

**NEW ISSUE
NOT BANK QUALIFIED
BOOK ENTRY ONLY**

S&P RATING: AA

In the opinion of Kutak Rock LLP, Bond Counsel to the City, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the series 2025A Bonds is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. Further, and to the extent of the aforementioned federal income tax exclusion, interest on the Series 2025A Bonds is excludable from taxable net income of individuals, estates and trusts for purposes of Minnesota income tax purposes, and is not a preference item for purposes of the computation of the Minnesota alternative minimum tax imposed on individuals, trusts and estates. The Series 2025A Bonds will not be designated as "qualified tax exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations. See "TAX MATTERS" and "Appendix C – Form of Bond Counsel Opinion" herein.



**CITY OF BLOOMINGTON, MINNESOTA
\$65,000,000* Sales Tax Revenue Bonds, Series 2025A
(the "Series 2025A Bonds")**

Dated Date	Date of Delivery (anticipated to be August 13, 2025)
Sale Date	Monday, July 14, 2025 (the "Sale Date") until 10:00 A.M., Central Time
Consideration of Award	City Council meeting commencing at 6:30 P.M., Central Time on the Sale Date
Security	The Series 2025A Bonds will be special, limited obligations of the City and shall not constitute a debt for which the full faith and credit or taxing powers of the City will be pledged. The Series 2024B Bonds (hereinafter defined), the Series 2025A Bonds, the Series 2025B Bonds (hereinafter defined), and Additional Bonds (hereinafter defined) will be secured by and are payable from a 0.5% tax on the gross receipts from sales at retail sourced within the City limits which are taxable under the Minnesota sales and use tax laws and rules and local use on the storage, use, distribution or consumption of goods or services sourced within the limits of the City that are taxable under Minnesota sales and use tax laws and rules and any earnings and other amounts on hand in any of the funds and accounts established under the resolution awarding the sale of the Series 2025A Bonds (the "Sales and Use Tax Revenues"). The pledge of the 0.5% of the sales and use tax was imposed by an ordinance adopted by the City Council on December 4, 2023. The sales and use tax had effective date of April 1, 2024, applies to sales and purchases made on or after April 1, 2024, and shall be in place for a period of 20 years or until the Designated Projects (hereinafter defined) are paid for, whichever comes first. See "Authority and Security" herein. The Sales and Use Tax Revenues may also be pledged to the payment of Additional Bonds authorized by the Special Law (hereinafter defined). The Series 2024B Bonds, the Series 2025A Bonds, the Series 2025B Bonds, and such Additional Bonds are referred to herein as the "Bonds." The Sales and Use Tax Revenues must be used by the City to pay the costs of collecting and administering the tax and paying for the Series 2024B Project, the Series 2025 Project (hereinafter defined), and the other Designated Projects in the City, including securing and paying debt service on obligations secured therewith, which are issued to finance all or part of the Designated Projects.
Authorization	The Series 2025A Bonds are being issued pursuant to Minnesota Statutes, Chapter 475, as amended, Laws of Minnesota 2023, Chapter 64, Section 27 (the "Special Law"), and a City ordinance. In addition, a majority of voters voting in the November 7, 2023 election approved the pledge of the sales and use tax to the payment of the Series 2025A Bonds. See "Authority and Security" herein.
Purpose	The proceeds of the Series 2025A Bonds will be used to finance (i) a portion of the costs of construction of a community health and wellness center and associated infrastructure in the City (the "Series 2025 Project"), (ii) a project fund; (iii) a debt service reserve fund, (iv) a surplus reserve fund; and (v) the costs associated with issuing the Series 2025A Bonds. Additional financing for the Series 2025 Project will be provided by proceeds of the City's General Obligation Sales Tax Revenue Bonds, Series 2025B (the "Series 2025B Bonds"), which will be sold concurrently with the Series 2025A Bonds but secured from different sources. See "Authority and Security" herein.
Principal and Interest Payments	Principal will be paid annually on February 1, beginning February 1, 2026. Interest will be payable semiannually on February 1 and August 1, beginning February 1, 2026.

*Preliminary, subject to change.

Redemption Provisions	The City may elect on February 1, 2034, and on any day thereafter, to redeem Series 2025A Bonds due on or after February 1, 2035. The Series 2025A Bonds may be issued as term bonds at the discretion of the Underwriter (as hereinafter defined) and, in such case, will be subject to mandatory sinking fund redemption.
Book Entry	The Series 2025A Bonds will be issued only as fully registered obligations, and when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company (“DTC”). See Appendix B - “Book Entry”.
Denominations	The Series 2025A Bonds are being issued in the denomination of \$5,000 or integral multiple thereof.
Registrar and Paying Agent	The Chief Financial Officer of the City (the “Registrar” and “Paying Agent”).
Bidding Information	Interested bidders should review the Terms of Proposal for additional instructions. See Appendix F herein.

MATURITY SCHEDULE
(Base CUSIP(1) _____)

<u>Maturity</u> <u>(February 1)</u>	<u>Principal(2)</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP(1)</u>
2026	\$3,515,000				
2027	\$2,035,000				
2028	\$2,135,000				
2029	\$2,245,000				
2030	\$2,355,000				
2031	\$2,475,000				
2032	\$2,600,000				
2033	\$2,725,000				
2034	\$2,865,000				
2035	\$3,005,000				
2036	\$3,155,000				
2037	\$3,315,000				
2038	\$3,480,000				
2039	\$3,630,000				
2040	\$3,790,000				
2041	\$3,955,000				
2042	\$4,130,000				
2043	\$4,320,000				
2044	\$4,525,000				
2045	\$4,745,000				

(1) CUSIP® is a registered trademark of the American Bankers Association (“ABA”). CUSIP data (including CUSIP identifiers and related descriptive data) contained herein is provided by CUSIP Global Services (“CGS”), which is operated on behalf of the ABA by FactSet Research Systems Inc. CUSIP data is the valuable intellectual property of the ABA and the inclusion of CUSIP data herein is not intended to create a database and does not serve in any way as a substitute for any CUSIP Service provided by CGS. CUSIP data herein is provided for convenience of reference only. Neither the City, the Municipal Advisor, the Underwriter nor their agents take any responsibility for the accuracy of such data now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2025A Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2025A Bonds.

(2) Preliminary subject to change. The City reserves the right to adjust individual maturity amounts to achieve its financial objectives.

The Series 2025A Bonds are being offered for delivery when, as and if issued and received by the Underwriter (hereinafter defined) and subject to the approval of legality by Kutak Rock LLP of Minneapolis, Minnesota, Bond Counsel to the City. The Series 2025A Bonds are expected to be available for delivery to DTC, in New York, New York on or about August 13, 2025.

In connection with this offering the underwriter may over-allot or effect transactions which stabilize or maintain the market price of the Series 2025A Bonds offered hereby at a level above that which might otherwise prevail in the open market, and such stabilizing, if commenced, may be discontinued at any time.

No dealer, broker, salesperson, or other person has been authorized by the City to give any information or to make any representations with respect to the Series 2025A Bonds, other than as contained in the Preliminary Official Statement or the Final Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the City. 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 securities described herein by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

Certain information contained in the Preliminary Official Statement or the Final Official Statement may have been obtained from sources other than records of the City and, while believed to be reliable, is not guaranteed as to completeness or accuracy. The information and expressions of opinion in the Preliminary Official Statement and the Final Official Statement are subject to change, and neither the delivery of the Preliminary Official Statement nor the Final Official Statement nor any sale made under either such document shall create any implication that there has been no change in the affairs of the City since the respective date thereof. However, upon delivery of the securities, the City will provide a certificate stating there have been no material changes in the information contained in the Final Official Statement since its delivery.

References herein to laws, rules, regulations, resolutions, agreements, reports, and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. Where full texts have not been included as appendices to the Preliminary Official Statement or the Final Official Statement, they will be furnished upon request.

