest semi-annually on each February 1 and August 1, commencing on August 1, 2024. Interest is calculated on the basis of a 360-day year of twelve 30-day months.

Redemption: The Bonds due on or after February 1, 2033, are subject to optional redemption prior to maturity in whole or in part on February 1, 2032, and on any date thereafter at a redemption price of par plus accrued interest to the date of optional redemption.

Authority and Purpose: 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. See "THE PROJECT" herein for additional information.

Security: The Bonds are valid and binding general obligations of the District. The full faith and credit and taxing powers of the District is 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. See "SECURITY" herein for additional information.

Book-Entry: The Bonds will be issued in fully registered form, without coupons, in denominations of \$5,000 each or any integral multiple thereof under a book-entry only system operated by The Depository Trust Company, New York, New York ("DTC"). The Bonds will be registered in the name of Cede & Co., as nominee of DTC. Principal of and the interest on the Bonds will be payable as described in "Appendix D – Book-Entry System." Purchasers will not receive physical delivery of the Bonds.

Municipal Advisor: PMA Securities, LLC, Albertville, Minnesota (the "Municipal Advisor" or "PMA")

Underwriter: Northland Securities Inc., Minneapolis, Minnesota (the "Underwriter")

Paying Agent/Registrar: U.S. Bank Trust Company, National Association, Saint Paul, Minnesota (the "Registrar" and "Paying Agent")

Legal Opinion: Dorsey & Whitney LLP, Minneapolis, Minnesota ("Bond Counsel")

*Preliminary, subject to change. For purposes of complying with the maturity provisions of Minnesota Statutes, Section 475.54, subdivision 1, the maturity schedule for the Bonds shall be combined with the maturity schedules for the District's outstanding general obligation bonds.

INTRODUCTION

The purpose of this Official Statement is to set forth certain information concerning Independent School District No. 110 (Waconia Public Schools), Carver and Hennepin Counties, Minnesota (the “District”), in connection with the offering and sale of General Obligation Facilities Maintenance and Tax Abatement Bonds, Series 2024A (the “Bonds”). This Official Statement includes the cover page, the reverse thereof and the appendices hereto. Certain factors that may affect an investment decision concerning the Bonds are described throughout this Official Statement. Persons considering the purchase of the Bonds should read this Official Statement in its entirety.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, Securities and Exchange Commission Rule 15c2-12.

THE BONDS

General Description

The Bonds will be issued in fully registered form, without coupons, in denominations of \$5,000 each or any authorized integral multiple thereof under a book-entry only system operated by The Depository Trust Company, New York, New York (“DTC”). Principal of and the interest on the Bonds will be payable as described in “Appendix D – Book-Entry System” by the Registrar.

The Bonds will be dated as the date of issuance thereof and will mature as shown on the inside cover page of this Official Statement. Interest will be payable on each February 1 and August 1, beginning August 1, 2024.

The Bonds will accrue interest from the date of original issue or from the most recent interest payment date to which interest has been paid and duly provided for, computed on the basis of a 360-day year consisting of twelve 30-day months. The principal of the Bonds will be payable in lawful money of the United States of America upon presentation and surrender thereof at the principal corporate trust office of U.S. Bank Trust Company, National Association (the “Registrar” and “Paying Agent”) in St. Paul, Minnesota. Interest on each Bond will be paid by check or draft of the Registrar payable upon presentation in lawful money of the United States of America to the person in whose name such Bond is registered at the close of business on the 15th day of the month next preceding each interest payment date (the “Record Date”).

For purposes of complying with the maturity provisions of Minnesota Statutes, Section 475.54, subdivision 1, the maturity schedule for the Bonds will be combined with the maturity schedules for the District’s outstanding general obligation bonds.

Registration and Exchange

The Bonds may be transferred, registered and assigned only on the registration books of the Registrar (the “Register”), and such registration shall be at the expense of the District; provided, however, that the District or the Registrar may require payment of a sum sufficient to cover any tax or

other governmental charge that may be imposed in connection with any transfer or exchange of Bonds except in the case of the issuance of a Bond or Bonds for the unredeemed portion of a Bond surrendered for redemption.

Upon surrender for transfer of any Bond at the principal corporate trust office of the Registrar, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Registrar and duly executed by, the registered owner or his or her attorney duly authorized in writing, the District shall execute and the Registrar shall authenticate, date and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of the same series and maturity of authorized denominations for a like aggregate principal amount. Any fully registered Bond or Bonds may be exchanged at said office of the Registrar for a like aggregate principal amount of Bond or Bonds of the same series and maturity of other authorized denominations. The execution by the District of any fully registered Bond shall constitute full and due authorization of such Bond and the Registrar shall thereby be authorized to authenticate, date and deliver such Bond, provided, however, the principal amount of outstanding Bonds of each maturity authenticated by the Registrar shall not exceed the authorized principal amount of Bonds for such maturity less previous retirements.

The Registrar shall not be required to transfer or exchange any Bond during the period beginning at the close of business on the 15th day of the month next preceding any interest payment date on such Bond and ending at the opening of business on such interest payment date, nor to transfer or exchange any Bond after notice calling such Bond for redemption has been mailed or during a period of fifteen (15) days next preceding mailing of a notice of redemption of any Bonds.

Authority and Purpose

The Bonds are being issued pursuant to Minnesota Statutes, Chapter 475 and Section 123B.595, as amended, and Minnesota Statutes, Section 469.1812 to 469.815, as amended. The sale of the Bonds will be approved by resolutions adopted by the Board of Education of the District (the “Board”) on January 29, 2024 and February 26, 2024 (together, the “Resolution”). 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) parking lot reconstruction projects; and (iii) to pay certain costs associated with the issuance of the Bonds. See “THE PROJECT” herein.

Optional Redemption

The Bonds due on or after February 1, 2033, are subject to optional redemption prior to maturity, at the option of the District, in whole or in part in such order as the District shall determine and within a maturity by lot as selected by the Registrar, in multiples of \$5,000, on February 1, 2032, and on any date thereafter, at a redemption price of par plus accrued interest to the optional redemption date.

Redemption Procedures

The Clerk of the Board shall cause notice of the call for redemption thereof to be published as required by law and, at least thirty (30) days prior to the designated redemption date, shall cause notice of the call for redemption to be mailed, by first class mail, to the registered owners of any Bonds to be redeemed at their addresses as they appear on the Register described in “Appendix D – Book-Entry System” but no defect in or failure to give such mailed notice of redemption shall affect the validity of

proceedings for the redemption of any Bond not affected by such defect or failure. Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the District shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon partial redemption of any Bond, a new Bond or Bonds will be delivered to the registered owner without charge, representing the remaining principal amount outstanding.

THE PROJECT

The proceeds of the Bonds will be used to pay for the Project. The Project includes indoor air quality/HVAC improvements at various District facilities, as described in the District's ten-year facility plan and parking lot construction projects at various District facilities, which will enable District residents to continue to conveniently and safely access these District facilities.

SECURITY

The Bonds will be payable from the District's pledge of its full faith and credit and power to levy direct general ad valorem taxes. 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 (the "State"), in the event of a potential default of a school district debt obligation, of the principal and interest on the Bonds when due. See "Minnesota School District Credit Enhancement Program" herein.

The proposed form of legal opinion of Bond Counsel is set forth in Appendix A.

Ratings

The District will be participating in the Minnesota School District Credit Enhancement Program ("MNCEP") for this issue and is requesting a rating from S&P Global Ratings ("S&P"). S&P has a policy which assigns a minimum rating of "AAA" to issuers participating in the MNCEP. The "AAA" rating is based on the State's current rating from S&P. See "Minnesota School District Credit Enhancement Program" for further details.

This rating reflects only the view of S&P and any explanation of the significance of such rating may only be obtained from S&P. Certain information concerning the Bonds and the District not included in this Official Statement was furnished to S&P by the District. There is no assurance that the rating will be maintained for any given period of time or that it may not be changed by S&P, if, in its judgment, circumstances so warrant. Any downward change in or withdrawal of the rating may have an adverse effect on the market price of the Bonds. Except as may be required by the Undertaking described below under the heading "CONTINUING DISCLOSURE," neither the District nor the Underwriter undertakes responsibility to bring to the attention of the owners of the Bonds any proposed change in or withdrawal of such rating or to oppose any such revision or withdrawal.

Minnesota School District Credit Enhancement Program

In the Resolution, the District will covenant and obligate itself to participate in the Minnesota School District Credit Enhancement Program and be bound by the provisions of Minnesota Statutes, Section 126C.55, as amended, which provides for payment by the State of Minnesota in the event of a

potential default of a school district obligation (herein referred to as the “State Payment Law” or the “Law”). The provisions of the State Payment Law shall be binding on the District as long as any obligations of the issue remain outstanding. Under the State Payment Law, if the District believes it may be unable to make a principal or interest payment for this issue on the due date, it must notify the Commissioner of Education as soon as possible, but not less than fifteen (15) working days prior to the due date (which notice is to specify certain information), and will use the provisions of the Law to have the State make payment of the principal and interest when due. The District also covenants in the Resolution to deposit with the Paying Agent three (3) business days prior to the date on which a payment is due an amount sufficient to make that payment or to notify the Commissioner of Education that it will be unable to make all or a portion of the payment.

The Law also requires the Paying Agent to notify the Commissioner of Education if it becomes aware of a potential default in the payment of principal and interest on the Bonds, or if, on the day two (2) business days prior to the payment date, there are insufficient funds to make the payment or deposit with the Paying Agent.

After receipt of a notice which requests a payment pursuant to the Law, after consultation with the Paying Agent and District, and after verifying the accuracy of the information provided, the Commissioner of Education shall notify the Commissioner of Management and Budget of the potential default. Subdivision 2(b) of the State Payment Law provides that:

upon receipt of this notice... the commissioner of management and budget shall issue a payment and authorize the commissioner of education to pay to the paying agent for the debt obligation the specified amount on or before the date due. The amounts needed for purposes of this subdivision are annually appropriated to the [Department of Education] from the state general fund.

The State Payment Law authorizes and directs the Commissioner of Management and Budget, under certain circumstances and subject to available funds, to issue a warrant and authorized the Commissioner of Education to pay debt service due on school district and intermediate school district obligations that qualify for participation in the MNCEP. The State Payment Law appropriates annually from the general fund of the State to the Commissioner of Education, the amounts needed to pay any warrants issued.

Amounts paid on behalf of any school district under the MNCEP are required to be repaid by it with interest, by a reduction in state aid available to the school district or the levy of an ad valorem tax which may be made with the approval of the Commissioner of Education. Furthermore, the State of Minnesota is subrogated to the rights of a school district in federal interest subsidy payments, if any, relating to the interest paid by the State of Minnesota under the MNCEP, unless and until the state has been reimbursed by the school district in full.

See “BONDHOLDERS’ RISKS – Minnesota School District Credit Enhancement Program” for a description of certain risks.

BONDHOLDERS' RISKS

An investment in the Bonds involves an element of risk. In order to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Official Statement (including the appendices hereto) in order to make a judgment as to whether the Bonds are an appropriate investment.

Tax Levy Procedures

Minnesota school district tax levies for most purposes are subject to statutory limitations. No limit, however, is placed on the debt service levy, and districts are required to levy 105% of actual principal and interest requirements to allow for delinquencies. School districts receive a basic revenue amount per pupil unit from aid and levy proceeds in a variety of categorical state aids. They are also allowed to certify additional levies within limits for certain specified purposes. The State Department of Education and the applicable County Auditors review the levies of each school district to determine compliance with state levy limits.

Matters Relating to Enforceability of Agreements

Bondholders shall have and possess all the rights of action and remedies afforded by the common law, the Constitution and statutes of the State of Minnesota and of the United States of America for the enforcement of payment of the Bonds, including, but not limited to, the right to a proceeding in law or in equity by suit, action or mandamus to enforce and compel performance of the duties required by Minnesota law.

The legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by general principles of equity and public policy and by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

No representation is made, and no assurance is given, that the enforcement of any remedies will result in sufficient funds to pay all amounts due under the Resolution, including principal of and interest on the Bonds.

Bankruptcy and Insolvency

The rights and remedies of the Bondholders may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws or equitable principles that may affect the enforcement of creditor's rights, to the exercise of judicial discretion in appropriate cases and to limitations in legal remedies against exercise of judicial discretion in appropriate cases and to limitations on legal remedies against municipal corporations in the State of Minnesota. The various opinions of counsel to be delivered with respect to the Bonds and the Resolution, including the opinion of Bond Counsel, will be similarly qualified.

Minnesota School District Credit Enhancement Program

The State Payment Law was not intended to create indebtedness of the State of Minnesota. Payment by the State under the provisions of the State Payment Law will be dependent upon the

availability of sufficient appropriations for the purpose by the Minnesota Legislature. Bond Counsel expresses no opinion as to the enforceability of the Act against the State in the absence of available appropriations.

Should the District fail to comply with its covenant to comply with the requirements of the MNCEP (including but not limited to the notice requirements described above), the MNCEP would not be available to the District. In the event of such a compliance failure, if the District fails to make timely principal or interest payments on the Bonds, then Bondholders would not have the backing of the MNCEP as a guarantee of principal and interest payments on the Bonds.

Secondary Market

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history of economic prospects connected with a particular issue, secondary marketing practices in connection with a particular Bond or Bonds issue are suspended or terminated. Additionally, prices of bond or note issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price of the Bonds.

EACH PROSPECTIVE PURCHASER IS RESPONSIBLE FOR ASSESSING THE MERITS AND RISKS OF AN INVESTMENT IN THE BONDS AND MUST BE ABLE TO BEAR THE ECONOMIC RISK OF SUCH INVESTMENT. THE SECONDARY MARKET FOR THE BONDS, IF ANY, COULD BE LIMITED.

Rating Loss

S&P has assigned a rating of “AAA” to the Bonds based on the Minnesota School District Credit Enhancement Program. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that the rating will continue for any given period of time, or that such rating will not be revised, suspended or withdrawn, if, in the judgment of S&P, circumstances so warrant. A revision, suspension or withdrawal of a rating may have an adverse effect on the market price of the Bonds.

Forward-Looking Statements

This Official Statement contains statements relating to future results that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words “anticipated,” “plan,” “expect,” “projected,” “estimate,” “budget,” “pro forma,” “forecast,” “intend,” and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty. Accordingly, such statements are subject to risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward-looking statements and the actual results. These differences could be material and could impact the availability of funds of the District to pay debt service when due on the Bonds.

Tax Exemption

As discussed under the heading “TAX CONSIDERATIONS” herein, the interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of delivery of the Bonds, as a result of acts or omissions of the District in violation of its covenants in the Resolution. Should such an event of taxability occur, the Bonds would not be subject to a special redemption and would remain outstanding until maturity or until redeemed under the redemption provisions contained in the Bonds, and there is no provision for an adjustment of the interest rate on the Bonds.

It is possible that actions of the District after the closing of the Bonds will alter the tax exempt status of the Bonds, and, in the extreme, remove the tax exempt status from the Bonds. No provision has been made for the redemption of the Bonds, or for an increase in the interest rate on the Bonds, in the event that interest on the Bonds becomes subject to United States or State of Minnesota income taxation, retroactive to the date of issuance. A determination of taxability on the Bonds, after closing of the Bonds, could materially adversely affect the value and marketability of the Bonds.

DTC-Beneficial Owners

Beneficial Owners of the Bonds may experience some delay in the receipt of distributions of principal of and interest on the Bonds since such distributions will be forwarded by the Paying Agent to DTC and DTC will credit such distributions to the accounts of the Participants which will thereafter credit them to the accounts of the Beneficial Owner either directly or indirectly through indirect Participants. Neither the District nor the Paying Agent will have any responsibility or obligation to assure that any such notice or payment is forwarded by DTC to any Participants or by any Participant to any Beneficial Owner.

In addition, since transactions in the Bonds can be effected only through DTC Participants, indirect participants and certain banks, the ability of a Beneficial Owner to pledge the Bonds to persons or entities that do not participate in the DTC system, or otherwise to take actions in respect of such Bonds, may be limited due to lack of a physical certificate. Beneficial Owners will be permitted to exercise the rights of registered Owners only indirectly through DTC and the Participants. See “Appendix D – Book-Entry System.”

Proposed Federal Tax Legislation

From time to time, Presidential proposals, federal legislative committee proposals or legislative proposals are made that would, if enacted, alter or amend one or more of the federal tax matters described herein in certain respects or would adversely affect the market value of the Bonds. It cannot be predicted whether or in what forms any of such proposals that may be introduced, may be enacted and there can be no assurance that such proposals will not apply to the Bonds. See “TAX CONSIDERATIONS” herein.

Cybersecurity

The District, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As such, it may face multiple cybersecurity threats including but not limited to, hacking, viruses, malware and other attacks on computer or other sensitive

digital systems and networks. There can be no assurances that any security and operational control measures implemented by the District will be completely successful to guard against and prevent cyber threats and attacks. Failure to properly maintain functionality, control, security, and integrity of the District's information systems could impact business operations and systems, and the costs of remedying any such damage could be significant.

The District maintains cybersecurity insurance coverage. The District cannot predict whether this coverage would be sufficient in the event of a cyber-incident.

Pension and OPEB Information

The District participates in two statewide pension plans. See "THE DISTRICT – Employee Pension Plans" herein. As of fiscal year ended June 30, 2023, the District recorded a net pension liability of \$8,601,156 for PERA and \$29,107,157 for TRA. See Appendix B for the District's financial statements as of Fiscal Year Ended June 30, 2023.

The District provides post-employment benefits to certain eligible employees through the OPEB Plan, a single employer defined benefit plan that provides health and dental insurance to retired and active eligible employees and their spouses through the District's health insurance plans. Benefit and eligibility provisions are established through negotiations between the District and various unions representing the District employees and are renegotiated each bargaining period. The District reported net OPEB liability in the amount of \$5,635,671 as of fiscal year ended June 30, 2023. See Appendix B for the District's financial statements as of Fiscal Year Ended June 30, 2023.

Risk of Audit

The Internal Revenue Service has an ongoing program to audit tax-exempt obligations to determine the legitimacy of the tax status of such obligations. No assurance can be given as to whether the Internal Revenue Service will commence an audit of the Bonds. Public awareness of any audit could adversely affect the market value and liquidity of the Bonds during the pendency of the audit, regardless of the ultimate outcome of the audit.

Summary

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Bonds. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should become thoroughly familiar with this entire Official Statement and the appendices hereto.

SOURCES AND USES*

The sources and uses of funds with respect to the Bonds are estimated as follows:

Sources of Funds

Par Amount of the Bonds.....	\$0.00
Net Original Issue Premium/(Discount).....	<u>\$0.00</u>
Total Sources	<u>\$0.00</u>

Uses of Funds

Deposit into the Construction Fund	\$0.00
Costs of Issuance. ⁽¹⁾	<u>\$0.00</u>
Total Uses	<u>\$0.00</u>

*Preliminary, subject to change.

⁽¹⁾ Includes Underwriter's discount, Bond and Disclosure Counsel fees, Municipal Advisor fees, Registrar fees, rating agency fees and other costs of issuance.

CONTINUING DISCLOSURE

In order to assist the Underwriter in complying with SEC Rule 15c2-12 promulgated by the Securities and Exchange Commission (the "Commission") pursuant to the 1934 Act (the "Rule"), for the benefit of holders of the Bonds and the Underwriter, pursuant to the Resolution, the District will covenant (the "Undertaking") to provide to the Municipal Securities Rulemaking Board ("MSRB") in an electronic format prescribed by the MSRB, financial information and operating data relating to the District annually, and to provide notices of the occurrence of certain reportable events enumerated in the Rule to the MSRB. The details and terms of the Undertaking, as well as the information to be contained in the annual report or the notices of reportable events are set forth in the Form of Continuing Disclosure attached hereto as Appendix C.

The District has complied for the past five years in all material respects in accordance with the terms of its previous continuing disclosure undertakings entered into pursuant to the Rule, except as follows. Pursuant to the Rule, the District is required to provide notice of the incurrence of a financial obligation not in excess of ten business days after the occurrence of the event. The District did not timely file a notice of incurrence of a financial obligation relating to its Lease-Purchase Agreement dated as of May 1, 2019, for the financing of the construction of a tennis court complex and outdoor ice rink. The debt obligation occurred on May 16, 2019, and the failure to file the notice was posted on October 28, 2019. The District did not timely file a notice of incurrence of a financial obligation relating to its Lease Purchase Agreement, dated as of August 8, 2016, as amended, for the financing of certain LED lighting. The debt obligation occurred on May 15, 2020, and the failure to file notice was posted June 6, 2020. Pursuant to the continuing disclosure undertaking relating to the Districts \$3,160,000 Certificates of Participation, Series 2017A, dated June 29, 2017, the District was required to provide on or before 12 months after the end of the fiscal year, beginning with the fiscal year ending 06/30/2016, the audited financial statements of the District and, to the extent not included in the financial statements, information available of the type contained in the Official Statement under the headings: Economic and Financial Information; Summary of Debt and Debt Statistics; and General

Information –“Major Employers.” For Fiscal Years 2018 through 2022, the District did not provide information under the subheading “Adjusted Market Value” under the heading “Economic and Financial Information” and under the subheading “Factors for Ratio Computations” under the heading “Summary of Debt and Debt Statistics.”

On January 31, 2024, the District filed the aforementioned missing information for the 2018 through 2022 Fiscal Years. Going forward, the District will make every effort to timely provide all required disclosure information.

A failure by the District to comply with the Undertaking will not constitute a default under the Resolution and beneficial owners of the Bonds are limited to the remedies described in the Undertaking. The District must report any failure to comply with the Undertaking in accordance with the Rule. Any broker, dealer or municipal securities dealer must consider such report before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

The District will file its continuing disclosure information using the MSRB’s Electronic Municipal Market Access (“EMMA”) system. Investors will be able to access the continuing disclosure information filed with the MSRB at www.emma.msrb.org.

The District has retained PMA to act as the District’s Dissemination Agent for its continuing disclosure filings.

CERTAIN LEGAL MATTERS

An opinion as to the validity of the Bonds and the exemption from taxation of the interest thereon will be furnished by Dorsey & Whitney LLP, Minneapolis, Minnesota, as bond counsel to the District (“Bond Counsel”) and will accompany the Bonds. A copy of such opinion will be available at the time of delivery of the Bonds. See “Appendix A – Form of Legal Opinion”.

Bond Counsel has not examined, or attempted to examine, or verify, any of the financial or statistical statements or data contained in this Official Statement, and will express no opinion with respect thereto. The legal opinion to be delivered will express the professional judgment of Bond Counsel, and by rendering a legal opinion, Bond Counsel does not become an insurer or guarantor of the result indicated by that expression of professional judgment or of the transaction or the future performance of the parties to the transaction.

TAX CONSIDERATIONS

The following is a summary of certain U.S. federal and Minnesota income tax considerations relating to the purchase, ownership, and disposition of the Bonds. This summary is based on the U.S. Internal Revenue Code of 1986 (the “Code”) and the Treasury Regulations promulgated thereunder, judicial decisions, and published rulings and administrative pronouncements of the Internal Revenue Service (the “IRS”), all as of the date hereof and all of which are subject to change, possibly with retroactive effect. Any such change could adversely affect the matters discussed below, including the tax exemption of interest on the Bonds. The District has not sought and will not seek any rulings from the IRS regarding the matters discussed below, and there can be no assurance the IRS or a court will not take a contrary position regarding these matters.

Prospective purchasers of the Bonds should consult their own tax advisors with respect to applicable federal, state, and local tax rules, and any pending or proposed legislation or regulatory or administrative actions, relating to the Bonds based on their own particular circumstances.

This summary is for general information only and is not intended to constitute a complete analysis of all tax considerations relating to the purchase, ownership, and disposition of Bonds. It does not address the application of the alternative minimum tax imposed on noncorporate taxpayers and applicable corporations (as defined in Section 59(k) of the Code) or the additional tax on net investment income, nor does it address the U.S. federal estate and gift tax or any state, local, or non-U.S. tax consequences except with respect to Minnesota income tax to the extent expressly specified herein. This summary is limited to consequences to U.S. holders that purchase the Bonds for cash at original issue and hold the Bonds as “capital assets” (generally, property held for investment).

This discussion does not address all aspects of U.S. federal income or state taxation that may be relevant to particular holders of the Bonds in light of their specific circumstances or the tax considerations applicable to holders that may be subject to special income tax rules, such as: holders subject to special tax accounting rules under Section 451(b) of the Code; insurance companies; brokers, dealers, or traders in stocks, securities, or currencies or notional principal contracts; foreign corporations subject to the branch profits tax; holders receiving payments in respect of the Bonds through foreign entities; and S corporations, partnerships, or other pass-through entities or investors therein.

For purposes of this discussion, the “issue price” of a maturity of the Bonds is the first price at which a substantial amount of the Bonds of that maturity is sold for cash to persons other than bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers.

Tax-Exempt Interest

In the opinion of Dorsey & Whitney LLP, Bond Counsel, based on existing law and assuming the accuracy of certain representations and compliance with certain covenants, interest on the Bonds (i) is excluded from gross income for federal income tax purposes under Section 103 of the Code, (ii) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on noncorporate taxpayers by Section 55 of the Code, (iii) is excluded from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes, and (iv) is not an item of tax preference for Minnesota alternative minimum tax purposes. Interest on the Bonds may, however, be taken into account in determining adjusted financial statement income for purposes of the federal alternative minimum tax imposed on applicable corporations (as defined in Section 59(k) of the Code) and is included in net income for purposes of the Minnesota franchise tax imposed on corporations and financial institutions.

The Code establishes certain requirements that must be met after the issuance of the Bonds in order that interest on the Bonds be excluded from federal gross income and from Minnesota taxable net income of individuals, estates, and trusts. These requirements include, but are not limited to, provisions regarding the use of Bond proceeds and the facilities financed or refinanced with such proceeds and restrictions on the investment of Bond proceeds and other amounts. The District has made certain representations and has covenanted to comply with certain restrictions, conditions, and requirements designed to ensure interest on the Bonds will not be included in federal gross income. Inaccuracy of

these representations or noncompliance with these covenants may cause interest on the Bonds to be included in federal gross income or in Minnesota taxable net income retroactively to their date of issue. Bond Counsel has not independently verified the accuracy of these representations and will not verify the continuing compliance with these covenants. No provision has been made for redemption of or for an increase in the interest rate on the Bonds in the event that interest on the Bonds is included in federal gross income or in Minnesota taxable net income.

Original Issue Discount

Bonds may be issued with original issue discount (“OID”). A Bond will be treated as issued with OID (a “Discount Bond”) if its “stated redemption price at maturity” (i.e., the sum of all amounts payable on the Bond other than payments of qualified stated interest) exceeds its issue price. OID that accrues to a holder of a Discount Bond is excluded from federal gross income and from Minnesota taxable net income of individuals, estates, and trusts to the same extent that stated interest on such Discount Bond would be so excluded. The amount of OID that accrues on a Discount Bond is added to the holder’s federal and Minnesota tax bases. OID is taxable under the Minnesota franchise tax on corporations and financial institutions.

OID on a Discount Bond generally accrues pursuant to a constant-yield method that reflects semiannual compounding on dates that are determined by reference to the maturity date of the Discount Bond. The amount of OID that accrues for any particular semiannual accrual period generally is equal to the excess of (1) the product of (a) one-half of the yield on such Discount Bonds (adjusted as necessary for an initial short period) and (b) the adjusted issue price of such Discount Bonds, over (2) the amount of stated interest actually payable. For this purpose, the adjusted issue price is determined by adding to the issue price for such Discount Bonds the OID that is treated as having accrued during all prior accrual periods. If a Discount Bond is sold or otherwise disposed of between compounding dates, then the OID that would have accrued for that accrual period for federal income tax purposes is allocated ratably to the days in that accrual period.

If a Discount Bond is purchased for a cost that exceeds the sum of the issue price plus accrued interest and accrued OID, the amount of OID that is deemed to accrue thereafter to the purchaser is reduced by an amount that reflects amortization of such excess over the remaining term of the Discount Bond. If the excess is greater than the amount of remaining OID, the basis reduction rules for amortizable bond premium may result in taxable gain upon sale or other disposition of the Bonds, even if the Bonds are sold, redeemed, or retired for an amount equal to or less than their cost.

It is possible under certain state and local income tax laws that OID on a Discount Bond may be taxable in the year of accrual and may be deemed to accrue differently than under federal law.

Market Discount

If a Bond is purchased for a cost that is less than the Bond’s issue price (plus accrued OID, if any), the purchaser may be treated as having purchased the Bond with market discount (unless a statutory de minimis rule applies). Market discount is treated as ordinary income and generally is recognized on the maturity or earlier disposition of the Bond (to the extent that the gain realized does not exceed the accrued market discount on the Bond).

Bond Premium

A holder that acquires a Bond for an amount in excess of its stated redemption price at maturity generally must, from time to time, reduce the holder's federal and Minnesota tax bases for the Bond. Premium generally is amortized for federal income tax purposes and Minnesota income and franchise tax purposes on the basis of a bondholder's constant yield to maturity or to certain call dates with semiannual compounding. Accordingly, holders who acquire Bonds at a premium might recognize taxable gain upon sale of the Bonds, even if such Bonds are sold for an amount equal to or less than their original cost. Amortized premium is not deductible for federal income tax purposes or for purposes of the Minnesota income tax applicable to individuals, estates, and trusts.

Related Tax Considerations

Section 86 of the Code and corresponding provisions of Minnesota law require recipients of certain social security and railroad retirement benefits to take interest on the Bonds into account in determining the taxability of such benefits.

Section 265(a) of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds, and Minnesota law similarly denies a deduction for such interest in the case of individuals, estates, and trusts. In the case of a financial institution, generally, no deduction is allowed under section 265(b) the Code for that portion of the holder's interest expense that is allocable to interest on tax-exempt obligations, such as the Bonds, unless the obligations are "qualified tax-exempt obligations." Indebtedness may be allocated to the Bonds for this purpose even though not directly traceable to the purchase of the Bonds.

The Bonds are "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. Accordingly, although interest expense allocable to the Bonds is not subject to the disallowance under Section 265(b) of the Code, the deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds may be subject to reduction under Section 291 of the Code.

Income or loss on the Bonds may be taken into account in determining adjusted financial statement income for purposes of the federal alternative minimum tax imposed on applicable corporations.

The ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Bonds may affect a holder's federal, state, or local tax liability in some additional circumstances. The nature and extent of these other tax consequences depends upon the particular tax status of the holder and the holder's other items of income or deduction.

Sale or Other Disposition

A holder will generally recognize gain or loss on the sale, exchange, redemption, retirement, or other disposition of a Bond equal to the difference between (i) the amount realized less amounts attributable to any accrued but unpaid stated interest and (ii) the holder's adjusted tax basis in the Bond. The amount realized includes the cash and the fair market value of any property received by the holder in exchange for the Bond. A holder's adjusted tax basis in a Bond generally will be equal to the amount that the holder paid for the Bond, increased by any accrued OID with respect to the Bond and reduced by the amount of any amortized bond premium on the Bond. Except to the extent attributable to market discount (which will be taxable as ordinary income to the extent not previously included in

income), any gain or loss will be capital gain or loss and will be long-term capital gain or loss if the holder held the Bond for more than one year. Long-term capital gains recognized by certain non-corporate persons, including individuals, generally are taxable at a reduced rate. The deductibility of capital losses is subject to significant limitations.

Information Reporting and Backup Withholding

Payments of interest on the Bonds and proceeds from the sale or other disposition of the Bonds are expected to be reported to the IRS as required under applicable Treasury Regulations. Backup withholding will apply to these payments if the holder fails to provide an accurate taxpayer identification number and certification that it is not subject to backup withholding (generally on an IRS Form W-9) or otherwise fails to comply with the applicable backup withholding requirements. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against the holder's U.S. federal income tax liability, provided that the required information is timely furnished to the IRS. Certain holders are exempt from information reporting. Potential holders should consult their own tax advisors regarding qualification for an exemption and the procedures for obtaining such an exemption.

LITIGATION

There is no controversy or litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the Bonds or in any way contesting or affecting the validity of the Bonds or any proceedings of the District taken with respect to the issuance or sale thereof.

UNDERWRITING

Northland Securities Inc., Minneapolis, Minnesota (the "Underwriter"), has agreed, subject to the terms of a purchase contract (the "Purchase Contract") to purchase the Bonds from the District. The Purchase Contract provides, in part, that the obligation of the Underwriter is subject to certain conditions precedent and that the Underwriter will be obligated to purchase all of the Bonds if any of the Bonds are purchased. The Underwriter will purchase from the District the aggregate principal amount of Bonds for a purchase price as set forth in the Purchase Contract. The Underwriter has further agreed to offer the Bonds to the public at the approximate initial offering yields as set forth on the inside cover hereto. The Underwriter may offer and sell the Bonds to certain dealers and others at yields different than the offering yields stated on the inside cover hereto. The offering yields may be changed from time to time by the Underwriter. The aggregate underwriting fee for the Bonds equals ____ percent of the par amount of the Bonds.

MUNICIPAL ADVISOR

PMA Securities, LLC, Albertville, Minnesota (the "Municipal Advisor" or "PMA") has been retained as municipal advisor in connection with the issuance of the Bonds. In preparing this Official Statement, the Municipal Advisor has relied upon the District, and other sources, having access to relevant data to provide accurate information for this Official Statement. To the best of the Municipal Advisor's knowledge, the information contained in this Official Statement is true and accurate. However, the Municipal Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information.

PMA is a broker-dealer and municipal advisor registered with the Commission and the MSRB and is a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. In these roles, PMA generally provides fixed income brokerage services and public finance services to municipal entity clients, including municipal advisory services and advice with respect to the investment of proceeds of municipal securities. PMA is affiliated with PMA Financial Network, LLC, a financial services provider, and PMA Asset Management, LLC, an investment adviser registered with the Commission. These entities operate under common ownership with PMA and are collectively referred to in this disclosure as the “Affiliates or Affiliated Companies.” Each of these Affiliates also provides services to municipal entity clients and PMA and Affiliates market the services of the other Affiliates. Unless otherwise stated, separate fees are charged for each of these products and services and referrals to its Affiliates result in an increase in revenue to the overall Affiliated Companies.

The Municipal Advisor’s duties, responsibilities, and fees in connection with this issuance arise solely from the services for which it is engaged to perform as municipal advisor with respect to, the Bonds. PMA’s compensation for serving as municipal advisor on the Bonds is conditional on the final amount and successful closing of the Bonds. PMA receives additional fees for the services used by the District, if any, described in the paragraph above. The fees for these services arise from separate agreements with the District and with institutions of which the District may be a member.

THE DISTRICT

Location

The District is situated in the City of Waconia (the “City”) in Carver County (the “County”) and Hennepin County (together the “Counties”). The District serves the City and the cities of Minnetrista, Victoria, St. Bonifacius and New Germany. In addition, the District serves the townships of Benton, Camden, Dahlgren, Hancock, Hollywood, Laketown, San Francisco, Waconia and Watertown. The District comprises 95 square miles and is located approximately 40 miles southwest of the Minneapolis/St. Paul Metropolitan Area.

Elected Officials

The table below reflects the elected officials and current term expiration for the Board.

<u>Title</u>	<u>Name</u>	<u>Current Term Expires</u>
Chair.....	Dana Geller	December 31, 2024
Vice-Chair/Clerk.....	Luke DeBoer	December 31, 2024
Treasurer.....	Alycia Myers	December 31, 2024
Director.....	Melanie Hagen	December 31, 2026
Director.....	Kimberly Kelzer-Breden	December 31, 2026
Director.....	Jesse Bergstrom	December 31, 2026
Director.....	Kelly Amott	December 31, 2026

Enrollments

The table below reflects historical enrollment utilizing the Fall Enrollment Report which includes students enrolled on October 1 and the projected enrollment for the District for the next four years.

<u>School Year</u>	Elementary <u>(EC-5)</u>	Secondary <u>(6-12)</u>	<u>Total</u>
2019-2020	1,803	2,269	4,072
2020-2021	1,734	2,239	3,973
2021-2022	1,718	2,600	4,318
2022-2023	1,733	2,267	4,000
2023-2024	1,733	2,267	4,000
2024-2025 ⁽¹⁾	1,725	2,264	3,989
2025-2026 ⁽¹⁾	1,762	2,209	3,971
2026-2027 ⁽¹⁾	1,771	2,197	3,968
2027-2028 ⁽¹⁾	1,787	2,184	3,971

⁽¹⁾ Projected enrollment

Source: The District

Educational Facilities

The table below reflects the educational facilities, grades served and current enrollment of the District as of October 1, 2023.