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 the purposes of, and as that term is defined in, Securities and Exchange Commission Rule 15c2-12.

The Series 2025A Bonds are considered securities and have not been approved or disapproved by the Securities and Exchange Commission or any state or federal regulatory authority nor has any state or federal regulatory authority confirmed the accuracy or determined the adequacy of this Official Statement. Any representation to the contrary is a criminal offense. Investors must rely on their own examination of this Official Statement, the security pledged to repay the Series 2025A Bonds, the City and the merits and risks of the investment opportunity.

FORWARD-LOOKING STATEMENTS

This Official Statement, including its appendices, contains statements which should be considered "forward-looking statements," meaning they refer to possible future events or conditions. Such statements are generally identifiable by the words such as "plan," "expect," "estimate," "budget," "may," or similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause a deviation from the actual results, performance or achievements expressed or implied by such forward-looking statements. The City does not expect or intend to update or revise any forward-looking statements contained herein if or when its expectations, or events, conditions, or circumstances on which such statements are based occur.

CITY CONTACT INFORMATION

Additional information regarding the City may be obtained by contacting Lori Economy-Scholler, Chief Financial Officer, City of Bloomington, 1800 West Old Shakopee Road, Bloomington, Minnesota 55431-3027, phone: (952) 563-8791, email: leconomy@bloomingtonmn.gov.

CITY OF BLOOMINGTON, MINNESOTA

CITY COUNCIL

Tim Busse	Mayor
Jenna Carter	Council Member
Victor Rivas	Council Member
Lona Dallessandro	Council Member
Dwayne Lowman	Council Member
Chao Moua	Council Member
Shawn Nelson	Council Member

ADMINISTRATION

Kathleen Hedin	Co-Interim City Manager
L. Elizabeth Tolzmann	Co-Interim City Manager
Melissa Manderschied	City Attorney
Lori Economy-Scholler	Chief Financial Officer
Booker T Hodges	Chief of Police
Ulysses Seal	Fire Chief

MUNICIPAL ADVISOR

Baker Tilly Municipal Advisors, LLC
Saint Paul, Minnesota

BOND COUNSEL

Kutak Rock LLP
Minneapolis, Minnesota

REGISTRAR AND PAYING AGENT

Chief Financial Officer of the City
Bloomington, Minnesota

UNDERWRITER

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OFFICIAL STATEMENT

\$65,000,000*

CITY OF BLOOMINGTON, MINNESOTA SALES TAX REVENUE BONDS, SERIES 2025A

PURPOSE OF THE ISSUE AND USE OF FUNDS

PURPOSE OF THE SERIES 2025A BONDS

The proceeds of the Series 2025A Bonds will be used to finance (i) a portion of the costs of construction of a community health and wellness center and associated infrastructure in the City (the “Series 2025 Project”), (ii) a project fund; (iii) a debt service reserve fund, (iv) a surplus reserve fund; and (v) the costs associated with issuing the Series 2025A Bonds. A portion of the costs of the Series 2025 Project will also be financed with the proceeds of the Series 2025B Bonds (hereinafter defined).

Project Exterior - Photo Rendering



*Preliminary; subject to change.

Project Lobby - Photo Rendering



SOURCES AND USES OF FUNDS

Sources of Funds:

Principal Amount	\$ _____
[Net] Reoffering [Premium][Discount]	_____
Sales and Use Tax Revenues Collected	_____
Total Sources of Funds	\$ _____

Uses of Funds:

Deposit to Series 2025A Construction Fund	\$ _____
Deposit to Series 2025A Debt Service Fund	_____
Deposit to Series 2025A Reserve Fund	_____
Costs of Issuance(1)	_____
Underwriter's Compensation	_____
Total Uses of Funds	\$ _____

(1) Includes fees for bond counsel, municipal advisor, rating, and other miscellaneous expenses.

INVESTMENT OF FUNDS

The proceeds of this issue are to be invested in accordance with the laws of the State of Minnesota (the "State") relating to the depositing, holding, securing, or investing of public funds. The City shall direct the investment of proceeds of the Series 2025A Bonds.

DESCRIPTION OF THE SERIES 2025A BONDS

INTEREST CALCULATION

Interest on the Series 2025A Bonds is payable on February 1 and August 1 of each year, commencing February 1, 2026. Interest will be payable to the holder (initially Cede & Co.) registered on the books of the Registrar as of the fifteenth day of the calendar month next preceding such interest payment date (the "Record Date"). Interest will be computed on the basis of a 360-day year of twelve 30-day months.

REGISTRATION AND EXCHANGE FEATURES

Each registered Series 2025A Bond shall be transferable or exchangeable only on such record at the designated corporate trust office of the "Registrar" and "Paying Agent," the Chief Financial Officer, at the written request of the registered owner thereof or his attorney duly authorized in writing upon surrender thereof, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or his duly authorized attorney.

BOOK ENTRY

When issued, the Series 2025A Bonds will be registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). Purchases of beneficial interests in the Bonds will be made in book-entry-only form. See Appendix B- "Book Entry."

PROVISIONS FOR PAYMENT

The principal on the Series 2025A Bonds shall be payable by lawful money of the City, acting as its own Registrar and Paying Agent, or any successor depository. All payments of interest on the Series 2025A Bonds shall be paid to the registered owners as the names appear as of the Record Date and at the addresses as they appear on the registration books kept by the Registrar or at such other address as is provided to the Registrar or any successor depository. Payments on the Series 2025A Bonds shall be made in lawful money of the United States of America which, on the date of such payment, shall be legal tender.

So long as DTC or its nominee is the registered owner of the Series 2025A Bonds, principal and interest on the Series 2025A Bonds will be paid directly to DTC by the Paying Agent. (The final disbursement of such payments to the Beneficial Owners (hereinafter defined) of the Series 2025A Bonds will be the responsibility of the DTC Participants and Indirect Participants.)

NOTICE OF REDEMPTION

Mailed notice of redemption shall be given to the registered owner(s) of the Series 2025A Bonds in accordance with the requirements of DTC which currently requires no less than twenty (20) days nor more than sixty (60) days prior to the redemption date. Failure to give such written notice to any registered owner of the Series 2025A Bonds or any defect therein shall not affect the validity of any proceedings for the redemption of the Series 2025A Bonds. All Series 2025A Bonds or portions thereof called for redemption will cease to bear interest after the specified redemption date, provided funds for their redemption are deposited at the place of payment.

OPTIONAL REDEMPTION

The City may elect on February 1, 2034, and on any day thereafter, to redeem Series 2025A Bonds due on or after February 1, 2035. Redemption may be in whole or in part and if in part at the option of the City and in such manner as the City shall determine. If less than all the Series 2025A Bonds of a maturity are called for redemption, the City will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine, by lot, the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. All redemptions shall be at a price of par plus accrued interest.

MANDATORY REDEMPTION

The Series 2025A Bonds maturing on February 1, _____ [and _____] (the “Term Bonds”) are subject to mandatory sinking fund redemption and shall be redeemed in part at par plus accrued interest on the mandatory dates and in the principal amounts as follows:

<u>Year</u>	<u>[] Term Bond</u> <u>Amount</u>
[first year]	\$ _____
[second/last year]*	\$ _____

<u>Year</u>	<u>[] Term Bond</u> <u>Amount</u>
[first year]	\$ _____
[second/last year]*	\$ _____

* *Final Maturity.*

The principal amount of the Term Bonds may be reduced through the earlier optional redemption, with any partial optional redemptions of the Term Bonds credited against future mandatory redemption requirements for such Term Bonds in such order as the City shall determine.

AUTHORITY AND SECURITY

AUTHORITY

The Series 2025A Bonds are being issued pursuant to Minnesota Statutes, Chapter 475, as amended, Laws of Minnesota 2023, Chapter 64, Section 27 (the “Special Law”), and a City ordinance. In addition, a majority of voters voting in the November 7, 2023 election approved the pledge of the sales and use tax (the “Sales and Use Tax”) to the Bonds (hereinafter defined).