<u>Facility</u>	<u>Grades Served</u>	<u>Current Enrollment</u>
Bayview Elementary.....	K-5	535
Laketown Elementary.....	K-5	524
Southview Elementary.....	K-5	557
Waconia Middle School.....	6-8	962
Waconia High School.....	9-12	1,351
Waconia Learning Center.....	9-12	28
Educational Service Center.....	EC-12	43

Source: The District

Bargaining Units/Contracts

The table below reflects the employee groups and expiration dates of current contracts for the District. The District has 787 employees, including 407 non-licensed employees and 380 licensed employees (267 of which are teachers). The District considers its relationship with its employees to be good.

<u>Employee Group</u>	<u>Expiration Date</u>
Teachers.....	June 30, 2023 ⁽¹⁾
ESP.....	June 30, 2023 ⁽²⁾
Custodial/Maintenance.....	June 30, 2023 ⁽²⁾
Nutritional Services.....	June 30, 2023 ⁽²⁾
Unaffiliated 9 Month.....	June 30, 2023 ⁽²⁾
Principal	June 30, 2023 ⁽²⁾

⁽¹⁾ Currently in negotiations with no settlement at this time, however, District administration believes the group could reach settlement within the next couple of months and anticipates that final contract terms will be within budgeted parameters. The current contract terms remain in place until renegotiations are complete.

⁽²⁾ Negotiations will begin once Teachers group has settled. District administration believes the various groups could reach settlement within the next couple of months and anticipates that final contract terms will be within budgeted parameters. The current contract terms remain in place until renegotiations are complete.

Source: The District

Employee Pension Programs

All certified personnel (teachers) are covered by defined benefit plans administered by the Teachers Retirement Association (“TRA”). TRA members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan. TRA provides retirement and disability benefits to its members, and to survivors upon death of eligible members. The benefits vest after three years of service and are based on a member’s highest average salary for any five consecutive years of allowable service, age and a formula multiplier based on years of credit at termination of service. The plans are established and administered in accordance with Minnesota Statutes Chapters 354 and 356, as amended.

TRA publicly issues Annual Comprehensive Financial Report presenting financial statements, supplemental information on funding levels, investment performance and further information on benefits provisions. The report may be accessed at the TRA web site <https://www.minnesotatra.org/>. Alternatively, a copy of the report may be obtained by writing TRA at Teachers Retirement Association, 60 Empire Drive, #400, St. Paul, Minnesota 55103-4000 or by calling (651) 296-6449 or (800) 657-3853.

Minnesota Statutes, Section 354.42 sets the rates for the employee and employer contributions. The employee contribution rates for Coordinated and Basic Plan members are 7.75% and 11.25% of annual covered salary, respectively, from July 1, 2023 through June 30, 2025. After June 30, 2025, Basic Plan member rates are 11.5% and Coordinated Plan member rates are 8.0%. Employer contribution rates are 8.75% for Coordinated Plan members and 12.75% for covered payroll for Basic Plan members from July 1, 2023, through June 30, 2025. After June 30, 2025, Basic Plan member rates are 13.5% and Coordinated Plan member rates are 9.5%.

Presently as of June 30, 2023, there are 365 employees covered under the TRA plan. Audited District contributions to TRA for the past five years have been as follows:

Fiscal Year	
<u>Ended June 30</u>	<u>Contribution</u>
2019	\$1,673,059
2020	1,691,701
2021	1,692,091
2022	1,890,168
2023	2,032,972

Source: The District’s Annual Comprehensive Financial Report for fiscal years ended June 30, 2019-2023.

All noncertified personnel (full-time and certain part-time) employees are covered by defined benefit plans administered by the Public Employees Retirement Association (“PERA”). PERA administers the General Employees Retirement Fund (“GERF”), which is a cost-sharing, multiple-employer retirement plan. This plan is established and administered in accordance with Minnesota Statutes, Chapters 353 and 356, as amended. GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan. PERA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by State Statute and vest after three years of credited service. The defined retirement benefits are based on a member’s highest average salary for any five successive years of allowable service, age, and years of credit at termination of service.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for GERF (formerly “PERF” and PEPFF). That report may be obtained at www.mnpera.org, or by writing to PERA at 60 Empire Drive, #200, St. Paul, Minnesota 55103-2088 or by calling (651) 296-7460 or 1-800-652-9026.

Minnesota Statutes Section 353.27 sets the rates for the employee and employer contributions. For Coordinated and Basic Plan members, the employee contribution is 6.50% and 9.10%, respectively, of their annual covered salary. The District is required to contribute 7.50% for Coordinated Plan PERA members and 11.78% for Basic Plan members.

Presently as of June 30, 2023, there are 350 employees covered under the GERF plan. Audited District contributions to GERF for the past five years have been as follows:

Fiscal Year	
<u>Ended June 30</u>	<u>Contribution</u>
2019	\$593,382
2020	592,085
2021	592,119
2022	610,206
2023	607,571

Source: The District’s Annual Comprehensive Financial Report for fiscal years ended June 30, 2019-2023.

GASB 68

Under Governmental Accounting Standards Board Statement No. 68 (“GASB 68”), each participating employer in a cost-sharing pension plan must report the employer’s proportionate share of the net pension liability or net pension asset of the pension plan. The net pension liability is calculated as the difference between the pension plan’s total pension liability and the pension plan’s fiduciary net position. The pension plan’s total pension liability is the present value of the amounts needed to pay pension benefits earned by each participant in the pension plan based on the service provided as of the date of the actuarial valuation. The pension plan’s fiduciary net position is the market value of the plan assets formally set aside in a trust and restricted to pay pension plan benefits. If the pension plan’s total pension liability exceeds the pension plan’s fiduciary net position, then a net pension liability results. If the pension plan’s fiduciary net position exceeds the pension plan’s total pension liability, then a net pension asset results.

As of June 30, 2023, the total pension liability of TRA was calculated as approximately \$35,010,727,000 and the fiduciary net position of the TRA was calculated as approximately \$26,754,503,000, resulting in a net pension liability of approximately \$8,256,224,000.

Under GASB 68, each participating employer in a cost-sharing pension plan must report the employer’s proportionate share of the net pension liability or net pension asset of the pension plan. Accordingly, for fiscal year 2023 the District reported a liability of \$29,107,157 for its proportionate share of the net pension liability of the TRA. The net pension liability was measured as of June 30, 2022 based on the District's share of contributions to the pension plan in relation to total system contributions including direct aid from the State of Minnesota, the City of Minneapolis and Minneapolis Public Schools. The District’s proportion was 0.3635% of the aggregate TRA net pension liability as of June 30, 2022. For fiscal year 2023, the District recognized a pension expense of \$5,892,970 for its proportionate share of TRA’s pension expense.

As of June 30, 2022, the total pension liability of the GERF was calculated as approximately \$33,954,218,000 and the fiduciary net position of the GERF was calculated as approximately \$26,034,185,000, resulting in a net pension liability of approximately \$7,920,033,000.

For fiscal year 2023, the District reported a liability of \$8,601,156 for its proportionate share of the net pension liability of the GERF. The net pension liability was measured as of June 30, 2022 based on the District’s share of contributions to the pension plan relative to the contributions of all participating employers. The District's proportion was 0.1086% of the aggregate GERF net pension liability as of June 30, 2022. For fiscal year 2023, the District recognized a pension expense of \$1,085,774 for its proportionate share of GERF’s pension expense.

See Note 8 to the District’s Annual Comprehensive Financial Report for June 30, 2023 for additional information on actuarial methods and assumptions used by TRA and PERA.

OPEB Summary

The District provides “other post-employment benefits” (“OPEB”) (i.e., post-employment benefits, other than pension benefits, owed to its employees and former employees) to employees who have terminated their employment with the District and have satisfied specified eligibility standards through a single-employer defined benefit plan (the “Plan”) which provides health and dental

insurance benefits. Membership of the plan consisted of 52 retirees along with 21 retired spouses receiving benefits and 551 active plan members as of June 30, 2023.

Funding Policy

Contribution requirements are also negotiated between the District and union representatives. The eligibility for, amount of, duration of, and District's contribution to the cost of the benefits provided varies by contract and date of retirement. For fiscal year ended June 30, 2023, the District contributed \$0 to the Plan.

The District issued its General Obligation Taxable OPEB Bonds, Series 2008A on December 23, 2008 to fund an OPEB Trust for payment of future benefits.

OPEB calculations are required to be updated every two years, in accordance with Statements No. 74 and No. 75 of the Governmental Accounting Standards Board ("GASB 74 & 75"). Under GASB 74 & 75, a net OPEB liability is calculated as the difference between the plan's total OPEB liability and the plan's fiduciary net position. A plan's net OPEB liability is the difference between the accrued actuarial liability ("Total OPEB Liability") and the OPEB assets ("Fiduciary Net Position"). The plan's Fiduciary Net Position is the value of assets reported by the trustee.

As shown in the Annual Comprehensive Financial Report, as of June 30, 2023, the Total OPEB Liability of the plan was \$6,882,542 and the plan Fiduciary Net Position was \$1,246,871, resulting in a net OPEB liability of \$5,635,671. The District's current funding practice is to make annual contributions to the plan in the amounts at least equal to the benefits paid to retirees in a particular year on a "pay-as-you-go" basis with no plan assets accumulated for future benefits.

The calculation of the Total OPEB Liability and Fiduciary Net Position are subject to a number of actuarial assumptions, which may change in future actuarial valuations. See Note 9 to the District's Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023 for more information on the District's OPEB obligations.

Bond Counsel, Disclosure Counsel, the Municipal Advisor and the District undertake no responsibility for and make no representations as to the accuracy or completeness of the information available from the websites above or included on the websites in the Employee Pension Plans, GASB 68 and OPEB Summary sections.

SOCIO-ECONOMIC CHARACTERISTICS

Population Trend

The table below reflects the population statistics for the District, the City, the City of Minnetrista, the City of St. Bonifacius, the Counties and the State.

	<u>2000</u>	<u>2010</u>	<u>2020</u>	<u>% Change 2010-2020</u>
The District.....	NA	19,242	22,370	16.26
The City.....	6,814	10,697	13,033	21.84
City of Minnetrista.....	4,358	6,384	8,262	29.42
City of St. Bonifacius.....	1,873	2,283	2,307	1.05
The County.....	70,205	91,042	106,922	17.44
Hennepin County.....	1,116,039	1,152,425	1,281,565	11.21
The State	4,919,492	5,303,925	5,706,494	7.59

Source: U.S. Census Bureau

Labor Force Data

The table below reflects comparative average labor force and unemployment rate figures. Figures are not seasonally adjusted, and numbers of people are estimated by place of residence.

<u>Year</u>	<u>Labor Force</u>			<u>Average Unemployment</u>		
	<u>The County</u>	<u>Hennepin County</u>	<u>The State</u>	<u>The County</u>	<u>Hennepin County</u>	<u>The State</u>
2019	59,566	711,222	3,108,681	2.8%	2.8%	3.3%
2020	60,002	717,935	3,134,160	5.2	6.6	6.3
2021	58,099	692,722	3,039,322	3.0	3.8	3.8
2022	59,251	703,573	3,077,500	2.2	2.5	2.7
2023 ⁽¹⁾	59,404	702,562	3,073,520	1.6	1.9	1.9

⁽¹⁾ As of November 2023.

Source: Minnesota Department of Economic Security, Research and Statistics Office.

Major/Leading Employers

The table below reflects the diversity of the employers within the District by product manufactured or services performed and approximate number of employees. The table reflects the most up to date information available by each source as of October 31, 2023.

Company Name	Product or Service	Location	Approximate employees at location
Ridgeview Medical Center	Hospital and medical clinics.....	Waconia	1,500
Strom Aviation Inc.....	Motor Vehicle Dealer.....	Waconia	1,001
The District.....	Elementary and secondary education.....	Waconia	787
Medallion Cabinetry, Inc.....	Wooden kitchen and vanity cabinets.....	Waconia	500
Cabinetworks Group Michigan, LLC....	Wooden kitchen and vanity cabinets.....	Waconia	300
Yorktowne Cabinetry.....	Wooden kitchen and vanity cabinets.....	Waconia	250
Mackenthun's Fine Foods	Retail grocery store.....	Waconia	200
Physicians Service Network.....	Offices of physicians.....	Waconia	200
Ridgeview Home Support Service.....	Home health care services.....	Waconia	175
Good Samaritan Society, Waconia.....	Nursing home.....	Waconia	170

Source: The District, Data Axle Reference Solutions and Industry Select Minnesota Manufacturers.

Income and Housing

The table below reflects comparative income and median home value levels for the District, the County, the State and the United States.

	The District	The County	Hennepin County	The State	United States
Median Home Value.....	\$400,500	\$400,500	\$358,000	\$286,800	\$281,900
Median Household Income	\$113,952	\$116,308	\$92,595	\$84,313	\$75,149
Median Family Income.....	\$136,818	\$141,884	\$126,404	\$107,072	\$92,646
Per Capita Income.....	\$49,875	\$55,216	\$55,199	\$44,947	\$41,261

Source: 2018-2022 American Community Survey 5-year Estimates, U.S. Census Bureau

Largest Taxpayers

The table below reflects the 10 largest taxpayers within the District.

Name	Service	2022/2023 Estimated Market Value	2022/2023 Net Tax Capacity	Percent of Real Property to Net Tax Capacity (\$43,250,839) ⁽¹⁾
Ridgeview Real Estate LLC.....	Commercial.....	\$ 18,780,300	\$314,760	0.73%
Centerpoint Energy Minnegasco.....	Utilities.....	15,343,500	306,870	0.71%
Great River Energy.....	Utilities.....	13,243,900	264,878	0.61%
ACPI Wood Products LLC.....	Commercial.....	12,391,700	245,584	0.57%
Northern States Power Co.....	Utilities/Agricultural.....	12,150,300	242,333	0.56%
JE Waconia 2018 LLC.....	Commercial.....	11,454,400	228,338	0.53%
Target Corporation.....	Commercial.....	8,259,200	164,434	0.38%
Lakeview Clinic Building, Corp.....	Commercial.....	7,557,200	150,394	0.35%
Auburn Meadows LLC.....	Rental/Residential.....	11,478,000	143,476	0.33%
Northern Natural Gas Co.....	Utilities.....	6,929,900	138,150	0.32%
Total.....			<u>\$ 2,199,217</u>	<u>5.08%</u>

⁽¹⁾ Before tax increment adjustments.

Source: The County.

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MINNESOTA VALUATIONS; PROPERTY TAX CLASSIFICATIONS

Market Value Exclusion

State Law defines the “market value” of real property as the usual selling price at the place where the property to which the term is applied shall be at the time of assessment; being the price which could be obtained at a private sale or an auction sale, if it is determined by the assessor that the price from the auction sale represents an arm's length transaction. The assessor uses sales and market value income trends to estimate the value of property in an open market transaction. This value is also called the “Assessor’s Estimated Market Value” or “AEMV”. This value is set on January 2 of each year. Property taxes levied each year are based on the value of property on January 2 of the preceding year. According to Minnesota Statutes, Chapter 273, all real property subject to taxation is to be appraised at maximum intervals of five (5) years.

Taxable Market Value

The “Assessor’s Taxable Market Value” is the amount used for calculating property taxes. The Assessor’s Taxable Market Value may differ from the AEMV due to the application of special programs that exclude value from taxation.

Sales Ratio

The Minnesota Department of Revenue conducts a sales ratio study to compare real estate sales prices to local assessor valuations. The State uses the study results to ensure consistency in property assessments across the State. The 12-month study includes sales that occur from October 1 of a given year to September 30 of the following year and are compared to market values used for property taxation. The median ratio from the 12-month study is the “Sales Ratio” used to calculate the economic market values, as defined below.

Economic Market Value

The “Economic Market Value” or “EMV” reflects adjustments made to account for the effects of the Sales Ratio. The Economic Market Value is determined by taking the AEMV of real estate divided by the Sales Ratio and adding the AEMV of personal property and utility, railroads, and minerals, if any. The EMV provides an estimate of the full value of property in the District.

Net Tax Capacity

Property taxes are calculated on the basis of the net tax capacity (“Net Tax Capacity”). Net Tax Capacity is calculated by multiplying the Assessor’s Taxable Market Value of a parcel by the statutory class rate for the use classification of the property. These class rates are subject to revision by the State Legislature. The table following this section contains current and historical class rates for primary property classifications.