The Special Law provided that general obligation or revenue bonds may be issued in a principal amount of up to \$100,000,000, plus an amount to be applied to the payment of costs of issuance of bonds, and that the bonds may be paid from or secured by any funds available to the City, including the Sales and Use Tax, to finance the Series 2025 Project. The aggregate principal amount of the Series 2025A Bonds and the Series 2025B Bonds will not exceed \$100,000,000.

The Special Law also provided that general obligation or revenue bonds may be issued to finance the other Designated Projects (hereinafter defined) which may be paid from or secured by any funds available to the City, including the Sales and Use Tax. See “Additional Sales and Use Tax Supported Projects and Debt” herein.

On November 7, 2023, a majority of the voters voting in the general election approved the ballot question relating to the imposition of the Sales and Use Tax of one-half of one percent (0.50%) for twenty (20) years or until the Designated Projects are paid for, whichever comes first, to finance the Designated Projects. The Sales and Use Tax was imposed by City ordinance with an effective date of April 1, 2024, and applies to sales and purchases made on or after April 1, 2024.

On October 28, 2024, the City Council adopted a resolution (the “General Resolution”) which (i) awarded the sale of and authorized the issuance of the Series 2024B Bonds (hereinafter defined) to finance the Series 2024B Project (hereinafter defined); and (ii) provided for the issuance of additional bonds to be payable from the Sales and Use Tax Revenues to finance Designated Projects (the “Additional Bonds”). See “Additional Sales and Use Tax Supported Projects and Debt” herein for a further discussion of Additional Bonds. The Series 2025A Bonds are being issued as Additional Bonds under the General Resolution.

SECURITY AND SOURCES OF PAYMENT

The Series 2025A Bonds will be special, limited obligations of the City and shall not constitute a debt for which the full faith and credit or taxing powers of the City will be pledged.

The revenues derived from the Sales and Use Tax (the “Sales and Use Tax Revenues”) must be used by the City to pay the costs of collecting and administering the tax and paying for designed projects in the City, including securing and paying debt service on bonds issued to finance all or part of the Designated Projects.

ADDITIONAL SALES AND USE TAX SUPPORTED PROJECTS AND DEBT

On November 7, 2023, Bloomington voters approved two other projects to be financed with the Sales and Use Tax Revenues: (i) construction and rehabilitation of the Bloomington Ice Garden and associated infrastructure in the City (the "Series 2024B Project"); and (ii) restoration of the Nine Mile Creek Corridor, including Moir and Central Parks (the "Future Project"). The Series 2024B Project, the Series 2025 Project, and the Future Project are the "Designated Projects" authorized by the Special Law.

On November 26, 2024, pursuant to the Act, the Special Law, and the General Resolution, the City issued its Taxable Sales Tax Revenue Bonds, Series 2024B (the "Series 2024B Bonds"), in the original aggregate principal amount of \$34,780,000. The Series 2024B Bonds are payable solely from the Net Sales and Use Tax Revenue and are secured by a debt service reserve fund. The Series 2024B Bonds were issued to finance the Series 2024B Project.

General obligation or revenue bonds may be issued in a principal amount of up to \$20,000,000, plus an amount to be applied to the payment of costs of issuance of bonds, to finance the Future Project.

As described in "Authority" above, the General Resolution permits the issuance of Additional Bonds, including but not limited to the Series 2025A Bonds, to finance the Designated Projects. Such Additional Bonds may be issued on a parity basis as the Series 2024B Bonds and payable solely from the Sales and Use Tax Revenues net costs of collection (the "Net Sales and Use Tax Revenues") and secured by a debt service reserve fund (the "Senior Bonds") or on a subordinate basis to the Series 2024B Bonds and other Senior Bonds and payable primarily from the Net Sales and Use Tax Revenues but also secured by the general obligation pledge of the City (the "Subordinate Bonds").

The Series 2025A Bonds are being issued as Additional Bonds in accordance with the General Resolution and will be secured on a parity basis with the outstanding Series 2024B Bonds, thereby constituting Senior Bonds.

Additional financing for the Series 2025 Project will be provided by the issuance of the City's General Obligation Sales Tax Revenue Bonds, Series 2025B (the "Series 2025B Bonds"), in the approximate principal amount of \$30,825,000, which will be sold concurrently with the Series 2025A Bonds but secured from different sources. The Series 2025B Bonds will be payable primarily from the Net Sales and Use Tax Revenues but will be secured by the pledge of the full faith and credit of the City. The Series 2025B Bonds will be issued as Additional Bonds in accordance with the General Resolution but will be considered Subordinate Bonds due to their general obligation pledge.

Additional Bonds to be issued for the purpose of funding the Future Project are expected to be issued in calendar year 2026 as Subordinate Bonds.

The Series 2024B Bonds, the Series 2025A Bonds, the Series 2025B Bonds, and all Additional Bonds to be issued are referred to herein collectively as the "Bonds."

FUNDS AND ACCOUNTS

The General Resolution created the following funds for the administration and accounting of the Sales and Use Tax and are applicable to all Bonds: the Revenue Fund and the Surplus Fund. The General Resolution also created a Series 2024B Debt Service Fund, a Series 2024B Construction Fund, and a Series 2024B Reserve Fund for the payment of the Series 2024B Bonds only.

The following funds will be created pursuant to the resolution awarding the sale of the Series 2025A Bonds to be adopted by the City Council of the City on July 14, 2025 (the "Award Resolution") with respect to the payment of the Series 2025A Bonds only: the Series 2025A Debt Service Fund, the Series 2025A Construction Fund, and the Series 2025A Reserve Fund.

The City will create additional funds and accounts in connection with the issuance of Additional Bonds.

Revenue Fund

The City shall credit to the Revenue Fund, promptly upon receipt, all Net Sales and Use Tax Revenues. Amounts on deposit in the Revenue Fund shall be disbursed as necessary by the City to the Series 2024B Debt Service Fund, the Series 2024B Reserve Fund, the Series 2025A Debt Service Fund, the Series 2025A Reserve Fund, the debt service fund to be established for the Series 2025B Bonds, and the Surplus Fund as set forth herein. Any City Resolutions authorizing the issuance of Additional Bonds will set forth the disbursement of amounts on deposit in the Revenue Fund to the debt service funds or reserve funds, if any, created for the Additional Bonds.

Series 2025A Debt Service Fund

To the Series 2025A Debt Service Fund there is hereby pledged and irrevocably appropriated and there will be credited from the Revenue Fund the following: (i) on or before January 25 and July 25 of each year, commencing on January 25, 2026, Net Sales Tax Revenues in an amount equal to the amount of interest due on the next Interest Payment Date; (ii) on or before January 25 of each year, commencing on January 25, 2026, Net Sales Tax Revenues in an amount equal to the amount of principal (including mandatory sinking fund installments, if any) due on the next Principal Payment Date; and (iii) if the Series 2025A Bonds are Outstanding, following April 1, 2044, which is the last day on which the Sales and Use Tax will be collected, amounts from the Series 2025A Reserve Fund required to pay the final installments of principal of and interest on the Series 2025A Bonds. As described under the heading "Series 2025A Reserve Fund," amounts on hand in the Series 2025A Reserve Fund may also be used to redeem the Series 2025A Bonds if called for redemption prior to maturity. In addition, there is hereby pledged and irrevocably appropriated and there will be credited to the Series 2025A Debt Service Fund the following: (a) capitalized interest financed from proceeds of the Series 2025A Bonds, if any; (b) amounts over the minimum purchase price of the Series 2025A Bonds paid by the Purchaser, to the extent designated for deposit in the Series 2025A Debt Service Fund in accordance with the Award Resolution; and (c) any and all other funds which are properly available and are appropriated by the City thereto. In the event the funds on deposit in the Series 2025A Debt Service Fund at any time are insufficient to pay principal of or interest on the Series 2025A Bonds when due, the City may transfer sufficient money from the Surplus Fund and the Series 2025A Reserve Fund, in that order, to the Series 2025A Debt Service Fund.

Series 2025A Construction Fund

Moneys in the Series 2025A Construction Fund shall be used to pay a portion of the costs of the Series 2025 Project and the costs of issuance of the Series 2025A Bonds. Any moneys remaining in the Series 2025A Construction Fund after completion of the Series 2025 Project and the payment of all costs therefor, may be used for any other purpose authorized by law, including without limitation payment of principal and interest from time to time on the Series 2025A Bonds.

Series 2025A Reserve Fund

To secure the payment of the Series 2025A Bonds, the City is required to deposit an amount equal to \$4,970,387.50* to the Series 2025A Reserve Fund (the "Reserve Requirement"). The Reserve Requirement is an amount equal to the least of (i) ten percent (10%) of the original principal amount of the Series 2025A Bonds; (ii) one hundred percent (100%) of the maximum annual principal and interest payable on the Series 2025A Bonds; or (iii) one hundred twenty-five percent (125%) of the average annual principal and interest payable on the Series 2025A Bonds. For any Additional Bonds issued by the City that are Senior Bonds secured by a reserve fund, a separate Reserve Requirement will be calculated for such series of Additional Bonds.

Upon delivery of the Series 2025A Bonds, the City shall credit proceeds of the Series 2025A Bonds in the amount of the Reserve Requirement for the Series 2025A Bonds to the Series 2025A Reserve Fund. Money held in the Series 2025A Reserve Fund shall be used only to pay maturing principal and interest when money in the Series 2025A Debt Service Fund is insufficient therefor; provided, however, that the amount on hand in the Series 2025A Reserve Fund may be used to redeem the Series 2025A Bonds if called for redemption prior to maturity and/or pay the principal of and interest on the Series 2025A Bonds after April 1, 2044, which is the last date that the Sales and Use Tax will be collected. If on any date on which principal or interest is due on the Series 2025A Bonds the balance then on hand in the Series 2025A

Debt Service Fund is not sufficient to pay such principal and interest in full, the City shall immediately transfer from the Surplus Fund and the Series 2025A Reserve Fund, in that order, to the Series 2025A Debt Service Fund an amount equal to such deficiency.

If the balance in the Series 2025A Reserve Fund is ever less than the Reserve Requirement for the Series 2025A Bonds, all Net Sales and Use Tax Revenues remaining in the Surplus Fund and the Revenue Fund, in that order, after the required credits to the Series 2025A Bonds shall be credited to the Series 2025A Reserve Fund until the balance therein equals the Reserve Requirement for the Series 2025A Bonds.

If at any time the balance in the Series 2025A Reserve Fund exceeds the Reserve Requirement for the Series 2025A Bonds, the City will transfer such excess to the Surplus Fund.

The Series 2025A Reserve Fund only secures the Series 2025A Bonds. If the City issues Additional Bonds that are Senior Bonds, the City will create a separate debt service reserve fund for such series of Additional Bonds pursuant to a separate resolution authorizing the issuance of such series of Additional Bonds. A separate Reserve Requirement will be calculated for such series of Additional Bonds. Likewise, the Reserve Requirement for the Series 2025A Bonds does not secure the Series 2024B Bonds, and the debt service reserve requirement for the Series 2024B Bonds does not secure the Series 2025A Bonds.

Surplus Fund

Any Net Sales and Use Tax Revenues remaining in the Revenue Fund following the required transfers to the Series 2024B Debt Service Fund, the Series 2024B Reserve Fund, the Series 2025A Debt Service Fund, the Series 2025A Reserve Fund, the debt service fund to be established for the Series 2025B Bonds, and any other funds or accounts established for Additional Bonds pursuant to separate resolutions of the City shall be deposited and credited to the Surplus Fund. Amounts in the Series 2025A Reserve Fund in excess of the Reserve Requirement for the Series 2025A Bonds may be transferred to the Surplus Fund.

Amounts on hand in the Surplus Fund may be used by the City for the following purposes: (i) to pay project costs for the Designated Projects to the extent amounts available in the Series 2024B Construction Fund, the Series 2025A Construction Fund, the construction fund to be established for the Series 2025B Bonds, or construction funds established for Additional Bonds pursuant to separate resolutions of the City are not sufficient to pay project costs; (ii) to make up deficiencies in the Series 2024B Debt Service Fund, the Series 2025A Debt Service Fund, the debt service fund to be established for the Series 2025B Bonds, or debt service funds established for Additional Bonds pursuant to separate resolutions of the City; (iii) to make up deficiencies in the Series 2024B Reserve Fund, the Series 2025A Reserve Fund or reserve funds established for Additional Bonds pursuant to separate resolutions of the City; and (iv) to redeem outstanding Bonds.

ADDITIONAL BONDS

Pursuant to the General Resolution and the Award Resolution, Additional Bonds may be issued and made payable from Net Sales and Use Tax Revenues.

Senior Bonds

Senior Bonds (i.e., one or more series of Additional Bonds issued on a parity with the lien with the Series 2024B Bonds and the Series 2025A Bonds and payable solely from the Net Sales and Use Tax Revenues and secured by a reserve fund) may be issued by the City if and only if the Net Sales and Use Tax Revenues for the audited fiscal year of the City immediately preceding the issuance of such Additional Bonds were not less than one hundred sixty percent (160%) of the average annual principal and interest due on all outstanding Series 2024B Bonds, on all outstanding Series 2025A Bonds, on the other Senior Bonds, and on the Additional Bonds to be issued as Senior Bonds, during the remaining term of the outstanding Bonds.

Subordinate Bonds

Subordinate Bonds (i.e., the Series 2025B Bonds and any one or more series of Additional Bonds issued on a subordinate basis to the Senior Bonds and payable primarily from the Net Sales and Use Tax Revenues and secured by the general obligation pledge of the City) may be issued by the City if and only if the Net Sales and Use Tax Revenues for the audited fiscal year immediately preceding the issuance of such Additional Bonds were not less than one hundred percent (100%) of the average annual principal and interest due on all outstanding Bonds, during the remaining term of the outstanding Bonds.

SALES AND USE TAX INFORMATION

GENERAL

In May 2023, the City received legislative authorization to present voters with a referendum to fund the investments included in the Bloomington Forward plan via a half-percent local sales tax.

The plan supports three major community projects for better health, wellness, athletics and recreation:

- \$100 million for construction of a community health and wellness center (the Series 2025 Project);
- \$35 million for infrastructure repairs and renovation at Bloomington Ice Garden (the Series 2024B Project); and
- \$20 million for improvements to the Nine Mile Creek corridor and Moir/Central parks (the Future Project).

The 0.5% sales and use tax took effect in Bloomington on April 1, 2024.

According to research by the University of Minnesota, in 2022 66% of the sales taxes in Bloomington were paid by nonresidents and there were 2,572 sales tax generators in the City. Furthermore, there were 16 industry groups contributing sales revenues.