The table below reflects a partial summary of the Class Rates by levy year/collection years:

Type of Property	2019/20	2020/21	2021/22	2022/23	2023/24
Residential Homestead					
First \$500,000	1.00%	1.00%	1.00%	1.00%	1.00%
Over \$500,000	1.25%	1.25%	1.25%	1.25%	1.25%
Residential Non-Homestead					
Single Unit - First \$500,000	1.00%	1.00%	1.00%	1.00%	1.00%
Single Unit - Over \$500,000	1.25%	1.25%	1.25%	1.25%	1.25%
2-3 units and undeveloped land	1.25%	1.25%	1.25%	1.25%	1.25%
Apartments					
Regular 4+ units	1.25%	1.25%	1.25%	1.25%	1.25%
Low-income rental housing	First: \$150,000 - 0.75%	\$162,000 - 0.75%	\$174,000 - 0.75%	\$100,000 - 0.75%	\$100,000 - 0.75%
	Over: \$150,000 - 0.25%	\$162,000 - 0.25%	\$174,000 - 0.25%	\$100,000 - 0.25%	\$100,000 - 0.25%
Agricultural Homestead					
First \$500,000 - HGA	1.00%	1.00%	1.00%	1.00%	1.00%
Over \$500,000 - HGA	1.25%	1.25%	1.25%	1.25%	1.25%
Land and Buildings ⁽¹⁾⁽²⁾	First: \$1,880,000 - 0.50%	\$1,900,000 - 0.50%	\$1,890,000 - 0.50%	\$1,890,000 - 0.50%	\$1,890,000 - 0.50%
	Over: \$1,880,000 - 1.00%	\$1,900,000 - 1.00%	\$1,890,000 - 1.00%	\$1,890,000 - 1.00%	\$1,890,000 - 1.00%
Agricultural Non-Homestead ⁽¹⁾⁽²⁾	1.00%	1.00%	1.00%	1.00%	1.00%
Commercial Seasonal					
Seasonal Resorts ⁽³⁾					
First \$500,000	1.00%	1.00%	1.00%	1.00%	1.00%
Over \$500,000	1.25%	1.25%	1.25%	1.25%	1.25%
Homestead Resorts					
Up to \$600,000	0.50%	0.50%	0.50%	0.50%	0.50%
\$600,000-\$2,300,000	1.00%	1.00%	1.00%	1.00%	1.00%
Over \$2,300,000 ⁽³⁾	1.25%	1.25%	1.25%	1.25%	1.25%
Seasonal Recreational					
Residential - Cabins ⁽²⁾⁽³⁾					
First \$500,000	1.00%	1.00%	1.00%	1.00%	1.00%
Over \$500,000	1.25%	1.25%	1.25%	1.25%	1.25%
Industrial/Commercial/Utility ⁽⁴⁾					
First \$150,000 ⁽³⁾	1.50%	1.50%	1.50%	1.50%	1.50%
Over \$150,000 ⁽³⁾	2.00%	2.00%	2.00%	2.00%	2.00%
Electric Generation Machinery	2.00%	2.00%	2.00%	2.00%	2.00%

⁽¹⁾ Effective for taxes payable in 2018, the Ag2School Tax Credit for each qualifying property is 40% of the property’s net tax capacity multiplied by the school debt tax rate, excluding house, garage and one acre of land on an agricultural property. The reimbursement percentage has increased to 50%, 55%, and 60% for taxes payable 2020, 2021, and 2022 respectively. The reimbursement percentage for 2023 and each year thereafter has increased to 70%.

⁽²⁾ Exempt from referendum market value tax.

⁽³⁾ State tax is applicable to these classifications.

⁽⁴⁾ The estimated market value of utility property is determined by the Minnesota Department of Revenue.

Tax Cycle

Local government ad valorem property taxes are extended and collected by the various counties within the State. The process begins in the fall of every year with the certification to the county auditor of all local taxing districts' property tax levies. Local tax rates are calculated by dividing each taxing district's levy by its Net Tax Capacity. One percentage point of local tax rate represents one dollar of tax per \$100 Net Tax Capacity. A list of taxes due is then prepared by the county auditor and turned over to the county treasurer on or before the first Monday in January.

The county treasurer is responsible for collecting all property taxes within the county. Real estate and personal property tax statements (excluding manufactured homes) are to be mailed out no later than March 31, and manufactured home property tax statements no later than July 15. The due dates for payment of real and personal property taxes (excluding manufactured homes) are one-half on or before May 15 (May 31 for resorts) and one-half on or before October 15 (November 15 for farm property). Personal property taxes for manufactured homes become due one-half on or before August 31 and one-half on or before November 15.

Following each distribution (May 24, June 5, July 4, October 26, November 2, November 30[†] and January 25 of the following year), the county treasurer must redistribute property tax revenues to the local taxing districts in proportion to their Net Tax Capacity ratios. Delinquent property taxes are penalized at various rates depending on the type of property and the length of delinquency.

Tax Levies for General Obligation Bonds (Minnesota Statutes, Section 475.61)

The governing body of any municipality issuing general obligations shall, prior to delivery of the obligations, levy by resolution a direct general ad valorem tax upon all taxable property in the municipality to be spread upon the tax rolls for each year of the term of the obligations. The tax levies for school districts shall be specified and such that if collected in full they, together with estimated collection of other revenues pledged for the payment of the obligations, will produce five percent in excess of the amount needed to meet when due the principal and interest payments on the obligations, rounded up to the nearest dollar; except that, with the permission of the commissioner of education, a school board may specify a tax levy in a higher amount if necessary either to meet an anticipated tax delinquency or for cash flow needs to meet the required payments from the debt redemption fund.

Such resolution shall irrevocably appropriate the taxes so levied and any special assessments or other revenues so pledged to the municipality's debt service fund, a special debt service fund or account created for the payment of one or more issues of obligations. The governing body may, at its discretion, at any time after the obligations have been authorized, adopt a resolution levying only a portion of such taxes to be filed, assessed, extended, collected and remitted as provided in Minnesota Statutes, Section 475.61, as amended, and the amount or amounts therein levied shall be credited against the tax required to be levied prior to delivery of the obligations.

The recording officer of the municipality shall file, in the office of the county auditor of each county in which any part of the municipality is located, a certified copy of the resolution, together with full information regarding the obligations for which the tax is levied. No further action by the

[†] Within 10 business days after November 15 (MINN STAT 276.111).

municipality is required to authorize the extension, assessment and collection of the tax, but the municipality's liability on the obligations is not limited thereto, and its governing body shall levy and cause to be extended, assessed and collected any additional taxes found necessary for full payment of the principal and interest. The auditor shall annually assess and extend upon the tax rolls the amount specified for such year in the resolution, unless the amount has been reduced as authorized below or, if the municipality is located in more than one county, the portion thereof that bears the same ratio to the whole amount as the Net Tax Capacity of taxable property in that part of the municipality located in the county bears to the Net Tax Capacity of all taxable property in the municipality.

Tax levies so made and filed shall be irrevocable, except as otherwise provided in Minnesota Statutes, Section 475.61, Subd. 3.

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FINANCIAL INFORMATION

Valuations

The table below reflects the Assessors Estimated Market Value (“AEMV”) for real and personal property for 2022/2023.

	<u>The County</u>	<u>Hennepin County</u>	<u>Total</u>	<u>Percentage</u>
Real Property.....	\$ 3,344,169,700	\$ 685,008,300	\$ 4,029,178,000	99.10%
Personal Property.....	<u>31,724,400</u>	<u>5,022,600</u>	<u>36,747,000</u>	<u>0.90%</u>
Total Valuation.....	<u>\$ 3,375,894,100</u>	<u>\$ 690,030,900</u>	<u>\$ 4,065,925,000</u>	<u>100.00%</u>

Source: The Counties.

Breakdown of Valuations

The table below reflects the Adjusted Taxable Net Tax Capacity for real and personal property for 2022/2023.

<u>Real Property</u>	<u>The County</u>	<u>Hennepin County</u>	<u>Total</u>	<u>Percent of Net Tax Capacity</u>
Residential Homestead	\$ 23,037,223	\$ 6,367,565	\$ 29,404,788	67.99%
Agricultural	2,602,060	92,206	2,694,266	6.23%
All Other Commercial & Industrial.....	4,936,195	685,361	5,621,556	13.00%
Public Utility	323,956	3,712	327,668	0.76%
Railroad	2,134	-	2,134	0.00%
Non-Homestead Residential	4,273,236	51,158	4,324,394	10.00%
Commercial & Residential Seasonal / Recreational.....	130,442	12,901	143,343	0.33%
Personal Property	<u>633,738</u>	<u>98,952</u>	<u>732,690</u>	<u>1.69%</u>
Subtotal	<u>\$ 35,938,984</u>	<u>\$ 7,311,855</u>	<u>\$ 43,250,839</u>	<u>100.00%</u>
Less:.....			-	
Captured Tax Increment Tax Capacity ⁽¹⁾	162,252	-	162,252	
Job Zone.....	-	-	-	
Power lines.....	-	-	-	
Fiscal Disparity Contribution Value.....	2,123,327	273,925	2,397,252	
Plus: Fiscal Disparity Distribution Value.....	<u>2,660,109</u>	<u>532,475</u>	<u>3,192,584</u>	
Total Taxable Net Tax Capacity	<u>\$ 36,313,514</u>	<u>\$ 7,570,405</u>	<u>\$ 43,883,919</u>	

⁽¹⁾ The captured tax increment value shown above represents the captured Net Tax Capacity of tax increment financing districts located in the District.

Source: The Counties.

Valuation Trends (Real and Personal Property)

The tables below reflect valuation trends over the past five (5) years.

Levy Year/ Collection Year	Assessor's Taxable Market Value	Assessor's Estimated Market Value	Sales Ratio ⁽¹⁾	Economic Market Value ⁽²⁾
2018/2019	\$ 2,719,688,738	\$ 2,842,839,100	90.89%	\$ 3,130,419,742
2019/2020	2,961,774,057	3,073,019,800	96.01%	3,210,424,738
2020/2021	3,075,715,174	3,184,060,200	94.09%	3,394,594,395
2021/2022	3,212,754,142	3,320,549,200	88.18%	3,775,255,374
2022/2023	3,970,009,096	4,065,925,000	92.35%	4,412,202,238

⁽¹⁾ Sales Ratio Study for the year of assessment as posted by the Minnesota Department of Revenue, <http://www.revenue.state.mn.us/propertytax/Pages/statistics-emv.aspx>. The District's sales ratio was calculated by comparing the selling prices with the AEMV.

⁽²⁾ Economic Market Value for the year of assessment as posted by the Minnesota Department of Revenue. <http://www.revenue.state.mn.us/propertytax/Pages/statistics-imv.aspx>. Dividing the AEMV of real estate by the sales ratio and adding the AEMV of personal property and utility, railroads and minerals, if any, results in the EMV for the District. Source: The Counties and the Minnesota Department of Revenue.

Levy Year/ Collection Year	Net Tax Capacity ⁽¹⁾	Taxable Net Tax Capacity ⁽²⁾	Adjusted Taxable Net Tax Capacity ⁽³⁾
2018/2019	\$ 29,273,236	\$ 28,760,374	\$ 29,775,597
2019/2020	31,965,949	31,404,765	32,613,933
2020/2021	33,363,994	32,925,878	34,110,228
2021/2022	34,838,311	34,386,075	35,701,299
2022/2023	43,250,839	40,691,335	43,883,919

⁽¹⁾ Net Tax Capacity includes tax increment and job zone values.

⁽²⁾ Taxable Net Tax Capacity does not include tax increment, power lines, job zone values and fiscal disparity distribution value.

⁽³⁾ Adjusted Taxable Net Tax Capacity does not include tax increment, power lines and job zone values. Does include fiscal disparity distribution value.

Source: The Counties.

Tax Capacity Rate

The table below reflects tax capacity rates for taxing bodies within the District, including the District, for the past five (5) years.

Taxing Body	2018/2019 Tax Capacity Rates	2019/2020 Tax Capacity Rates	2020/2021 Tax Capacity Rates	2021/2022 Tax Capacity Rates	2022/2023 Tax Capacity Rates
The District.....	33.800%	32.269%	32.367%	31.257%	24.139%
The County.....	36.488	35.179	34.634	34.170	29.267
Hennepin County.....	41.861	41.084	38.210	38.535	34.542
City of Carver.....	50.591	49.452	45.282	48.400	37.434
The City.....	52.500	46.713	46.140	46.158	41.301
City of Mayer (Rural).....	23.838	22.679	24.277	22.522	21.257
City of Mayer (Urban).....	49.251	49.354	49.099	48.430	44.323
City of New Germany (Rural).....	32.164	37.518	35.590	33.485	27.337
City of New Germany (Urban).....	97.651	95.862	93.705	91.074	77.328
City of Victoria (Rural).....	16.022	15.362	16.322	15.975	13.564
City of Victoria (Urban).....	31.271	31.042	32.226	31.249	27.375
City of Minnetrista.....	24.915	24.735	23.681	23.097	19.166
City of St. Bonifacius.....	27.260	24.981	25.526	27.225	24.122
Benton Township.....	12.809	14.184	15.821	15.604	13.568
Camden Township (Proper).....	13.580	13.294	12.584	12.226	10.252
Camden Township (New Germany Fire District).....	4.677	4.638	5.059	5.109	4.247
Camden Township (Mayer Fire District).....	4.896	4.788	4.844	6.216	5.238
Dahlgren Township.....	10.475	11.977	10.416	10.211	8.412
Hancock Township.....	13.802	13.158	14.344	14.077	11.882
Hollywood Township.....	16.978	16.917	18.653	18.355	16.930
Laketown Township.....	14.684	14.140	13.430	13.432	11.306
San Francisco Township (Proper).....	13.108	13.528	13.697	14.082	11.463
San Francisco Township (Carver Fire).....	5.766	5.522	5.292	4.806	3.780
Waconia Township.....	10.705	11.766	11.011	11.568	9.996
Watertown Township.....	14.160	13.886	13.269	12.963	10.555
The County CDA.....	1.626	1.598	1.664	1.635	1.395
The County Rail Authority.....	0.104	0.101	0.099	0.110	0.088
The County WMO.....	0.927	0.893	0.875	0.859	0.731
Metropolitan Mosquito.....	0.423	0.395	0.382	0.365	0.312
Metropolitan Council.....	0.650	0.590	0.628	0.637	0.543
Minnehaha Creek.....	1.652	1.450	1.442	1.432	1.151
Three Rivers Park District.....	2.961	2.859	2.793	2.787	2.473
Park Museum.....	0.705	0.710	0.707	0.722	0.647
Hennipin County Regional Railroad Authority.....	1.807	1.388	1.323	1.329	1.188
Hennepin Housing Redevelopment Authority.....	0.535	0.801	0.722	0.771	0.663
The District-Referendum Value.....	0.206	0.189	0.244	0.238	0.203

Source: The Counties.

The table below reflects tax capacity rates for a resident of the City for the past five (5) years.

Taxing Body	2018/2019 Tax Capacity Rates	2019/2020 Tax Capacity Rates	2020/2021 Tax Capacity Rates	2021/2022 Tax Capacity Rates	2022/2023 Tax Capacity Rates
The District.....	33.800%	32.269%	32.367%	31.257%	24.139%
The County.....	50.591	49.452	45.282	48.400	37.433
The City.....	52.500	46.712	46.139	46.157	41.300
Metropolitan Mosquito.....	0.422	0.394	0.382	0.364	0.312
Metropolitan Council.....	0.650	0.589	0.628	0.637	0.543
The County CDA.....	1.625	1.598	1.664	1.635	1.395
The County Rail Authority.....	0.104	0.101	0.099	0.109	0.088
The County WMO.....	<u>0.926</u>	<u>0.892</u>	<u>0.875</u>	<u>0.859</u>	<u>0.731</u>
Total.....	<u>140.618%</u>	<u>132.007%</u>	<u>127.436%</u>	<u>129.418%</u>	<u>105.941%</u>
The District-Referendum Value.....	0.205	0.188	0.243	0.238	0.203

Source: The County.

Tax Levies and Collections

The table below reflects tax levies and collections for the past five (5) years.

	<u>2018/2019</u>	<u>2019/2020</u>	<u>2020/2021</u>	<u>2021/2022</u>	<u>2022/2023⁽¹⁾</u>
Original Gross Tax Levy	\$15,554,310	\$ 16,333,795	\$ 18,559,448	\$ 19,090,748	\$19,105,435
Net Adjusted Tax Levy	\$15,305,487	\$ 16,033,667	\$ 18,270,559	\$ 18,778,231	\$18,816,288
Amount Collected during Collection Year	\$15,241,588	\$ 15,970,982	\$ 18,212,666	\$ 18,719,004	NA
Percent of Net Tax Levy Collected in Collection Year	99.58%	99.61%	99.68%	99.68%	NA
Amount Delinquent at End of Collection Year	\$ 63,899	\$ 62,684	\$ 57,894	\$ 59,228	NA
Total Adjusted Delinquencies Outstanding	\$ 11,758	\$ 10,501	\$ 19,040	\$ 59,228	NA
Adjusted Amount Collected	\$15,293,729	\$ 16,023,167	\$ 18,251,519	\$ 18,719,003	NA
Percent of Net Tax Levy Collected to Date.....	99.92%	99.93%	99.90%	99.68%	NA

⁽¹⁾ In progress.

Source: The Counties.

SUMMARY OF OPERATING RESULTS

General Fund Summary

The table below reflects the District’s General Fund summary for the past five (5) years, with years ended June 30.

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Receipts.....	\$ 42,819,280	\$ 46,564,514	\$ 49,083,254	\$ 52,180,648	\$ 53,065,282
Disbursements.....	<u>50,093,477</u>	<u>46,690,714</u>	<u>48,034,446</u>	<u>51,840,519</u>	<u>52,260,513</u>
Net Surplus (Deficit).....	(7,274,197) ⁽¹⁾	(126,200) ⁽²⁾	1,048,808	340,129	804,769
Other Sources (Uses).....	593,682	531,003	204,292	379,310	54,367
Restatement Adjustment....	-	-	-	(251,804) ⁽³⁾	
Beginning Fund Balance....	<u>271,567</u>	<u>(6,408,948)</u>	<u>(6,004,145)</u>	<u>(4,751,045)</u>	<u>(4,283,410)</u>
Ending Fund Balance.....	<u>\$ (6,408,948)</u>	<u>\$ (6,004,145)</u>	<u>\$ (4,751,045)</u>	<u>\$ (4,283,410)</u>	<u>\$ (3,424,274)</u>

⁽¹⁾ Deficit and negative fund balances due to change in special education funding. The revenues received are capped and additional expenditures have exceeded the capped revenues received.

⁽²⁾ Deficit due to loss of revenue and increased expenditures due to COVID-19 pandemic.

⁽³⁾ The restatement was the result of the District improperly accounting for the payment of health benefits for retirees over the past five years.

Source: Compiled from the District’s Annual Comprehensive Financial Report for fiscal years ended June 30, 2019-2023.

Unaudited Cash and Investment Balances

The table below reflects the District’s unaudited cash and investment balances as of June 30, 2023.

General Fund.....	\$ 1,502,632
Food Service Fund.....	2,430,349
Community Service Fund.....	1,796,453
Debt Service Fund.....	6,242,228
Internal Service Fund.....	<u>117,719</u>
Total.....	<u>\$ 12,089,381</u>

Source: The District.

State Funding for Education

School districts receive 90% of their annual state aid allotment in the current fiscal year, with the remaining 10% received in the subsequent fiscal year. The 2023 Omnibus Education Bill provided a total of \$2.264 billion of additional funding for Pre-K–12 Education for the fiscal year 24-25 biennium and \$3.2 billion for the fiscal year 26-27 biennium. This included an increase of 4.0% on the General Education Formula in fiscal year 2024 and 2.0% in fiscal year 2025, going from \$6,862 per student in fiscal year 2023, to \$7,138 in fiscal year 2024, and \$7,281 in fiscal year 2025. Starting in fiscal year 2026, increases to the formula allowance will be tied to inflation as measured by the Consumer Price Index, not to exceed 3%.