SALES AND USE TAX BY INDUSTRY

<u>Category</u>	<u>2022 Total Taxable Retail and Service Sales</u>
Construction/Manufacturing/Transportation & Other	18.18%
Eating Drinking Establishments	13.43%
Accommodations	10.41%
Retail (Non-Store) & Other	9.84%
Furniture Stores, Electronics, Appliances	8.58%
General Merchandise	7.34%
Leisure Goods & Misc.	6.41%
Building Materials	5.22%
Vehicles and Parts	4.64%
Food and Groceries	4.11%
Apparel/Clothing	3.15%
Personal Services/Laundry	3.12%
Repair & Maintenance	1.97%
Health and Personal Items	1.82%
Amusement & Rec.	1.00%
Gas/Convenience Stores	0.79%
	<hr/> 100.00%

COLLECTIONS OF SALES AND USE TAX

The State, on behalf of the City, began collecting the Sales and Use Tax in April of 2024 with remittance to the City occurring approximately three months after the activity occurs. To-date, the City has received net collections of the Sales and Use Tax as shown below:

Payment Received	Revenue <u>Month</u>	Net Revenue <u>Amount Paid</u>
7/2024	May for April	\$1,041,277
8/2024	June for May	1,155,252
9/2024	July for June	1,310,2560
10/2024	August for July	1,412,849
11/2024	September for August	1,383,658
12/2024	October for September	1,213,685
1/2025	November for October	1,271,995
2/2025	December for November	1,193,366
3/2025	January for December	1,456,132
4/2025	February for January	1,156,084
5/2025	March for February	1,091,027
6/2025	April for March	<u>1,330,231</u>
TOTAL		\$15,015,816

The City anticipates Sales and Use Tax collections of approximately \$12.5 million annually. This is based on an annualization of the lowest month of collections to-date. The City cannot guarantee or otherwise provide assurances that actual collections of Sales and Use Tax will be substantially similar to this approximation.

As part of the City's commitment to transparency, monthly sales tax information can be found on the City's website at <https://www.bloomingtonmn.gov/investors>. The City is not obligated to maintain this information on a monthly basis.

HISTORICAL SALES TAX INFORMATION

<u>Calendar Year</u>	<u>Taxable Sales</u>
2024* (estimated)	\$3,055,898,114
2023	3,031,577,722
2022	2,885,152,514
2021	2,485,633,465
2020	1,990,476,616
2019	3,092,905,260
2018	3,128,805,866
2017	3,189,147,657
2016	3,219,797,673
2015	3,219,004,475

* Based on an average annual increase of 0.80% from 2015-2023.

PROJECTED COVERAGE

Year (2/1)	Senior Bonds Series 2024B Bonds and Series 2025A Bonds Debt Service	Subordinate Bonds Series 2025B Bonds 105% Overlevy	Total Senior Bonds and Subordinate Bonds Debt Service	Revenue*	Surplus (Shortfall)	Senior Bonds Times Coverage	Total Senior Bonds and Subordinate Bonds Times Coverage
2026	\$6,578,832.92	\$2,525,444.25	\$ 9,104,277.17	\$18,496,439.61	\$9,392,162.44	2.81	2.03
2027	7,775,035.00	2,525,591.25	10,300,626.25	12,500,000.04	2,199,373.79	1.61	1.21
2028	7,772,585.00	2,528,478.75	10,301,063.75	12,500,000.04	2,198,936.29	1.61	1.21
2029	7,776,235.00	2,528,478.75	10,304,713.75	12,500,000.04	2,195,286.29	1.61	1.21
2030	7,777,485.00	2,525,591.25	10,303,076.25	12,500,000.04	2,196,923.79	1.61	1.21
2031	7,779,985.00	2,525,066.25	10,305,051.25	12,500,000.04	2,194,948.79	1.61	1.21
2032	7,778,235.00	2,526,641.25	10,304,876.25	12,500,000.04	2,195,123.79	1.61	1.21
2033	7,776,297.50	2,530,053.75	10,306,351.25	12,500,000.04	2,193,648.79	1.61	1.21
2034	7,779,547.50	2,529,791.25	10,309,338.75	12,500,000.04	2,190,661.29	1.61	1.21
2035	7,777,047.50	2,525,853.75	10,302,901.25	12,500,010.04	2,197,108.79	1.61	1.21
2036	7,776,040.00	2,528,741.25	10,304,781.25	12,500,000.04	2,195,218.79	1.61	1.21
2037	7,777,380.00	2,527,428.75	10,304,808.75	12,500,000.04	2,195,191.29	1.61	1.21
2038	7,775,180.00	2,527,166.25	10,302,346.25	12,500,000.04	2,197,653.79	1.61	1.21
2039	7,779,887.50	2,525,486.25	10,305,373.75	12,500,000.04	2,194,626.29	1.61	1.21
2040	7,778,075.00	2,528,925.00	10,307,000.00	12,500,000.04	2,193,000.04	1.61	1.21
2041	7,777,512.50	2,526,352.50	10,303,865.00	12,500,000.04	2,196,135.04	1.61	1.21
2042	7,774,537.50	2,528,058.75	10,302,596.25	12,500,000.04	2,197,403.79	1.61	1.21
2043	7,773,025.00	2,528,111.25	10,301,136.25	12,500,000.04	2,198,863.79	1.61	1.21
2044	7,776,575.00	2,523,675.00	10,300,250.00	12,502,500.04	2,202,250.04	1.61	1.21
2045	7,779,137.50	-	7,779,137.50	12,987,470.85	5,208,333.35	1.31	1.67
Total	\$154,338,635.42	\$48,014,935.50	\$202,353,570.92	\$256,486,421.18	\$54,132,850.26	-	-

* Includes Debt Service Reserve Funds for Series 2024B Bonds and Series 2025A Bonds (the Senior Bonds).

RATING

S&P Global Ratings ("S&P"), 55 Water Street, New York, New York has assigned a rating of "AA" to the Series 2025A Bonds. Such rating reflects only the view of S&P and any explanation of the significance of such rating may only be obtained from S&P.

The rating is not a recommendation to buy, sell or hold the Series 2025A Bonds, and such rating may be subject to revision or withdrawal at any time by S&P. Any revision or withdrawal of the rating may have an adverse effect upon the market price of the Series 2025A Bonds.

The City has not applied to any other rating service for a rating on the Series 2025A Bonds.

RISK FACTORS

Prospective purchasers of the Series 2025A Bonds should consider carefully, along with other matters referred to herein, the following risks of investment. The ability of the City to meet the debt service requirements of the Series 2025A Bonds is subject to various risks and uncertainties which are discussed throughout this Official Statement. Certain of such investment considerations are set forth below.

SPECIAL, LIMITED OBLIGATION OF CITY

The obligation of the City to pay the principal of and interest on the Series 2025A Bonds is a special, limited obligation. The full faith and credit and taxing powers of the City are not pledged to pay the principal and interest on the Series 2025A Bonds and the City will not pledge ad valorem property taxes to pay the principal and interest on the Series 2025A Bonds. As further described elsewhere herein, the Series 2025A Bonds will be secured by and are payable from the Sales and Use Tax Revenues. The Series 2025A Bonds are also secured by the Series 2025A Reserve Fund.

SUFFICIENCY OF SALES AND USE TAX PROCEEDS

The amount and timing of receipts by the City of Sales and Use Tax Revenues depends upon various economic factors and conditions over which the City does not have any control. These economic factors include all of those elements which determine whether the United States economy and the State and Minneapolis-St. Paul Metropolitan Area economies are expanding, are stable or are in a recession. Thus, the amount of Sales and Use Tax Revenues available for payment of the principal of and interest on the Series 2025A Bonds is uncertain and not predictable with a high degree of accuracy.

MAINTENANCE OF RATING

S&P has assigned a rating to the Series 2025A Bonds. While the City does not anticipate any material changes in the future, no assurance can be given that the Series 2025A Bonds will maintain their original ratings. If the rating on the Series 2025A Bonds decreases or is withdrawn, the Series 2025A Bonds may lack liquidity in the secondary market in comparison with other such municipal obligations. See "Rating" herein.

SECONDARY MARKET

While the purchaser of the Series 2025A Bonds may expect, insofar as possible, to maintain a secondary market in the Series 2025A Bonds, no assurance can be given concerning the future existence of such a secondary market or its maintenance by the purchasers or others, and prospective purchasers of the Series 2025A Bonds should therefore be prepared, if necessary, to hold their Series 2025A Bonds to maturity or prior redemption, if any.

FUTURE CHANGES IN LAW

Prospective purchasers of the Series 2025A Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations, or litigation, as to which Bond Counsel expresses no opinion.

Legislation affecting municipal bonds is considered from time to time by the United States Congress and the Executive Branch. Bond Counsel's opinion is based upon the law in existence on the date of issuance of the Series 2025A Bonds.

Legislation affecting municipal bonds is considered from time to time by the Minnesota legislature and Executive Branch. It is possible that legislation enacted after the date of the Series 2025A Bonds or proposed for consideration will have an adverse effect on payment or timing of payment or other matters impacting the Series 2025A Bonds.

The City cannot predict the outcome of any such federal or state proposals as to passage, ultimate content or impact if passed, or timing of consideration or passage. Purchasers of the Bonds should reach their own conclusions regarding the impact of any such federal or state proposals.

There can be no assurance that there will not be any change in, interpretation of, or addition to the applicable laws and provisions which would have a material effect, directly or indirectly, on the affairs of the City.

LIMITATIONS ON REMEDIES AVAILABLE TO OWNERS OF THE SERIES 2025A BONDS

No Acceleration. There is no provision for acceleration of maturity of the principal of the Series 2025A Bonds in the event of a default in the payment of principal or of interest on the Series 2025A Bonds. Consequently, the owners of the Series 2025A Bonds may have to enforce available remedies.

No Trustee. There is no bond trustee or similar person or entity to monitor or enforce the provisions of the Resolution on behalf of the owners of the Series 2025A Bonds, and therefore the owners should be prepared to enforce such provisions themselves if the need to do so ever arises.

POTENTIAL IMPACTS RESULTING FROM EPIDEMICS OR PANDEMICS

The City's finances may be materially adversely affected by unforeseen impacts of future epidemics and pandemics. The City cannot predict future impacts of epidemics or pandemics, any similar outbreaks, or their impact on travel, on assemblies or gatherings, on the State, national or global economy, or on securities markets, or whether any such disruptions may have a material adverse impact on the financial condition or operations of the City, including but not limited to the payment of debt service on any of its outstanding debt obligations.

ADDITIONAL BONDS

Additional Bonds may be issued by the City pursuant to the Special Law and as authorized in the General Resolution. The Series 2025A Bonds and the Series 2025B Bonds constitute Additional Bonds. While coverage tests apply to any such Additional Bonds, the issuance of such Additional Bonds could increase the amount of indebtedness having a claim on the Sales and Use Tax or increase the amount of funds that the City may expend for purposes currently authorized under the Special Law.

INSOLVENCY

State law specifically authorizes a statutory mechanism for municipalities such as the City to declare bankruptcy. Although the possibility is very remote, insolvency or bankruptcy proceedings in the future involving the City and equity principles could delay or otherwise adversely affect the enforcement of registered owners' rights or collection of the principal of or interest on the Series 2025A Bonds. Such an event, although a remote possibility, could impose significant risks of delay, limitation or modification of the rights of owner rights against the City.

CYBERSECURITY

The City is dependent on electronic information technology systems to deliver services. These systems may contain sensitive information or support critical operational functions which may have value for unauthorized purposes. As a result, the electronic systems and networks may be targets of cyberattack. There can be no assurance that the City will not experience an information technology breach or attack with financial consequences that could have a material adverse impact. To reduce the risk of a cyberattack, the City employs staff who have implemented the following programs and controls to help prevent breaches such as those that have occurred in other cities.

Security controls are in place to safeguard office and email activities. In addition to new employee onboarding security training, the City also performs internal email phishing campaigns to identify risks and educate employees. Vulnerability management controls include procedures to detect and remediate system and network vulnerabilities, as well as advanced end-point protection to detect and prevent malware and ransomware. Identity and access management controls include complex passwords and two factor authentication for external access to City resources such as email and network.

Redundancy is built into City systems in the event of an attack or breach. Network security controls include network segmentation, controlled third party and vendor access to restrict access to required resources only, and network access controls to prevent unauthorized devices from connecting to the network. In addition to in-house forensics tools and capabilities for investigating incidents, the City leverages security event and incident management for log correlation, analysis, and investigations. Additionally, the City's security staff has been trained and certified in information security and staff has developed and cultivated relationships with public and private sector security resources to stay abreast of threats and countermeasures.

The City has cybersecurity insurance in place.

CLIMATE CHANGE

In 2018, City Council adopted the Hennepin County All-Hazards Mitigation Plan. The plan outlines some of the consequences expected with climate change for cities in Hennepin County. These hazards include:

- Less reliable and more dangerous lake ice.
- More periods of bare/snow-free ground, allowing frost to penetrate to great depths during cold outbreaks.
- Expansion of the heavy rainfall season, leading to enhanced peak stream flows, and altered timing of normal flow regimes.
- Increased runoff and flash-flooding as the largest events intensify and become more common.
- Water infrastructure damage from intense rainfall events.
- Agricultural stress, from shifting crop ranges, heat, drought, extreme rainfall.
- More days with high water vapor content and heat index values.
- Greater summer cooling costs, more days requiring cooling.
- New invasive species, both terrestrial and aquatic, especially those acclimated to warmer climates or those that were cold weather limited.
- “Hyper-seasonality” as warm conditions develop during the “off-season,” leading to bouts of heavy rainfall or severe weather, followed by wintry conditions.
- Increase in frequency of freeze-thaw cycles, as winter is increasingly infiltrated by warm conditions.

Future changes to the climate, such as those listed above, may produce ecological, environmental, and economic impacts on the State and the City. Climate change as a result of greenhouse gas emissions may also produce ecological, environmental, and economic impacts on the State and the City, and additional federal and State regulations to fight climate change.

SUMMARY

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Series 2025A Bonds. In order for potential investors to identify risk factors and make an informed decision, potential investors should be thoroughly familiar with this entire Official Statement and the Appendices hereto.

PURCHASER/UNDERWRITING

The Series 2025A Bonds are being purchased by _____ (the “Underwriter”) [and its syndicate] at a purchase price of \$_____, which is the par amount of the Series 2025A Bonds of \$_____, less the Underwriter’s discount of \$_____, plus the [net] original issue premium/discount of \$_____, plus accrued interest \$_____.

The Underwriter intends to offer the Series 2025A Bonds to the public at the offering prices set forth on the inside cover page of this Official Statement. The Underwriter may allow concessions to certain dealers (including dealers in a selling group of the Underwriter and other dealers depositing the Series 2025A Bonds into investment trusts), who may reallow concessions to other dealers. After the initial public offering, the public offering price may be varied from time to time by the Series 2025A Bonds.

CONTINUING DISCLOSURE

In order to assist the Purchaser in complying with SEC Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities Exchange Act of 1934, as the same may be amended from time to time, and official interpretations thereof (the “Rule”), pursuant to the Award Resolution, at closing the City will enter into an undertaking (the “Undertaking”) for the benefit of holders including Beneficial Owners of the Series 2025A Bonds to provide certain financial information and operating data relating to the City to the Electronic Municipal Market Access system (“EMMA”) annually, and to provide

notices of the occurrence of certain events enumerated in the Rule to EMMA or the Municipal Securities Rulemaking Board (the “MSRB”). The specific nature of the Undertaking, as well as the information to be contained in the annual report or the notices of material events, is set forth in the Continuing Disclosure Certificate to be executed and delivered at the time the Series 2025A Bonds are delivered in substantially the form attached hereto as Appendix D.

The City believes it has complied for the past five years in accordance with the terms of its previous continuing disclosure undertakings entered into pursuant to the Rule. A failure by the City to comply with the Undertaking will not constitute an event of default on the Series 2025A Bonds or under any provisions of the Resolution (although holders will have any other available remedy at law or in equity subject to certain limitations). Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Series 2025A Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Series 2025A Bonds and their market price.