The State Legislature also focused on early childhood education programs, English learner aid and Special Education Funding, trying to close the gap in what is known as Special Education Cross Subsidy. This subsidy is defined as dollars spent from General Education Funding to offset the gap between Special Education Revenue and actual Special Education Expenditures.

The State committed an additional \$300 million for early childhood programs in the fiscal year 24-25 biennium and an additional \$100 million in fiscal year 26-27 biennium. For English learner aid, the State has committed \$86.9 million for fiscal year 24-25 and \$171.8 million for the fiscal year 26-27. The State increased the Special Education Cross Subsidy aid generating \$662.8 million in fiscal year 24-25 and \$821 million in fiscal year 26-27. The remaining funding is allocated across various categorical programs.

General Fund Budget Summary

The table below reflects the District’s 2023/2024 General Fund budget.

Beginning Fund Balance as of June 30, 2023.....	\$ (3,424,274)
Revenues.....	55,855,968
Expenditures.....	<u>51,628,641</u>
Net Surplus (Deficit).....	<u>4,227,327</u>
Ending Fund Balance as of June 30, 2024.....	<u><u>\$ 803,053</u></u>

Source: The District.

SUMMARY OF DEBT AND DEBT STATISTICS

Summary of Outstanding Debt

The table below reflects a summary of the outstanding debt of the District as of the closing of the Bonds.

<u>Issue Description</u>	<u>Dated Date</u>	<u>Original Amount of Issue</u>	<u>Current Amount Outstanding</u>	<u>Final Maturity Date</u>
General Obligation School Building Refunding Bonds, Series 2015A....	01/13/15	\$ 17,555,000	\$ 5,745,000	02/01/26
General Obligation School Building Bonds, Series 2015B.....	02/18/15	75,000,000	75,000,000	02/01/39
General Obligation School Building Refunding Bonds, Series 2015C....	12/30/15	6,830,000	1,200,000	02/01/25
General Obligation Facilities Maintenance Bonds, Series 2016A.....	09/29/16	5,405,000	1,975,000	02/01/28
General Obligation Tax Abatement Bonds, Series 2017B.....	09/14/17	5,040,000	3,250,000	02/01/33
General Obligation Facilities Maintenance Bonds, Series 2017C.....	09/14/17	7,290,000	4,830,000	02/01/33
The Bonds.....	03/14/24	5,930,000*	<u>5,930,000*</u>	02/01/44
Total			<u><u>\$ 97,930,000*</u></u>	

*Preliminary, subject to change.

The table below reflects a summary of the outstanding special obligation debt of the District as of the closing of the Bonds.

<u>Issue Description</u>	<u>Dated</u> <u>Date</u>	<u>Original</u> <u>Amount of</u> <u>Issue</u>	<u>Current</u> <u>Amount</u> <u>Outstanding</u>	<u>Final</u> <u>Maturity</u> <u>Date</u>
Certificates of Participation, Series 2017A.....	06/29/17	\$ 3,160,000	\$ 2,370,000	02/01/37
Lease Purchase Agreement 2018.....	12/28/18	923,000	596,000	02/01/30
Lease Purchase Agreement 2019.....	05/16/19	1,585,000	1,253,000	02/01/35
Lease Purchase Agreement 2020.....	05/15/20	844,931	520,420	07/15/29
Total			<u>\$ 4,739,420</u>	

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Debt Repayment Schedule

The table below reflects the maturity schedule for the outstanding debt of the District as of the closing of the Bonds.

Issue:	General Obligation School Building Refunding Bonds, Series 2015A	General Obligation School Building Bonds, Series 2015B	General Obligation School Building Refunding Bonds, Series 2015C	General Obligation Facilities Maintenance Bonds, Series 2016A	General Obligation Tax Abatement Bonds, Series 2017B
Dated:	1/13/2015	2/18/2015	12/30/2015	9/29/2016	9/14/2017
Par Amount:	\$17,555,000	\$75,000,000	\$6,830,000	\$5,405,000	\$5,040,000
Maturity:	Feb-01	Feb-01	Feb-01	Feb-01	Feb-01

Fiscal Year	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2025	3,470,000	264,500	-	2,481,606	1,200,000	30,000	845,000	39,500	325,000	87,500
2026	2,275,000	91,000	2,030,000	2,481,606	-	-	520,000	22,600	335,000	81,000
2027	-	-	4,635,000	2,420,706	-	-	310,000	12,200	340,000	74,300
2028	-	-	4,770,000	2,281,656	-	-	300,000	6,000	345,000	67,500
2029	-	-	4,915,000	2,138,556	-	-	-	-	360,000	57,150
2030	-	-	5,060,000	1,991,106	-	-	-	-	370,000	46,350
2031	-	-	5,215,000	1,839,306	-	-	-	-	380,000	35,250
2032	-	-	5,370,000	1,682,856	-	-	-	-	390,000	23,850
2033	-	-	5,530,000	1,521,756	-	-	-	-	405,000	12,150
2034	-	-	5,695,000	1,355,856	-	-	-	-	-	-
2035	-	-	5,925,000	1,128,056	-	-	-	-	-	-
2036	-	-	6,110,000	942,900	-	-	-	-	-	-
2037	-	-	6,300,000	751,963	-	-	-	-	-	-
2038	-	-	6,615,000	436,963	-	-	-	-	-	-
2039	-	-	6,830,000	221,975	-	-	-	-	-	-
2040	-	-	-	-	-	-	-	-	-	-
2041	-	-	-	-	-	-	-	-	-	-
2042	-	-	-	-	-	-	-	-	-	-
2043	-	-	-	-	-	-	-	-	-	-
2044	-	-	-	-	-	-	-	-	-	-
	<u>\$ 5,745,000</u>	<u>\$ 355,500</u>	<u>\$ 75,000,000</u>	<u>\$ 23,676,869</u>	<u>\$ 1,200,000</u>	<u>\$ 30,000</u>	<u>\$ 1,975,000</u>	<u>\$ 80,300</u>	<u>\$ 3,250,000</u>	<u>\$ 485,050</u>

Issue:	General Obligation Facilities Maintenance Bonds, Series 2017C	The Bonds
Dated:	9/14/2017	3/14/2024
Par Amount:	\$7,290,000	\$5,930,000*
Maturity:	Feb-01	Feb-01

Fiscal Year	Principal	Interest	Principal*	Interest*	Total Principal*	Cumulative Amount*	Retirement Percentage*	Total Interest*	Total Debt Service*
2024	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 97,930,000	0.00%	\$ -	\$ -
2025	470,000	149,400	-	261,085	6,310,000	91,620,000	6.44%	3,313,591	9,623,591
2026	490,000	130,600	-	296,500	5,650,000	85,970,000	12.21%	3,103,306	8,753,306
2027	510,000	111,000	-	296,500	5,795,000	80,175,000	18.13%	2,914,706	8,709,706
2028	520,000	100,800	-	296,500	5,935,000	74,240,000	24.19%	2,752,456	8,687,456
2029	535,000	85,200	-	296,500	5,810,000	68,430,000	30.12%	2,577,406	8,387,406
2030	550,000	69,150	-	296,500	5,980,000	62,450,000	36.23%	2,403,106	8,383,106
2031	570,000	52,650	-	296,500	6,165,000	56,285,000	42.53%	2,223,706	8,388,706
2032	585,000	35,550	-	296,500	6,345,000	49,940,000	49.00%	2,038,756	8,383,756
2033	600,000	18,000	-	296,500	6,535,000	43,405,000	55.68%	1,848,406	8,383,406
2034	-	-	-	296,500	5,695,000	37,710,000	61.49%	1,652,356	7,347,356
2035	-	-	-	296,500	5,925,000	31,785,000	67.54%	1,424,556	7,349,556
2036	-	-	-	296,500	6,110,000	25,675,000	73.78%	1,239,400	7,349,400
2037	-	-	245,000	296,500	6,545,000	19,130,000	80.47%	1,048,463	7,593,463
2038	-	-	255,000	284,250	6,870,000	12,260,000	87.48%	721,213	7,591,213
2039	-	-	265,000	271,500	7,095,000	5,165,000	94.73%	493,475	7,588,475
2040	-	-	935,000	258,250	935,000	4,230,000	95.68%	258,250	1,193,250
2041	-	-	980,000	211,500	980,000	3,250,000	96.68%	211,500	1,191,500
2042	-	-	1,030,000	162,500	1,030,000	2,220,000	97.73%	162,500	1,192,500
2043	-	-	1,085,000	111,000	1,085,000	1,135,000	98.84%	111,000	1,196,000
2044	-	-	1,135,000	56,750	1,135,000	-	100.00%	56,750	1,191,750
	<u>\$ 4,830,000</u>	<u>\$ 752,350</u>	<u>\$ 5,930,000</u>	<u>\$ 5,174,835</u>	<u>\$ 97,930,000</u>			<u>\$ 30,387,153</u>	<u>\$ 126,097,153</u>

*Preliminary, subject to change.

The table below reflects a summary of the outstanding special obligation debt of the District as of the closing of the Bonds.

Issue:	Certificates of Participation, Series 2017A	Lease Purchase Agreement 2018	Lease Purchase Agreement 2019
Dated:	6/29/2017	12/28/2018	5/16/2019
Par Amount:	\$3,160,000	\$923,000	\$1,585,000
Maturity:	Feb-01	Feb-01	Feb-01

Fiscal Year	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2025	145,000	88,963	90,000	23,184	92,000	52,626
2026	155,000	83,163	94,000	19,683	96,000	48,762
2027	160,000	76,963	97,000	16,027	100,000	44,730
2028	165,000	71,763	101,000	12,254	104,000	40,530
2029	170,000	66,400	105,000	8,325	108,000	36,162
2030	175,000	61,300	109,000	4,240	113,000	31,626
2031	180,000	56,050	-	-	118,000	26,880
2032	185,000	50,650	-	-	122,000	21,924
2033	190,000	44,730	-	-	128,000	16,800
2034	200,000	38,650	-	-	133,000	11,424
2035	205,000	32,250	-	-	139,000	5,838
2036	215,000	22,000	-	-	-	-
2037	225,000	11,250	-	-	-	-
	<u>\$ 2,370,000</u>	<u>\$ 704,130</u>	<u>\$ 596,000</u>	<u>\$ 83,713</u>	<u>\$ 1,253,000</u>	<u>\$ 337,302</u>

Issue:
Dated:
Par Amount:
Maturity:

Lease Purchase Agreement
2020
5/15/2020
\$844,931
Jul-15

Fiscal Year	Principal	Interest	Total Principal	Cumulative Amount	Retirement Percentage	Total Interest	Total Debt Service
2024	\$ -	\$ -	\$ -	\$ 4,739,420	0.00%	\$ -	\$ -
2025	81,677	12,489	408,677	4,330,743	8.62%	177,262	585,939
2026	83,637	10,529	428,637	3,902,106	17.67%	162,137	590,774
2027	85,644	8,522	442,644	3,459,462	27.01%	146,241	588,885
2028	87,699	6,466	457,699	3,001,763	36.66%	131,012	588,711
2029	89,804	4,362	472,804	2,528,959	46.64%	115,248	588,052
2030	91,959	2,207	488,959	2,040,000	56.96%	99,373	588,332
2031	-	-	298,000	1,742,000	63.24%	82,930	380,930
2032	-	-	307,000	1,435,000	69.72%	72,574	379,574
2033	-	-	318,000	1,117,000	76.43%	61,530	379,530
2034	-	-	333,000	784,000	83.46%	50,074	383,074
2035	-	-	344,000	440,000	90.72%	38,088	382,088
2036	-	-	215,000	225,000	95.25%	22,000	237,000
2037	-	-	225,000	-	100.00%	-	225,000
	<u>\$ 520,420</u>	<u>\$ 44,574</u>	<u>\$ 4,739,420</u>			<u>\$ 1,158,469</u>	<u>\$ 5,897,889</u>

Lease Liability and Finance Purchase Agreements

The District entered into finance purchase agreements for a scoreboard, copier equipment and a Drivers Ed Vehicle and entered into lease liability agreements for Apple products and services. The table below reflects the District's future minimum annual principal and interest payments required to retire these agreements as of June 30, 2023.

Year Ending June 30,	Finance Purchase Agreement		Lease Liability	
	Principal	Interest	Principal	Interest
2024	\$ 109,637	\$ 8,325	\$ 49,611	\$ 3,780
2025	87,051	3,924	51,069	2,323
2026	-	-	40,000	471
Total.....	<u>\$ 196,688</u>	<u>\$ 12,249</u>	<u>\$ 140,680</u>	<u>\$ 6,574</u>

Source: The District's Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023.

Overlapping Debt

The table below reflects the overlapping debt of the District as of December 31, 2022.

Issuer	2022/2023	2022/2023	Percentage	Outstanding	Taxpayers' Share
	Taxable Net	Taxable Net			
	Tax Capacity	Tax Capacity in	District	Obligation Debt ⁽¹⁾	of Debt
The County.....	\$ 221,610,364	\$ 36,313,514	16.39%	\$ 8,980,000	\$ 1,471,822
City of New Germany.....	589,211	589,211	100.00%	1,800,000	1,800,000
The City.....	24,500,451	24,500,451	100.00%	37,055,000	37,055,000
City of Victoria.....	26,879,516	1,745,132	6.49%	21,355,000	1,385,940
Laketown Township.....	4,695,510	3,295,855	70.19%	790,000	554,501
Waconia Township.....	3,415,480	3,163,619	92.63%	145,000	134,314
Hennepin County.....	2,672,668,521	7,570,405	0.28%	1,439,270	4,030
City of Minnetrista.....	30,406,777	4,004,555	13.17%	17,360,364	2,286,360
City of St. Bonifacius.....	3,565,850	3,565,850	100.00%	1,174,000	1,174,000
Metro Transit.....	2,521,802,393	7,570,405	0.30%	536,350,000	1,609,050
The County CDA.....	221,610,364	36,313,514	16.39%	25,550,000	4,187,645
Three Rivers Park District.....	1,911,697,254	7,570,405	0.40%	58,975,000	235,900
Hennepin County Regional Railroad Authority.....	2,672,668,521	7,570,405	0.28%	86,235,000	241,458
Met Council.....	221,610,364	36,313,514	16.39%	1,717,186,171	281,446,813
Total					<u>\$ 52,140,019</u>

⁽¹⁾ Values shown are Adjusted Taxable Net Tax Capacities which have been adjusted for Fiscal Disparity Contribution, Tax Increment Captured Tax Capacity and 200 KV Transmission Lines.

Source: The Counties.

Debt Statement

The table below reflects the District’s Statutory Debt Limit and Statutory Debt Margin as of the closing of the Bonds.

General Obligation Direct Debt Outstanding.....	\$92,000,000
Lease Obligations.....	\$4,739,420
Plus: The Bonds.....	\$5,930,000 *
Net Direct Debt	\$102,669,420 *
Overlapping Bonded Debt.....	\$52,140,019
Net Direct Debt and Overlapping Bonded Debt.....	\$154,809,439 *
Adjusted Market Value (2022/2023)... ⁽¹⁾	\$4,699,947,982
Statutory Debt Limit (15% of Adjusted Market Value)... ⁽²⁾	\$704,992,197
Direct Debt Applicable to Debt Margin ... ⁽³⁾	\$101,553,000 *
Statutory Debt Margin	\$603,439,197 *

*Preliminary, subject to change.

⁽¹⁾ The District’s Adjusted Market Value was calculated by dividing the Assessor’s Estimated Market Value by Sales Ratio for Net Tax Capacity. Sales Ratio for Net Tax Capacity for assessment year 2022 was 86.51%, as posted by the Minnesota Department of Revenue, <https://www.mndor.state.mn.us/ReportServer/Pages/ReportViewer.aspx?/Property+Tax/ANTC>.

⁽²⁾ Minnesota Statutes, Section 475.53, subdivision 4, states that a district may not incur or be subject to a net debt in excess of fifteen percent (15%) of its estimated market value or adjusted market value, whichever results in a higher value.

⁽³⁾ Does not include the 2018 and 2020 Lease Purchase Agreements because lease obligations less than \$1,000,000 are excluded from the direct debt applicable to the debt margin.

Debt Ratios

The table below reflects the District’s Net Direct Debt Per Capita as of the closing of the Bonds.

Economic Market Value (2022/2023).....	\$4,412,202,238
2020 Census Population.....	22,370
Net Direct Debt to Economic Market Value.....	2.33% *
Net Direct Debt and Overlapping Bonded Debt to Estimated Market Value	3.51% *
Net Direct Debt Per Capita	\$4,589.60 *
Net Direct Debt and Overlapping Bonded Debt Per Capita.....	\$6,920.40 *

*Preliminary, subject to change.

SHORT-TERM FINANCING RECORD

The table below reflects the short-term cash flow borrowings for the District for the past (5) years.

<u>Dated</u>	<u>Amount</u>	<u>Due</u>
January 28, 2019	\$4,985,000	September 30, 2019
September 24, 2019	\$7,000,000	September 30, 2020
September 24, 2020	\$7,000,000	September 30, 2021
January 25, 2022	\$3,000,000	May 31, 2022
January 25, 2023	\$3,000,000	May 31, 2023

FUTURE FINANCING

The District anticipates issuing \$10,320,000 General Obligation Facilities Maintenance Bonds in 2025.

DEFAULT RECORD

The District has no record of default and has met its principal and interest repayment obligations promptly.

THE OFFICIAL STATEMENT

This Official Statement includes the cover page, reverse thereof and the appendices hereto.

All references to material not purporting to be quoted in full are only summaries of certain provisions thereof and do not purport to summarize or describe all the provisions thereof. Reference is hereby made to such instruments, documents and other materials for the complete provision thereof, copies of which will be furnished upon request to the District.

Accuracy and Completeness of the Official Statement

This Official Statement has been approved by the District for distribution to the Underwriter of the Bonds.

The District's officials will provide to the Underwriter of the Bonds at the time of delivery of the Bonds, a certificate confirming to the Underwriter that, to the best of their knowledge and belief, the Official Statement, with respect to the Bonds, at the time of the sale and delivery of the Bonds, was true and correct in all material respects and did not at any time contain an untrue statement of a material fact or omit to state a material fact required to be stated, where necessary to make the statements, in light of the circumstances under which they were made, not misleading.

/s/

Director of Finance & Operations
Independent School District No. 110
(Waconia Public Schools)
Carver and Hennepin Counties, Minnesota

February __, 2024

Form of Legal Opinion of Bond Counsel

Annual Comprehensive Financial Report for Fiscal Year Ended June 30, 2023

The Annual Comprehensive Financial Report of the District contained in this Appendix B (the “Audit”), including the independent auditor’s report accompanying the Audit, has been prepared by CliftonLarsonAllen LLP, Austin, Minnesota (the “Auditor”), and approved by formal action of the Board of Education of the District. The District has not requested the Auditor to update information contained in the Audit; nor has the District requested that the Auditor consent to the use of the Audit in this Official Statement. Other than as expressly set forth in this Official Statement, the financial information contained in the Audit has not been updated since the date of the Audit. The inclusion of the Audit in this Official Statement in and of itself is not intended to demonstrate the fiscal condition of the District since the date of the Audit.

Form of Continuing Disclosure

Book-Entry System

BOOK-ENTRY SYSTEM

The Depository Trust Company (“DTC”) will act as securities depository for the Bonds. The Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non- U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). S&P Global Ratings has assigned DTC its rating of “AA+”. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are

credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the District or Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Registrar, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from DTC, and the District takes no responsibility for the accuracy thereof.

The District will have no responsibility or obligation to any Securities Depository, any Participants in the Book-Entry System or the Beneficial Owners with respect to (i) the accuracy of any records maintained by the Securities Depository or any Participant; (ii) the payment by the Securities Depository or by any Participant of any amount due to any Beneficial Owner in respect of the principal amount or redemption price of, or interest on, any Bonds; (iii) the delivery of any notice by the Securities Depository or any Participant; (iv) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Bonds; or (v) any other action taken by the Securities Depository or any Participant.

1.D. Post Issuance Compliance

**INDEPENDENT SCHOOL DISTRICT NO. 110 (WACONIA PUBLIC SCHOOLS),
MINNESOTA**

Post-Issuance Tax Compliance Policy & Written Procedures

Dated: February 26, 2024

This policy and the procedures set forth herein are adopted by Independent School District No. 110 (Waconia Public Schools), Minnesota (“Issuer”), to ensure that interest on tax-exempt bonds (and other tax-exempt obligations, such as leases and certificates of participation therein) of the Issuer (the “Bonds”) remains excluded from gross income under Section 103 of the Internal Revenue Code of 1986 (the “Code”). These guidelines are intended to replace any of the Issuer’s prior post-issuance tax compliance policies and procedures for tax-exempt bonds previously followed in connection with its Bonds. The Issuer reserves the right to use its discretion as necessary and appropriate to make exceptions to these guidelines or adopt additional policies or procedures as facts and circumstances warrant.

I. Use of Bond Proceeds

A. Expenditure of Bond proceeds will be regularly reviewed by the Director of Finance and Operations for consistency with the Bond documents, including any Bond resolution, trust indenture, lease-purchase agreement, disbursement agreement or tax certificate (including any tax compliance agreement or similar document).

B. The Issuer has separately established procedures for preparation and review of requests for payment of expenses from Bond proceeds as part of its accounting system. Requests must identify the Bond-financed property in conformity with the Issuer’s tax certificate executed at closing of the Bonds, including the character of the Bond-financed property.

C. None of the proceeds of the Bonds will be used to reimburse the Issuer for costs paid prior to the date of issuance of the Bonds unless the Issuer shall have fully complied with Section 1.150-2 of the Treasury Regulations with respect to such reimbursed amounts, which section is summarized in Exhibit A hereto.

D. Staff costs may be financed with Bond proceeds only to the extent that they are properly capitalized as a cost of a capital project under generally accepted accounting principles and federal tax law.

F. Requests for expenditures will be summarized in a “final allocation” of Bond proceeds to uses not later than 18 months after the in-service date of the Bond-financed property (and in any event not later than 5 years and 60 days after the issuance of the Bonds and not later than 60 days after earlier retirement of the Bond issue) in a manner consistent with allocations made to determine compliance with the Code and Treasury Regulations and the applicable tax certificate.

G. Expenditure of proceeds of the Bonds will be measured against the Issuer's expectation at issuance of the Bonds to (i) incur within 6 months a substantial binding obligation to a third party to expend at least 5% of the net sale proceeds of the Bonds on capital projects, (ii) allocate at least 85% of net sale proceeds to expenditures on the capital projects within 3 years, and (iii) proceed with due diligence to complete the capital projects and fully spend the net sale and investment proceeds. In the event that exceptions under the Code are not met, annual calculations of rebate liability will be performed or caused to be performed by the Director of Finance and Operations.

H. If there are any Bond proceeds remaining other than in a reserve or debt service fund established pursuant to the Bond resolution or trust indenture after completion of the projects, such proceeds shall be applied in a manner consistent with the applicable Bond resolution, trust indenture, loan agreement and tax certificate or pursuant to advice from bond counsel.

I. In the event that Bond proceeds are to be used to make a grant from the Issuer to an unrelated party, a grant agreement must be executed and reviewed prior to execution for compliance with the Code. Such agreement will be in a form approved by the Director of Finance and Operations. Bond proceeds can be used to make grants only for a "governmental purpose." The grant agreement must not impose any obligation or condition to directly or indirectly repay, in whole or in part, any amount to the Issuer. However, obligations or conditions intended solely to assure expenditure of the funds in accordance with the governmental purpose of the transfer, which may include repayment, are permissible.

II. Use of Bond-Financed Property

A. Records will be maintained by the Director of Finance and Operations identifying the assets or portion of assets that are financed with Bond proceeds, including the average economic life of such Bond-financed property.

B. Upon issuance of Bonds, there shall be no expectation that the Bond-financed property will be sold or otherwise disposed of by the Issuer during the term of the Bonds.

C. Appropriate personnel will be trained regarding restrictions on the use of Bond proceeds and the facilities financed thereby and instructed to consult with the Director of Finance and Operations regarding any third-party contract concerning use of the facilities, including without limitation leases, use, management or service contracts, and research contracts.

D. Agreements with third parties for lease, use, management, or any other service agreement or research contract with respect to, or non-governmental use in respect of, Bond-financed property must be approved prior to execution (or material modification) by the Director of Finance and Operations, who will be responsible for determining whether the proposed agreement results in private business use of the facilities, upon advice of bond counsel, as necessary. If applicable in making such determination, the Director of Finance and Operations will determine whether the proposed agreement meets the compensation, term and other requirements of Revenue Procedure 2017-13, regarding service agreements (summarized in

Exhibit B hereto), or the guidelines of Revenue Procedure 2007-47, regarding research sponsorship agreements (summarized in Exhibit C hereto).

E. The Director of Finance and Operations will communicate at least annually with the appropriate personnel to identify and discuss any existing or planned private use of Bond-financed facilities. Guidelines for measuring and allocating any such use are summarized in Exhibit D hereto.

F. No item of Bond-financed property will be sold or transferred by the Issuer without approval of the Director of Finance and Operations who shall seek advice of bond counsel, as necessary, to provide guidance as to “remedial action” that may be required under the applicable Treasury Regulations if Bonds financing such property remain outstanding as of the date of sale or transfer of such property. Remedial action is summarized in Exhibit E hereto.

III. Investments

A. If the issue price of the Bonds cannot be determined on or before the date the Bonds are issued, the Issuer will continue monitoring sales of Bonds until 10% of each maturity of Bonds has been sold to the public at a single price or until all of the Bonds are sold to the public. If, in such circumstances, all of the Bonds are sold, but no single price was agreed with respect to at least 10% of a maturity of the Bonds, the Issuer will consult with bond counsel to determine a reasonable method to establish the issue price of that maturity.

B. Investment of Bond proceeds in compliance with the arbitrage and rebate requirements of the Code and applicable Treasury Regulations will be managed by the Director of Finance and Operations in compliance with the applicable Bond resolution or trust indenture (or similar document) and the tax certificate.

C. Guaranteed investment contracts (“GICs”) and defeasance escrow securities will be purchased according to the fair market value provisions of applicable Treasury Regulations, including bid requirements and fee limitations. Certificates of deposit will be purchased only according to the fair market value provisions of applicable Treasury Regulations. Bond counsel will be consulted before purchasing any other, non-marketable securities and before depositing gross proceeds in any other bank account not explicitly authorized by the Bond documents.

D. Upon final expenditure of the gross proceeds of Bonds, and in any event promptly following the fifth anniversary of the date of issuance of the Bonds or earlier retirement of the Bonds, the Director of Finance and Operations will prepare or cause to be prepared a spending exception report or an arbitrage rebate computation (as applicable) for the issue of Bonds. Rebate payments, if due, will be made with Form 8038-T no later than 60 days after (i) each fifth anniversary of the date of issuance of the Bonds and (ii) the final retirement of the Bond issue.

IV. Record Management and Retention

A. Management and retention of records related to Bond issues will be supervised by the Director of Finance and Operations.

B. Records for Bonds will be retained for not less than the life of the Bonds, plus any refunding bonds, plus three years. Such records may be in the form of documents or electronic copies of documents, appropriately indexed to specific Bond issues and compliance functions.

C. Retainable records pertaining to Bond issuance, use and investment of Bond proceeds and use of Bond-financed property shall include the following, which shall be retained by the Director of Finance and Operations:

- The Bond closing transcript and any amendments to Bond documents.
- Documents relating to any expenditure financed by Bond proceeds. Such documents will include requests for Bond proceeds, construction contracts, purchase orders, invoices, and payment records. Such documents will include documents relating to costs reimbursed with Bond proceeds.
- Records identifying the assets or portion of assets that are financed with Bond proceeds.
- All contracts and arrangements involving private use of the Bond-financed property, including third-party lease, use, management or service contracts, and research contracts.
- All reports relating to the allocation of Bond proceeds and private use of Bond-financed assets, including information on unrelated business use.
- Records of investments, GICs or other investment agreements, and records of investment activity sufficient to permit calculation of arbitrage rebate, or demonstration that no rebate is due; arbitrage reports; and copies of rebate calculations and records of payments, including Forms 8038-T.

V. Overall Responsibility

A. Overall administration and coordination of these guidelines and related staff training, as deemed necessary, are the responsibility of the Director of Finance and Operations.

B. The Director of Finance and Operations will coordinate an annual review process to investigate, monitor, assure and document compliance with these guidelines.

C. The Issuer understands that failure to comply with these policies and procedures could result in the retroactive loss of the exclusion of interest on Bonds from federal gross and Minnesota taxable net income and, thus, it would be advisable to consult with bond counsel in advance regarding deviations from the facts and expectations as set forth in the closing certifications relating to any issue of Bonds.

D. Any violations or potential violations of federal tax requirements shall promptly be reported to the Director of Finance and Operations who, if necessary, will engage qualified consultants and bond counsel to further investigate potential violations or undertake appropriate remedial actions. Any deviation or contemplated deviation from the facts and expectations set forth

in the closing certifications relating to any issue of Bonds should be reported promptly to Director of Finance and Operations or appropriate staff, who normally will consult bond counsel for advice regarding such deviation.

EXHIBIT A

REIMBURSEMENT BOND SUMMARY

Following is a general summary of the requirements relating to bonds that are issued to reimburse expenditures that were paid prior to the date of issuance of bonds (“Reimbursement Bonds”).

Reimbursement Bond proceeds cannot be used to reimburse expenditures paid more than 60 days prior to the adoption of the declaration of official intent/reimbursement resolution, which must contain:

- a general functional description of the property to which the reimbursement relates or an identification of the fund or account from which the expenditure is to be paid and a general functional description of the purposes of such fund or account; and
- the maximum principal amount of debt to be issued.

Reimbursement Bonds must be issued not later than 18 months after the later of (i) the date on which the original expenditure is paid, or (ii) the date on which the property is placed in service, but in any case not more than three years after the date on which the original expenditure is paid. If possible, actual reimbursement should be made within 30 days of the date of issuance of the Reimbursement Bonds.

Note that there are exceptions for “de minimis” amounts (not in excess of the lesser of \$100,000 or 5% of proceeds of the issue) and for “preliminary expenditures” (such as architectural, engineering, surveying, soil testing and similar costs, and costs of issuance), so long as such preliminary expenditures do not exceed 20% of the aggregate issue price.

EXHIBIT B

SUMMARY OF REVENUE PROCEDURE 2017-13

Management contracts and other agreements with service providers with respect to property financed with proceeds of tax-exempt bonds may result in private business use of that property for purposes of § 141 of the Internal Revenue Code of 1986. Whether such an agreement results in private business use is generally based on all of the facts and circumstances but generally results in private business use if the contract provides for compensation based, in whole or in part, on a share of net profits from the operation of the facility. An agreement that results in a lease or ownership of the property by the service provider for federal income tax purposes generally is not considered a management contract for this purpose and generally results in private business use.

Revenue Procedure 2017-13 provides conditions under which a management contract does not result in private business use of the financed property.¹ The following is a summary of the Rev. Proc. 2017-13 requirements and safe harbors and should be used with care. Rev. Proc. 2017-13 and other relevant authority should be reviewed in connection with each proposed management or other service-provider agreement.

I. General Definitions

“*Governmental person*” means a state or local governmental unit as defined in Treas. Reg. § 1.103-1 or any instrumentality thereof. It does not include the United States or any agency or instrumentality thereof.

“*Managed property*” means the portion of a project with respect to which a service provider provides services.

“*Management contract*” means a management, service, or incentive payment contract between a qualified user and a service provider under which the service provider provides services for a managed property. A management contract does not include a contract or portion of a contract for the provision of services before a managed property is placed in service (for example, pre-operating services for construction design or construction management).

“*Project*” means one or more facilities or capital projects, including land, buildings, equipment, or other property, financed in whole or in part with proceeds of the bond issue.

“*Qualified user*” means, for projects financed with governmental bonds, any governmental person or, for projects financed with qualified 501(c)(3) bonds, any governmental person or any 501(c)(3) organization with respect to its activities which do not constitute an unrelated trade or business, determined by applying § 513(a).

“*Related party*” means, in reference to a governmental unit or a 501(c)(3) organization, any member of the same controlled group, and in reference to any person that is not a governmental unit or 501(c)(3) organization, a related person (as defined in § 144(a)(3) of the Code).

“*Renewal option*” means a provision under which either party has a legally enforceable right to renew the contract. Thus, for example, a provision under which a contract is automatically

¹ An issuer/borrower may continue to rely on Rev. Proc. 97-13, as modified by Rev. Proc. 2001-39 and amplified by Notice 2014-67, with respect to a management contract entered into before August 18, 2017 and that is not materially modified or extended on or after that date (except pursuant to certain renewal options).

renewed for one-year periods absent cancellation by either party is not a renewal option (even if it is expected to be renewed).

“*Service provider*” means any person other than a qualified user that provides services to, or for the benefit of, a qualified user under a management contract.

“*Unrelated parties*” means persons other than either: (1) a related party to the service provider or (2) a service provider’s employee.

Eligible Expense Reimbursement Arrangements

A management contract under which the only compensation consists of reimbursements of actual and direct expenses paid by the service provider to unrelated parties and reasonable related administrative overhead expenses of the service provider does not result in private business use.

Qualified Management Contracts

Management contracts that are not eligible expense reimbursement arrangements (as described above) do not result in private business use if the below requirements are met. Moreover, a service provider’s use that is functionally related and subordinate to its services provided under such a qualifying management contract (*e.g.*, use of storage areas to store equipment used to perform the services) does not result in private business use.

Term of the Contract

The term of the contract, including all renewal options, must not be greater than the lesser of 30 years or 80% of the weighted average reasonably expected economic life of the managed property, determined as of the beginning of the term of the contract.

Control of Managed Property

The qualified user must exercise a significant degree of control over the use of the managed property. This requirement is met if the contract requires the qualified user to approve:

- the annual budget;
- capital expenditures (*e.g.*, by approving an annual budget for capital expenditures described by functional purpose and specific maximum amounts);
- each disposition of property (as with capital expenditures);
- rates charged for use (*e.g.*, by expressly approving the rates or a general description of the rate-setting methodology (such as a method that establishes hotel room rates using specified revenue goals based on comparable properties), or by requiring that the rates be reasonable and customary as specifically determined by, or negotiated with, an independent third party (such as a medical insurance company); and
- the general nature and type of use of the managed property.

Risk of Loss of the Managed Property

The qualified user must bear the risk of loss upon damage or destruction of the managed property (*e.g.*, due to *force majeure*). A qualified user may, however, insure against risk of loss and impose a penalty on the service provider for failure to operate the property in accordance with certain standards.

No Inconsistent Tax Position

The service provider must agree that it is not entitled to and will not take any tax position that is inconsistent with being a service provider with respect to the managed property. For example, the service provider must agree not to claim any depreciation or amortization, investment tax credit, or deduction for any payment as rent with respect to the managed property.

No Substantial Limitation of Rights

The service provider must not have any role or relationship with the qualified user that, in effect, substantially limits the qualified user's ability to exercise its rights under the contract, based on all the facts and circumstances. A service provider will not be treated as having such a prohibited role or relationship if:

- no more than 20% of the voting power of the governing body of the qualified user is vested in the directors, officers, shareholders, partners, members, and employees of the service provider (or its related parties) in the aggregate;
- the governing body of the qualified user does not include the CEO or other person with equivalent management responsibilities of the service provider (or any of its related parties) or other chairperson or equivalent executive of the service provider's governing body (or that of any of its related parties); and
- the CEO or equivalent of the service provider (or any of its related parties) is not the CEO or equivalent of the qualified user or any of the qualified user's related parties.

Compensation and Expenses

Reasonable Compensation

Payments to the service provider under the contract must be reasonable compensation for services rendered during the term of the contract. Compensation includes payments to reimburse actual and direct expenses and related administrative overhead expenses.

No Net Profits or Net Losses

The contract must not (i) provide to the service provider a share of net profits from the operation of the managed property or (ii) in substance, impose upon the service provider the burden of bearing any share of net losses from the operation of the managed property.