CONCURRENT AND FUTURE FINANCING

By means of a separate Official Statement dated July 7, 2025, the City is offering for sale its \$30,825,000(1) General Obligation Sales Tax Revenue Bonds, Series 2025B (the “Series 2025B Bonds”) on Monday, July 14, 2025. The Series 2025B Bonds are being issued to provide additional financing for the Series 2025 Project.

The City’s borrowing plans in the fall of calendar year 2025 include approximately \$6 million of general obligation PIRF bonds, \$12 million in general obligation Capital Improvement Bonds, and \$1.1 million in general obligation assessment bonds. There is slight potential the City may issue \$75 million of Tax Increment Revenue Bonds to fund infrastructure improvements associated with the Mall of America waterpark project in 2025.

Additional Bonds to be issued for the purpose of funding the Future Project are expected to be issued in calendar year 2026 as Subordinate Bonds.

(1) Preliminary; subject to change.

LITIGATION

To the knowledge of the officers for the City, there is no litigation pending, or threatened, against the City, which in any way questions or affects the validity of the Series 2025A Bonds, or any proceedings or transactions relating to the issuance, sale, or delivery thereof.

The officers for the City will certify at the time of delivery of the Series 2025A Bonds that there is no litigation pending or in any way threatened questioning the validity of the Series 2025A Bonds, or any of the proceedings relating to the authorization, issuance and sale of the Series 2025A Bonds that would result in a material adverse impact on the financial condition of the City.

LEGAL MATTERS

The Series 2025A Bonds are subject to approval as to certain matters by Kutak Rock LLP of Minneapolis, Minnesota, as Bond Counsel to the City. Bond Counsel has not participated in the preparation of this Official Statement and will not pass upon its accuracy, completeness, or sufficiency. Bond Counsel has not examined nor 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. A legal opinion in substantially the form set out in Appendix C herein will be delivered at closing.

TAX MATTERS

GENERAL MATTERS

In the opinion of Kutak Rock LLP, Bond Counsel to the City, under existing laws, regulations, rulings and judicial decisions, interest on the Series 2025A Bonds is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. Further, and to the extent of the aforementioned federal income tax exclusion, interest on the Series 2025A Bonds is excludable from taxable net income of individuals, trusts, and estates for Minnesota income tax purposes, and is not a preference item for purposes of the computation of the Minnesota alternative minimum tax imposed on individuals, trusts, and estates. However, such interest is subject to Minnesota franchise taxes on certain corporations (including financial institutions) measured by income. The opinions described above assume the accuracy of certain representations and compliance by the City with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Series 2025A Bonds. Failure to comply with such requirements could cause interest on the Series 2025A Bonds to be included in gross income for federal income tax purposes and in taxable net income for Minnesota income tax purposes, retroactive to the date of issuance of the Series 2025A Bonds. The City has covenanted to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Series 2025A Bonds. Interest on the Series 2025A Bonds may affect the federal alternative minimum tax imposed on certain corporations.

The accrual or receipt of interest on the Series 2025A Bonds may otherwise affect the federal income tax liability of the owners of the Series 2025A Bonds. The extent of these other tax consequences will depend on such owners' particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences.

Purchasers of the Series 2025A Bonds, particularly purchasers that are corporations (including S corporations, foreign corporations operating branches in the United States of America, and certain corporations subject to the alternative minimum tax imposed on corporations), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Series 2025A Bonds.

A copy of the form of opinion of Bond Counsel is attached hereto as Appendix C.

ORIGINAL ISSUE DISCOUNT

The Series 2025A Bonds that have an original yield above their respective interest rates, as shown on the cover of this Official Statement (collectively, the "Discount Bonds"), are being sold at an original issue discount. The difference between the initial public offering prices of such Discount Bonds and their stated amounts to be paid at maturity (excluding "qualified stated interest" within the meaning of Section 1.1273-1 of the Regulations) constitutes original issue discount treated in the same manner for federal income tax purposes as interest, as described above.

The amount of original issue discount that is treated as having accrued with respect to a Discount Bond is added to the cost basis of the owner of the bond in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bond (including its sale, redemption or payment at maturity). Amounts received on disposition of such Discount Bond that are attributable to accrued or otherwise recognized original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days that are determined by reference to the maturity date of such Discount Bond. The amount treated as original issue discount on such Discount Bond for a particular semiannual accrual period is equal to (a) the product of (i) the yield to maturity for such Discount Bond (determined by compounding at the close of each accrual period) and (ii) the amount that would have

been the tax basis of such Discount Bond at the beginning of the particular accrual period if held by the original purchaser, less (b) the amount of any interest payable for such Discount Bond during the accrual period. The tax basis for purposes of the preceding sentence is determined by adding to the initial public offering price on such Discount Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If such Discount Bond is sold between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of Discount Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date and with respect to the state and local tax consequences of owning a Discount Bond. Subsequent purchasers of Discount Bonds that purchase such bonds for a price that is higher or lower than the "adjusted issue price" of the bonds at the time of purchase should consult their tax advisors as to the effect on the accrual of original issue discount.

ORIGINAL ISSUE PREMIUM

The Series 2025A Bonds that have an original yield below their respective interest rates, as shown on the cover of this Official Statement (collectively, the "Premium Bonds"), are being sold at a premium. An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. A purchaser of a Premium Bond must amortize any premium over such Premium Bond's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, generally by amortizing the premium to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period, and the purchaser's basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Bonds should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

NOT BANK-QUALIFIED TAX-EXEMPT OBLIGATIONS

The City will not designate the Series 2025A 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, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

BACKUP WITHHOLDING

An owner of a Series 2025A Bond may be subject to backup withholding at the applicable rate determined by statute with respect to interest paid with respect to the Series 2025A Bonds if such owner fails to provide to any person required to collect such information pursuant to Section 6049 of the Code with such owner's taxpayer identification number, furnishes an incorrect taxpayer identification number, fails to report interest, dividends or other "reportable payments" (as defined in the Code) properly, or, under certain circumstances, fails to provide such persons with a certified statement, under penalty of perjury, that such owner is not subject to backup withholding.

CHANGES IN FEDERAL AND STATE TAX LAW

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to under this heading "TAX MATTERS" or adversely affect the market value of the Series 2025A Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Series 2025A Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series 2025A Bonds or the market

value thereof would be impacted thereby. Purchasers of the Series 2025A Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based on existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2025A Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

Prospective purchasers of the Series 2025A Bonds are advised to consult their own tax advisors prior to any purchase of the Series 2025A Bonds as to the impact of the Code upon their acquisition, holding or disposition of the Series 2025A Bonds.

MUNICIPAL ADVISOR

The City has retained Baker Tilly Municipal Advisors, LLC (the “Municipal Advisor” or “BTMA”) as municipal advisor in connection with certain aspects of the issuance of the Series 2025A Bonds. BTMA is a municipal advisor registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. BTMA is a subsidiary of Baker Tilly Advisory Group, LP (“BTAG”) which is indirectly owned by (a) H&F Waterloo Holdings, L.P., an affiliate of Hellman & Friedman LLC (“H&F”), an investment adviser registered with the Securities and Exchange Commission (the “SEC”), (b) Valeas Capital Partners Fund I Waterloo Aggregator LP, an affiliate of Valeas Capital Partners Management LP (“Valeas”), an investment adviser registered with the SEC, and (c) individuals who are principals of BTAG. None of these parties own a majority interest in BTAG, or indirectly, BTMA. Baker Tilly Advisory Group, LP and Baker Tilly US, LLP, trading as Baker Tilly, operate under an alternative practice structure and are members of the global network of Baker Tilly International, Ltd. Baker Tilly US, LLP (“BTUS”) is a licensed CPA firm providing assurance services to its clients. BTAG and its subsidiary entities provide tax and consulting services to their clients and are not licensed CPA firms.