Compensation will not be treated as a share of net profits if *no element of the compensation*² takes into account, or is contingent upon, either net profits or both revenues and expenses (other than any reimbursements of actual and direct expenses paid to unrelated parties). Incentive compensation will not be treated as providing a share of net profits if the eligibility for the incentive compensation is determined by the service provider's performance in meeting standards for quality of service, performance, or productivity and the amount and timing of payment otherwise meet this requirement.

An arrangement will not be treated as requiring the service provider to bear a share of net losses if:

² For this purpose, the elements of compensation are: the *eligibility* for payment, the *amount* of payment, and the *timing* of payment.

- the amount of the service provider’s compensation and the amount of expenses to be paid by the service provider (and not reimbursed), separately and collectively, do not take into account either net losses or both revenues and expenses, and
- the timing of the payment is not contingent upon net losses.

A service provider whose compensation is reduced by a stated dollar amount (or one of multiple stated dollar amounts) for failure to keep expenses below a specified target (or one of multiple specified targets) will not be treated as bearing a share of net losses as a result of this reduction

Payment Deferral

Deferral due to insufficient net cash flows from the operation of the managed property of the payment of compensation that does not otherwise provide a share of net profits or require the service provider to bear a share of net losses will not cause the deferred compensation to be treated as contingent upon net profits or net losses if the contract includes requirements that:

- the compensation is payable at least annually;
- the qualified user is subject to reasonable consequences for late payment, such as reasonable interest charges or late payment fees; and
- the qualified user will pay such deferred compensation (with interest or late payment fees) no later than the end of five years after the original due date of the payment.

Certain Compensation Arrangements

Without regard to whether the service provider pays expenses with respect to the operation of the managed property without reimbursement by the qualified user, compensation for services will not be treated as providing a share of net profits or requiring the service provider to bear a share of net losses if the compensation for services is: (a) based solely on a capitation fee, a periodic fixed fee, or a per-unit fee; (b) incentive compensation as described above; or (c) a combination of these types of compensation.

“*Capitation fee*” means a fixed periodic amount for each person for whom the service provider or the qualified user assumes the responsibility to provide all needed services for a specified period so long as the quantity and type of services actually provided to such persons varies substantially.³ A fixed periodic amount may include an automatic increase according to a specified, objective, external standard that is not linked to the output or efficiency of the managed property. A capitation fee may include a variable component of up to 20% of the total capitation fee designed to protect the service provider against risk such as risk of catastrophic loss.

“*Periodic fixed fee*” means a stated dollar amount for services rendered for a specified period of time.⁴ The stated dollar amount may automatically increase according to a specified, objective external standard that is not linked to the output or efficiency of the managed property. Capitation fees and per-unit fees are not periodic fixed fees.

³ For example, a capitation fee includes a fixed dollar amount payable per month to a medical service provider for each member of a health maintenance organization plan for whom the provider agrees to provide all needed medical services for a specified period.

⁴ For example, a stated dollar amount per month is a periodic fixed fee.

“*Per-unit fee*” means a fee based on a unit of service provided specified in the contract or otherwise specifically determined by an independent third party, such as the administrator of the Medicare program, or the qualified user.⁵ Separate billing arrangements between physicians and hospitals are treated as per-unit fee arrangements. A fee that is a stated dollar amount specified in the contract does not fail to be a per-unit fee as a result of a provision under which the fee may automatically increase according to a specified, objective, external standard that is not linked to the output or efficiency of the managed property.

The Consumer Price Index and similar external indices that track increases in prices in an area or increases in revenues or costs in an industry are examples of objective, external standards.

Contract Revisions

A contract that is materially modified with respect to any matter relevant to these requirements must be retested under these requirements as a new contract as of the date of the material modification.

⁵ For example, a stated dollar amount for each specified medical procedure performed, car parked, or passenger mile is a per-unit fee.

EXHIBIT C

SUMMARY OF REVENUE PROCEDURE 2007-47

If a research agreement is described in either section (1) or (2) below, the research agreement itself will not generally result in private business use.

(1) *Corporate-sponsored research.* A research agreement relating to property used for basic research (*i.e.*, any original investigation for the advancement of scientific knowledge not having a specific commercial objective) supported or sponsored by a sponsor is described in this section (1) if any license or other use of resulting technology by the sponsor is permitted only on the same terms as the recipient would permit that use by any unrelated, non-sponsoring party (that is, the sponsor must pay a competitive price for its use), and the price paid for that use must be determined at the time the license or other resulting technology is available for use. Although the recipient need not permit persons other than the sponsor to use any license or other resulting technology, the price paid by the sponsor must be no less than the price that would be paid by any non-sponsoring party for those same rights.

(2) *Industry or federally sponsored research agreements.* A research agreement relating to property used pursuant to an industry or federally sponsored research arrangement is described in this section (2) if the following requirements are met, taking into account the special rules set forth in section (3) in the case of federally sponsored research:

- A single sponsor agrees, or multiple sponsors agree, to fund governmentally performed basic research;
- The qualified user¹ determines the research to be performed and the manner in which it is to be performed (for example, selection of the personnel to perform the research);
- Title to any patent or other product incidentally resulting from the basic research lies exclusively with the qualified user; and
- The sponsor or sponsors are entitled to no more than a nonexclusive, royalty-free license to use the product of any of that research.

(3) *Federal Government rights under the Bayh-Dole Act.* In applying the operating guidelines on industry and federally sponsored research agreements under section (2) to federally sponsored research, the rights of the Federal Government and its agencies mandated by the Bayh-Dole Act will not cause a research agreement to fail to meet the requirements of section (2), provided that the requirements of sections second and third bullet points above are met, and the license granted to any party other than the qualified user to use the product of the research is no more than a nonexclusive, royalty-free license. Thus, to illustrate, the existence of march-in rights

¹ A “qualified user” of the financed property is a state or local governmental unit (or instrumentality thereof) or a 501(c)(3) organization if the financed property is not used in an unrelated trade or business under section 513(a) of the Internal Revenue Code.

or other special rights of the Federal Government or the sponsoring Federal agency mandated by the Bayh-Dole Act will not cause a research agreement to fail to meet the requirements of section (2), provided that the qualified user determines the subject and manner of the research in accordance with the second bullet point above, the qualified user retains exclusive title to any patent or other product of the research in accordance with the third bullet point above, and the nature of any license granted to the Federal Government or the sponsoring Federal agency (or to any third party nongovernmental person) to use the product of the research is no more than a nonexclusive, royalty-free license.

EXHIBIT D

SUMMARY OF PRIVATE USE MEASUREMENT AND ALLOCATION

Bonds will be considered “private activity bonds” if the issuer reasonably expects, as of the issue date of the bonds, that the issue of bonds either (i) meets the private business use test and the private security or payment test or (ii) meets the private loan financing test. Bonds will also be considered private activity bonds if the issuer takes a deliberate action, subsequent to the issue date, that causes the conditions of these tests to be met. For qualified 501(c)(3) bonds, the expectations and actions of the conduit borrower must also be considered.

Governmental bonds generally meet the private business use test if more than 10% of the proceeds of an issue of bonds are used, directly or indirectly, in any activity that constitutes a trade or business of any person that is not a state or local governmental unit, or more than 5% of such proceeds are used, directly or indirectly, for (i) any use that is not related to any governmental use of the proceeds or (ii) any disproportionate related business use of the proceeds.

Qualified 501(c)(3) bonds will meet the private business use test if more than 5% of the proceeds of an issue (or \$15,000,000, if less) of bonds are used, directly or indirectly, (i) in any activity that constitutes (a) an unrelated trade or business activity of an organization described in section 501(c)(3) of the Code and exempt from tax under section 501(a) (a “501(c)(3) Organization”), determined by applying section 513(a) of the Code (without regard to whether the activity produces unrelated business taxable income), or (b) a trade or business of any person that is not a 501(c)(3) Organization or a state or local governmental unit (a “Non-Exempt Person”), or (ii) to pay costs of issuing the bonds.

The following is a general summary of how private business use is measured and allocated to proceeds for purposes of the private business use test.

I. Private Use Measurement

Use of financed property is treated as direct use of the bond proceeds, and the use of proceeds by all nongovernmental persons is aggregated for purposes of the private business use test.

To calculate private business use, the percentage or amount of bond proceeds that is attributable to each discrete facility or portion thereof must first be determined by treating each portion as a separate facility. The allocation generally is based on the relative cost of each portion, but where different portions of a facility have similar costs per square foot (or where it would result in a conservative allocation), relative square footage often is used as a proxy for allocating costs. For this purpose, bond proceeds that are invested in a reserve or replacement fund, or paid as fees for a qualified guarantee or a qualified hedge, are allocated ratably among the other purposes for which the proceeds are used. As noted above, however, issuance costs (including amounts retained by an underwriter as compensation) are included in the costs subject to the 5% limitation for qualified 501(c)(3) bonds.

The amount of private business use is generally determined according to the average percentage of private business use of that facility (or portion thereof) during the applicable measurement period. The measurement period generally begins on the later of the issue date of the bonds or the date the property is placed in service and ends on the earlier of the last date of the reasonably expected economic life of the property or the latest maturity date of any bond of the issue financing the property (determined without regard to any optional redemption dates, but taking into account reasonably expected mandatory redemptions). A combined measurement period is used when bonds are refunded. The average percentage of private business use is the average of the percentages of private business use during the one-year periods within the measurement period, with appropriate adjustments for beginning and ending periods of less than one year. The amount of private business use resulting from ownership of a facility or portion thereof by a nongovernmental person (or, in the case of a qualified 501(c)(3) bond, a Non-Exempt Person) is the greatest percentage of private business use in any one-year period.

Where a facility (or discrete portion thereof) is entirely used for private business use, all of the proceeds allocable to that facility (or portion) are treated as allocable to private business use. The amount of private business use of common areas within a facility is based on a reasonable method that properly reflects the proportionate benefit to be derived by the users of the facility.

For a facility (or discrete portion thereof) in which non-private use and private business use occur simultaneously but on a different basis (for example, a lease or non-qualified management or service contract), the entire facility (or portion) is treated as having private business use.

If, however, there is private business use and actual exempt use on the same basis, the average amount of private business use may be determined on a reasonable basis that properly reflects the proportionate benefit to be derived by the various users of the facility (for example, reasonably expected fair market value of use). For example, in the case of a parking garage with unassigned spaces, the proportion of private use generally is based on the number of spaces used for private business use as a percentage of the total number of spaces.

For a facility (or discrete portion thereof) in which non-private use and private business use occur at different times (for example, different days), the average amount of private business use generally is based on the amount of time that the facility is used for private business use as a percentage of the total time for all actual use. In determining the total amount of actual use, periods during which the facility is not in use are disregarded.

Notwithstanding the foregoing, if private business use is reasonably expected as of the issue date of the bonds to have a significantly greater fair market value than the corresponding non-private use (because the times of use are more attractive, for example), the average amount of private business use must be determined according to the relative reasonably expected fair market values of use rather than another measure, such as average time of use, in order to properly reflect the proportionate benefit to be derived from the private business use.

II. Allocation of Financing Sources to Project Uses

Generally, if two or more sources of funding are allocated to capital expenditures for a single project with both exempt and private business use, those sources must be allocated to the different uses of the project. For this purpose, a “project” is one more facilities or capital projects, including land, buildings, equipment, or other property, financed in whole or in part with bond proceeds.

General Allocation Rule. Under the general allocation rule, bond proceeds and other sources of funds are allocated ratably throughout the project in proportion to the relative amounts of proceeds and other funds spent on that project.

Undivided Portion Allocation Rule. The “undivided portion” allocation method may be applied to “eligible mixed-use projects.” An eligible mixed-use project is a project that is (i) financed with bond proceeds and qualified equity pursuant to the same plan of financing and (ii) wholly owned by one or more governmental persons (or 501(c)(3) Organizations, in the case of a project financed with qualified 501(c)(3) bonds). Under the undivided portion allocation method, qualified equity allocated to capital expenditures of the eligible mixed-use project is allocated first to the private business use of the project and then to the governmental or exempt use of the project. Conversely, bond proceeds allocated to capital expenditures of the eligible mixed-use project are allocated first to the governmental or exempt use of the project, and then to the private business use of the project. Thus, if the percentage of the eligible mixed-use project financed with qualified equity is less than the percentage of private business use of the project, all of the qualified equity is allocated to the private business use and bond proceeds are allocated to the balance of the private business use of the project. If proceeds of more than one issue finance the eligible mixed-use project, proceeds of each issue are allocated ratably to the uses to which proceeds are allocated in proportion to the relative amounts of the proceeds of such issues allocated to the project.

For purposes of these allocation rules, “qualified equity” means proceeds of bonds that are not tax-advantaged bonds and funds that are not derived from proceeds of a borrowing that are spent on the same eligible mixed-use project as the proceeds of the applicable bonds. Qualified equity finances a project pursuant to “the same plan of financing” as the applicable bonds if the qualified equity pays for capital expenditures of the project on a date that is no earlier than the date on which such expenditures would be eligible for reimbursement by proceeds of the bonds under the applicable reimbursement regulations and, except for a reasonable retainage, no later than the date on which the private business use measurement period for the bonds begins.

EXHIBIT E

REMEDIAL PROVISIONS APPLICABLE TO BONDS

The Issuer acknowledges that any deliberate action by the Issuer after Bond issuance that results in a satisfaction of the private business tests or the private loan test will result in private activity bond status unless one or more qualifying remedial actions are taken. Specifically, Treasury Regulations provide that actions are not treated as deliberate actions if (i) five conditional requirements are met, and (ii) one of three remedial actions is taken, with respect to the disposition proceeds and nonqualified bonds¹:

I. Conditional Requirements

A. *Reasonable Expectations* – The Issuer reasonably expected on the issue date that it would not meet the private business tests or the private loan test for the whole term of the bonds; and

B. *Reasonable Bond Maturity* – The term of the issue must not be unreasonably long; this requirement is met if the weighted average maturity of the bond issue is not greater than 120% of the expected economic life of the property financed; and

C. *Fair Market Value Consideration* – The terms of any agreement (relating to satisfaction of a private activity bond test) must be bona fide and at arm's-length, and the new user must pay a fair market value consideration for the use of the bond-financed property; and

D. *Disposition Proceeds Are Gross Proceeds* – The Issuer must treat any disposition proceeds as gross proceeds subject to arbitrage/rebate restrictions; and

E. *Proceeds Spent for Authorized Purpose* – Except as described with respect to redemption and defeasance options below, prior to deliberate actions, the affected proceeds must have been spent for the authorized purposes under the applicable bond documents.

II. Remedial Actions

A. *Redemption of Non-Qualified Bonds* – Under the general rule, all nonqualified bonds of the issue must be redeemed. Tax-exempt bond proceeds (i.e., refunding bond proceeds) cannot be used unless the tax-exempt bonds are qualified bonds, taking into account the purchaser's use of the facility. The bonds must be redeemed within 90 days of the date of the deliberate action or a defeasance escrow for the bonds must be established within such 90-day period. Special rules apply to transfers exclusively for cash and to defeasance escrows.

¹ "Nonqualified bonds" means the portion of the outstanding bonds in an amount that, if the remaining bonds were issued on the date on which the deliberate action occurs, the remaining bonds would not satisfy the private business use test or the private loan financing test, as applicable. The amount of private business use is the highest percentage of business use in any one-year period, commencing with the deliberate action.

B. *Alternative Use of Disposition Proceeds* – If the deliberate action is a disposition of the bond-financed property, the remedial action requirement may be satisfied through an alternative use of the proceeds of the disposition. To meet this requirement, all disposition proceeds must be in cash, the Issuer must reasonably expect to expend the proceeds within two years, the new use must not meet the private business tests or the private loan test (and the Issuer cannot take any action subsequent to the date of the deliberate action to cause the tests to be met), and any unused proceeds must satisfy the redemption requirement in the preceding paragraph. Certain eligible leases may be treated as dispositions of the bond-financed property for purposes of this remedial action.

C. *Alternative Use of Facility* – This remedial action is satisfied if the bond-financed property itself (as distinguished from the proceeds of the issue) is used in an alternative manner (e.g., for a different purpose or by a different person); the nonqualified bonds are treated as reissued on the date of the deliberate action and independently meet all of the requirements for tax exemption under Sections 141 through 150 of the Code, except the arbitrage and rebate rules of Section 148, for the remaining term of the nonqualified bonds; the deliberate action does not involve a transfer of the property to a purchaser that finances the acquisition with the proceeds of another issue of tax-exempt bonds; and any disposition proceeds, other than those arising from an agreement to provide services, resulting from the deliberate action are used to pay debt service on the bonds on the next available payment date or escrowed within 90 days of receipt and yield restricted to pay debt service on the next available payment date.

The above is only a brief summary of remedial actions, and additional special rules may be applicable. As provided in the Issuer’s Post-Issuance Tax Compliance Policy & Written Procedures, the Director of Finance and Operations shall seek advice of bond counsel as necessary to provide guidance as to “remedial action” that may be required under the applicable Treasury Regulations.

The Commissioner of the IRS may, by publication, provide for additional remedial actions. In addition, the IRS provides a program in which issuers/borrowers which cannot meet a listed remedial action can enter into a closing agreement with the IRS to avoid private activity bond status. The closing agreement program includes several conditions, including providing for the redemption of the bonds and paying the IRS an amount based on an assumption that the non-qualified bonds are taxable from the date of the subsequent act until they are redeemed.

1.E. Form of Disclosure Policies and Procedures

**INDEPENDENT SCHOOL DISTRICT NO. 110
(WACONIA PUBLIC SCHOOLS)**

Policies and Procedures regarding Municipal Securities Disclosure

Version: January 2024

As an issuer of municipal securities (bonds, notes, leases, and certificates of participation referred to herein as “Obligations”), Independent School District No. 110 (Waconia Public Schools) (the “Issuer”), has adopted the policies and procedures set forth herein (collectively, the “Disclosure Policy”) to guide the Issuer’s compliance with federal securities laws with respect to (1) disclosure documents (each often referred to as an “official statement”) for publicly-offered transactions and (2) ongoing continuing disclosures required under continuing disclosure undertakings, certificates or agreements (also known as “continuing disclosure”). This Disclosure Policy is designed to provide the necessary policy framework and accompanying procedures for compliance by the Issuer with its disclosure responsibilities. It should be noted, however, issuers of municipal securities are primarily responsible for the content of their disclosure documents including ongoing compliance with respect to continuing disclosure.

Background

The anti-fraud provisions of federal securities laws apply to municipal securities such as the Issuer’s Obligations. The U.S. Securities and Exchange Commission (the “SEC”) can bring enforcement actions against the Issuer, members of its governing body, government employees and elected officials, and professionals working on each securities transaction. **Government employees and elected officials can be, and have been, held personally liable with respect to securities laws violations related to the issuance of Obligations.** Issuers and members of the governing body can mitigate risks related to SEC enforcement of federal securities laws by relying on professionals such as disclosure counsel (i.e., an attorney expert in matters of federal securities laws applicable to municipal securities). Issuers may even seek affirmative assurances of compliance with federal securities laws by receipt of a legal opinion from disclosure counsel. **Note that bond counsel engaged by the Issuer in connection with each issuance of an Obligation does not provide disclosure counsel services unless specifically engaged to do so, as disclosure counsel responsibilities significantly expand the role of bond counsel that is traditionally engaged to draft legal documents and resolutions, and opine only on matters of state law and federal tax law.**

When Obligations are issued and publicly offered, an official statement will be prepared by or on behalf of the Issuer. The official statement is the disclosure document that sets forth the terms associated with each Obligation. The official statement will be used to market and sell the Issuer’s Obligations.¹ In addition, for transactions larger than \$1,000,000 in size that include an official statement, the Issuer enters into a continuing disclosure certificate, agreement or undertaking (adopted by resolution) (the “CDU”). The CDU is a contractual obligation of the Issuer, pursuant to which the Issuer agrees to provide certain financial information and operating data filings (at least annually) and certain event notices to the public. The CDU is necessary to allow underwriters to comply with SEC Rule 15c2-12, as amended. As noted below, filings under the CDU must be made electronically at the Electronic Municipal Market Access (EMMA) portal (www.emma.msrb.org).

¹ Under federal law, Issuers of municipal securities are primarily responsible for the content of their disclosure documents (the official statement), regardless of who prepared the document. An Issuer does not discharge its disclosure obligations by hiring professionals to prepare the official statement. An Issuer has “an affirmative obligation” to know the contents of its official statement, including the financial statements. Finally, executing an official statement without first reading the document to ascertain whether it is accurate may be reckless (the basis for certain anti-fraud causes of action undertaken by the SEC).

Accordingly, this Disclosure Policy addresses the following three aspects of disclosure: (1) preparation and approval of official statements in connection with primary (“new”) issues; (2) on-going continuing disclosure requirements under a CDU; and (3) education of staff and elected officials with respect to disclosure matters.

Policies and Procedures

1. Appointment of Compliance Officer

The Director of Finance & Operations is appointed as the compliance officer for purposes of this Disclosure Policy (the “Compliance Officer”).

2. Compliance with Federal Securities Laws in Initial Offerings (Preparing the Official Statement)

In connection with the issuance of its publicly-offered Obligations (Obligations sold via the public market, through a broker-dealer known as an “underwriter”) and limited offerings of Obligations, the Issuer will prepare, or will cause its hired professionals to prepare, a disclosure document commonly known as an “official statement.” The official statement is the document that describes the issuance of the Obligations to the marketplace and as such, *under federal law, the official statement cannot contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.*

To ensure the Issuer’s official statements are properly prepared and reviewed, the Issuer adopts the procedures set forth in Appendix I hereto.

3. Continuing Disclosure Compliance

The Issuer has entered into, or may in the future enter into, on or more CDUs in connection with its issuance of Obligations. Under a CDU, the Issuer has agreed or will agree to provide to the marketplace certain financial information and operating data, and notices of certain events. The Issuer will file, or cause to be filed, necessary information, data and notices required under its CDUs in a searchable electronic format at the Electronic Municipal Market Access (EMMA) portal (www.emma.msrb.org).

To ensure compliance with its contractual continuing disclosure obligations, the Issuer adopts the procedures set forth in Appendix II hereto.

4. Systematic Training of Staff and Governing Body Members

In addition to the specific procedures adopted under this Disclosure Policy, the Issuer understands that ongoing training of both staff and members of its governing body is essential to successful compliance with the Issuer’s disclosure obligations under federal securities laws. The training noted below may be accomplished by various methods, including in-person webinars or other electronic means, or through review of written materials. Accordingly, the Issuer has implemented the following training procedures which may be implemented with the assistance of disclosure counsel to the Issuer (if engaged): (A) The Compliance Officer is responsible for scheduling *annual training* of relevant Issuer employees, and *biennial (every other year) training* of all members of the Issuer’s governing body, regarding disclosure and financial reporting requirements of the federal securities laws; such trainings to include a complete review of this Disclosure Policy, Rule 15c2-12 and a complete overview of the Issuer’s obligations under the federal securities laws; and (B) When appropriate, the Compliance Officer shall also conduct (or cause to be conducted) *specific training* with individuals whose specific roles and responsibilities require participation in the disclosure process.

Appendix I to Disclosure Policy

Written Procedures for Preparing Official Statements

1. At the commencement of a financing, the Compliance Officer shall develop or cause the Issuer's finance team (including but not limited to Issuer staff, municipal advisor (if engaged), underwriter (if engaged) and disclosure counsel (if engaged)) to develop a plan for preparation of an official statement relating to the Issuer's Obligations to be issued, and for preparation of a schedule that allows sufficient time for all required work, including appropriate review of the official statement and necessary participation by members of the finance team.

2. The Compliance Officer shall be responsible for managing and overseeing the preparation of the official statement and shall engage legal and financial professionals, as necessary and appropriate. The Compliance Officer shall engage disclosure counsel as necessary from time-to-time to assist the Issuer in connection with federal securities law compliance.

3. The Compliance Officer shall be responsible for developing a program for ensuring and coordinating Issuer staff review of the financial information and operating data in the official statement, and for obtaining formal sign-off from Issuer staff prior to the use of any official statement in connection with the marketing of the Issuer's Obligations.

4. The Compliance Officer shall ensure that any previous failure to fully comply with continuing disclosure obligations during the prior five-year period prior to using an official statement in connection with the marketing of the Issuer's Obligations is disclosed in the official statement by reviewing compliance with all outstanding CDUs, reviewing continuing disclosure compliance look-back or review documentation prepared by independent parties (if any) and contacting disclosure counsel (if engaged) to discuss any questions or concerns.

5. The Issuer's governing body shall be given an opportunity to review a draft of each official statement not less than 10 business days prior to its publication. Elected representatives on the governing body shall be directed to contact the Compliance Officer during the review period to discuss potential issues, concerns or comments on the official statement.

Defined terms used herein have the meanings assigned in the Disclosure Policy of which this is a part.

Appendix II to Disclosure Policy

Written Procedures for Continuing Disclosure

1. *General Compliance.* The Compliance Officer shall be responsible for compliance with the Issuer's obligations under all of its outstanding CDUs, and shall engage disclosure counsel as necessary from time-to-time to assist the Issuer in connection with federal securities law compliance.

2. *Execution of New CDUs.* Prior to execution of a CDU in connection with the issuance of an Obligation, any required CDU shall be discussed with disclosure counsel (if engaged), the underwriter and/or the Issuer's municipal advisor, if any, to ensure a full understanding of the Issuer's obligations under the CDU.

3. *Listed Events Compliance.* The Compliance Officer shall have the primary responsibility to confer with Issuer staff at least weekly to monitor compliance with respect to the filing of notices for events listed in SEC Rule 15c2-12 and in each of the Issuer's CDUs. The Compliance Officer shall be responsible for (i) determining whether any of the following events have taken place (questions regarding interpretation shall be directed to the municipal advisor (if engaged) or disclosure counsel (if engaged)), (ii) gathering information from Issuer staff to make such a determination, (iii) if an event has occurred, discussing the same with the Issuer's municipal advisor (if engaged) or disclosure counsel (if engaged) to determine the form of notice to be filed, and (iv) causing the filing of notice to be made on EMMA within ten (10) business days of the occurrence of the event:

- i. Principal and interest payment delinquencies;
- ii. Non-payment related defaults, *if material*;
- iii. Unscheduled draws on debt service reserves reflecting financial difficulties;
- iv. Unscheduled draws on credit enhancements reflecting financial difficulties;
- v. Substitution of credit or liquidity providers, or their failure to perform;
- vi. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other *material* notices or determinations with respect to the tax status of the security, or other *material* events affecting the tax status of the security;
- vii. Modifications to rights of security holders, *if material*;
- viii. Bond calls, *if material*, and tender offers;
- ix. Defeasances;
- x. Release, substitution, or sale of property securing repayment of the securities, *if material*;
- xi. Rating changes, including rating upgrades and downgrades;
- xii. Bankruptcy, insolvency, receivership or similar event of the obligated person;
- xiii. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, *if material*;
- xiv. Appointment of a successor or additional trustee or the change of name of a trustee, *if material*;
- xv. Incurrence of a financial obligation of the obligated person, *if material*, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation² of the obligated person, any of which affect security holders, *if material*; and

² "Financial obligation" is to mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii).

- xvi. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

The determination of whether a *material* event has occurred will be made pursuant to the SEC Rule 15c2-12 and SEC Release No. 34-83885, with the assistance of the Issuer's municipal advisor (if engaged) or disclosure counsel (if engaged).

4. *Public Statements and Releases.* The Compliance Officer shall have primary responsibility for ensuring that all public statements relating to the Issuer's finances and operations and all releases of financial information and operating data made available to the public and reasonably expected to reach investors and the financial markets, including but not limited to website updates, published board materials, press releases and market notices, are accurate and not misleading in any material respect. All public statements and information released to the public by the Issuer and its staff and/or elected officials is subject to compliance with the anti-fraud provisions of federal securities laws and SEC enforcement actions.

5. *Record Keeping and Dissemination Agent.*

- i. The Compliance Officer shall be responsible for compiling and maintaining a list of all outstanding Obligations subject to continuing disclosure obligations via a CDU, noting the applicable filing dates, or for engaging a third-party dissemination agent to be responsible for the same.
- ii. The Compliance Officer shall be responsible for assembling and maintaining copies of each final CDU and final official statements for each applicable Obligation, together with any third-party dissemination agent agreements, if applicable.
- iii. The Compliance Officer or the dissemination agent shall document and track the required information to be filed, including dates such information is filed.

6. *Compliance Reminders.* The Compliance Officer shall be responsible for registering for, or may cause the dissemination agent to register for, continuing disclosure filing email reminders from the "EMMA" website (<http://emma.msrb.org>), or the Compliance Officer shall be responsible for ensuring the Issuer's dissemination agent will remind the Issuer of applicable deadlines.

7. *Preparation for Timely Filings.* The Compliance Officer shall begin the process of compiling necessary information required by the CDUs (and coordinate with outside professionals hired to compile this information, if applicable) on a timely basis each year. The Compliance Officer shall determine whether all necessary items have been compiled for filing pursuant to the CDU requirements.

8. *Timely Filings.* The Compliance Officer shall be responsible for all required filings, including, without limitation, obligations to make timely annual filings, timely notice filings, and other timely filings required by each CDU and SEC Rule 15c2-12, as applicable to each Obligation. The Compliance Officer shall be responsible for providing notice of failures to file as well. The Compliance Officer shall file, or cause any dissemination agent to file, the necessary items on the EMMA website in a word-searchable PDF configured to be saved, printed, and retransmitted by electronic means on a timely basis to avoid any late filings.

9. *Voluntary Filings.* The Compliance Officer shall be responsible for coordinating and filing any voluntary information with EMMA, after consultation with the Issuer's legal and financial professionals.

Defined terms used herein have the meanings assigned in the Disclosure Policy of which this is a part.

1.F. December Bank Reconciliation

1.G. 2008 OPEB Bonds Bank Rec



**Waconia ISD #110- 2008 OPEB Bonds
Month End Investment Reconciliation**

January 2024

Portfolio Per Books on 12/31/2023: **\$822,737.95**

1/31/24 \$2,576.91 MnTrust Dividend

\$0.00 January Expenses

(\$20.83) Associated Bank Trust Acct Fee(s)

Portfolio Per Books on 1/31/2024: **\$825,294.03**

Reconciliation to Bank Balances

1/31/24 \$246,700.00 Fixed-Rate Investments (Lower of Cost or Par Basis)

\$578,594.03 Ending Balance MN TRUST Investment Shares

Position of Cash & Investments **\$825,294.03**

\$0.00 Gross Difference between Cash and Books

\$0.00 Total Accrued Int., Premium, & Commissions Paid in January 2024

\$2,576.91 Total Positive Interest Received in January 2024

(\$20.83) Total Wired/Transferred Out in January 2024

\$0.00 Total of Capital Gains and Losses in January 2024

The information and data contained in this report are from sources considered reliable, but their accuracy and completeness is not guaranteed. This report has been prepared for illustrative purposes only and is not intended to be used as a substitute for monthly transaction statements you receive on a regular basis from PMA Financial Network, LLC. Please compare the data on this document carefully with your monthly statements to verify its accuracy. The Company strongly encourages you to consult with your own accountants or other advisors with respect to any tax questions.



1.H. Total Portfolio Report



Total Portfolio Report CAR

Report as of 1/31/2024

PMA Financial Network
2135 CityGate Lane
7th Floor
Naperville, IL 60563
Phone: 630-657-6400
Fax: 630-718-8701

Waconia ISD 110 (30553-301 - 2008 Opeb Bonds)

Type	Holding ID	Settle Date	Maturity	FDIC #	Instrument	Cost	Par-Val/Mat. Val	Lower of Cost/Par	Rate
IS		01/31/2024			IS Balance	\$578,594.03	\$578,594.03	\$578,594.03	
CD	CD-291225-1	08/25/2021	08/23/2024	25291	BANK OF THE VALLEY	\$246,700.00	\$248,998.24	\$246,700.00	0.311
Sub Totals →						\$825,294.03	\$827,592.27	\$825,294.03	
Totals →						\$825,294.03	\$827,592.27	\$825,294.03	

Time and Dollar Weighted Average Portfolio Yield: 0.31%

Weighted Average Portfolio Maturity: 205.00 Days

Note: Weighted Yield & Weighted Average Portfolio Maturity are calculated using "Market Value" and are only based on the fixed rate investments.

Portfolio Summary

Type	Allocation (%)	Allocation (\$)	Description
CD	30.09	\$248,998.24	Certificate of Deposit
IS	69.91	\$578,594.03	IS Account

Index

Cost is comprised of the total amount you paid for the investment including any fees and commissions.

Rate is the average monthly rate for liquid investments or the rate on the last business day of the month for SDA investments or the yield to maturity or yield to worst for fixed term investments.

Face/Par is the amount received at maturity for fixed rate investments.

Market Value reflects the market value as reported by an independent third-party pricing service. Certificates of Deposit and other assets for which market pricing is not readily available from a third-party pricing service are listed at "Cost".

CD - Certificates of Deposit, **CP** - Commercial Paper, **ISC** - Investment Shares Class, **MMA** - Money Market Account, **SEC** - Government Securities, **TS** - Term Series

1.I. Facilities Update

Presenter: Tim Bisek,
Director of Buildings
& Grounds

2. **MN State Representative Myers \$362. Local
Optional Revenue (LOR) Bill**

1.1 A bill for an act
 1.2 relating to education finance; authorizing a board-approved third tier of local
 1.3 optional revenue; amending Minnesota Statutes 2023 Supplement, section 126C.10,
 1.4 subdivision 2e.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. Minnesota Statutes 2023 Supplement, section 126C.10, subdivision 2e, is
 1.7 amended to read:

1.8 Subd. 2e. **Local optional revenue.** (a) For fiscal year 2026 and later, local optional
 1.9 revenue for a school district equals the sum of the district's first tier local optional revenue
 1.10 and, second tier local optional revenue, and third tier local optional revenue. A district's
 1.11 first tier local optional revenue equals \$300 times the adjusted pupil units of the district for
 1.12 that school year. A district's second tier local optional revenue equals \$424 times the adjusted
 1.13 pupil units of the district for that school year. A district's third tier local optional revenue
 1.14 equals \$362 times the adjusted pupil units of the district for that school year.

1.15 (b) A district's local optional levy equals the sum of the first tier local optional levy ~~and,~~
 1.16 the second tier local optional levy, and the third tier local optional levy.

1.17 (c) A district's first tier local optional levy equals the district's first tier local optional
 1.18 revenue times the lesser of one or the ratio of the district's referendum market value per
 1.19 resident pupil unit to \$880,000.

1.20 (d) ~~For fiscal year 2023, a district's second tier local optional levy equals the district's~~
 1.21 ~~second tier local optional revenue times the lesser of one or the ratio of the district's~~
 1.22 ~~referendum market value per resident pupil unit to \$548,842.~~ For fiscal year 2024, a district's
 1.23 second tier local optional levy equals the district's second tier local optional revenue times

2.1 the lesser of one or the ratio of the district's referendum market value per resident pupil unit
2.2 to \$510,000. For fiscal year 2025, a district's second tier local optional levy equals the
2.3 district's second tier local optional revenue times the lesser of one or the ratio of the district's
2.4 referendum market value per resident pupil unit to \$587,244. For fiscal year 2026, a district's
2.5 second tier local optional levy equals the district's second tier local optional revenue times
2.6 the lesser of one or the ratio of the district's referendum market value per resident pupil unit
2.7 to \$642,038. For fiscal year 2027 and later, a district's second tier local optional levy equals
2.8 the district's second tier local optional revenue times the lesser of one or the ratio of the
2.9 district's referendum market value per resident pupil unit to \$671,345.

2.10 (e) For fiscal year 2026 and later, a district's third tier local optional levy equals the
2.11 district's third tier local optional revenue.

2.12 ~~(e)~~ (f) The local optional levy must be spread on referendum market value. A district
2.13 may levy less than the permitted amount.

2.14 ~~(f)~~ (g) A district's local optional aid equals its local optional revenue minus its local
2.15 optional levy. If a district's actual levy for first or second tier local optional revenue is less
2.16 than its maximum levy limit for that tier, its aid must be proportionately reduced.

2.17 (h) A school board must annually approve a written resolution authorizing its third tier
2.18 local optional revenue.

2.19 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2026 and later.