BTMA has been retained by the City to provide certain municipal advisory services to City and, in that capacity, has assisted the City in preparing this Official Statement. The information contained in the Official Statement has been compiled from the sources stated or, if not otherwise sourced, from records and other materials provided by the City. The Municipal Advisor makes no representation, warranty or guarantee regarding the accuracy or completeness of the information in this Official Statement, and its assistance in preparing this Official Statement should not be construed as a representation that it has independently verified such information.

The Municipal Advisor’s duties, responsibilities and fees arise solely as Municipal Advisor to the City, and it has no secondary obligations or other responsibility. The Municipal Advisor’s fees are expected to be paid from proceeds of the Bonds. BTMA provides certain specific municipal advisory services to the City but is neither a placement agent to the City nor a broker/dealer.

Other Financial Industry Activities and Affiliations:

Baker Tilly Wealth Management, LLC (“BTWM”), an SEC registered investment adviser, and Baker Tilly Capital, LLC (“BTC”), a broker/dealer registered with the SEC and member of the Financial Industry Regulatory Authority (“FINRA”), are controlled subsidiaries of BTAG. Both H&F and Valeas, are registered with the SEC as investment advisers and serve as managers of, or advisers to, certain private investment funds, some of which indirectly own BTAG.

BTWM and other subsidiaries of BTAG may provide advisory services to the clients of BTMA. BTMA has no other activities or arrangements that are material to its municipal advisory business or its clients with a related person who is a broker-dealer, investment company, other investment adviser or financial planner, bank, law firm or other financial entity.

MISCELLANEOUS

The information contained in this Official Statement has been compiled from the City officials and other sources deemed to be reliable, and while not guaranteed as to completeness or accuracy, it is believed to be correct as of this date. However, the Official Statement speaks only as of its date, and the information contained herein is subject to change.

The references, excerpts, and summaries of all documents referred to herein do not purport to be complete statements of the provisions of such documents, and reference is directed to all such documents for full and complete statements of all matters of fact relating to the Series 2025A Bonds, the security for the payment of the Series 2025A Bonds and the rights and obligations of the owners thereof.

Any statements made in this Official Statement involving matters of opinion or of 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 the estimates will be realized. Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract with the owners of the Series 2025A Bonds.

CERTIFICATION

The City has authorized the distribution of the Preliminary Official Statement for use in connection with the initial sale of the Series 2025A Bonds and a Final Official Statement following award of the Series 2025A Bonds. The City certifies to the best of its knowledge and belief that this Official Statement, as of its date and as it relates to the City and its economic and financial condition, (i) is complete and accurate; (ii) does not contain any untrue statement of a material fact; and (iii) does not omit any material facts or information which would make the statements contained herein misleading.

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GENERAL INFORMATION OF THE CITY

CITY PROPERTY VALUES

Trend of Values

Assessment/ Collection Year	Assessor's Estimated Market Value	Sales Ratio(1)	Economic Market Value(2)	Market Value Homestead Exclusion	Taxable Market Value	Adjusted Taxable Net Tax Capacity
2024/25	\$17,829,583,800	95.57%	\$17,904,202,430	\$353,729,482	\$17,419,385,018	\$201,371,748
2023/24	17,684,661,400	95.13	18,650,346,872	167,848,864	17,464,500,836	202,722,254
2022/23	17,110,031,100	93.84	18,302,350,785	177,188,168	16,884,846,332	195,222,513
2021/22	15,010,645,700	92.58	16,271,551,896	249,857,709	14,719,300,384	167,984,085
2020/21	14,695,644,300	95.52	15,441,183,148	285,417,204	14,370,757,133	167,302,024

(1) Sales Ratio Study for the year of assessment as posted by the Minnesota Department of Revenue, <https://www.revenue.state.mn.us/economic-market-values> and

(2) Economic market values for the year of assessment as posted by the Minnesota Department of Revenue, <https://www.revenue.state.mn.us/economic-market-values> and

Source: Hennepin County, Minnesota, April 2024, except as otherwise noted.

2024/25 Adjusted Taxable Net Tax Capacity: \$201,371,748

Real Estate:

Commercial/Industrial, Railroad, and Public Utility	\$106,101,314	45.9%
Residential Homestead	98,869,186	42.7
Residential Non-Homestead, Agriculture, and Other	25,504,507	11.0
Personal Property	<u>859,868</u>	<u>0.4</u>

2024/25 Net Tax Capacity	\$231,334,875	100.00%
Less: Captured Tax Increment	(14,931,580)	
Contribution to Fiscal Disparities	(29,657,260)	
Plus: Distribution from Fiscal Disparities	<u>14,625,713</u>	

2024/25 Adjusted Taxable Net Tax Capacity \$201,371,748

(1) Excludes mobile home valuation of \$5,168.

Source: Hennepin County, Minnesota, April 2025.

Ten of the Largest Taxpayers in the City

<u>Taxpayer</u>	<u>2024/25 Total Market Value</u>	<u>2024/25 Total Tax Capacity</u>	<u>Share of City Total Net Tax Capacity</u>
Mall of America 8000, 8200, 8300, 8400, 8500 Normandale Properties LLC	\$ 931,528,900	\$18,630,578	8.05%
Kraus-Anderson	317,612,000	6,352,240	2.75
Carlson Companies	118,285,300	2,365,706	1.02
Workspace Property Trust	87,109,000	1,742,180	0.75
HealthPartners	78,826,400	1,576,528	0.68
Hampshire 10660 LLC	61,522,100	1,230,442	0.53
ML CASA II	94,000,000	1,175,000	0.51
Bcs3 Housing LLC (The Fenley)	92,894,000	1,161,175	0.50
Mdewakanton Sioux	91,709,400	1,146,368	0.50
	56,500,000	1,130,000	<u>0.49</u>
Total	\$1,929,987,100	\$36,510,217	15.78%

Source: City Assessor's office.

CITY INDEBTEDNESS

Legal Debt Limit and Debt Margin(1)

Legal Debt Limit (3% of 2024/25 Estimated Market Value)	\$537,126,073
Less: Outstanding Debt Subject to Limit	<u>(24,660,000)</u>
Legal Debt Margin as of August 13, 2025	\$561,786,073

(1) The legal debt margin is referred to statutorily as the "Net Debt Limit" and may be increased by debt service funds and current revenues which are applicable to the payment of debt in the current fiscal year.

NOTE: Certain types of debt are not subject to the legal debt limit. See Appendix E – Summary of Tax Levies, Payment Provisions, and Minnesota Real Property Valuations – Debt Limitations.

General Obligation Debt Supported Solely by Taxes(1)

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Est. Principal Outstanding As of 8-13-25</u>
5-4-17	\$ 1,420,000	Charter	2-1-2027	\$ 315,000
6-21-18	1,020,000	Charter	2-1-2029	445,000
5-30-19	1,645,000	Taxable Charter	2-1-2030	890,000
11-26-19	2,105,000	Charter	2-1-2030	1,200,000
9-9-21	2,005,000	Charter	2-1-2032	1,525,000
4-27-22	11,975,000	Capital Improvement Plan	2-1-2043	11,175,000
9-5-24	9,110,000	Charter	2-1-2035	<u>9,110,000</u>
Total				\$24,660,000

(1) These issues are subject to the legal debt limit.

General Obligation Special Assessment Debt

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Est. Principal Outstanding As of 8-13-25</u>
11-15-11	\$ 7,545,000	PIRF, Series 45	2-1-2031	\$ 345,000
11-15-13	5,135,000	PIRF Refunding, Series 2013A	2-1-2030	720,000
10-27-15	5,810,000	PIRF and Refunding, Series 49	2-1-2036	935,000
12-8-16	6,115,000	PIRF, Series 50	2-1-2037	1,835,000
12-8-16	3,730,000	PIR Refunding, Series 2016C	2-1-2029	1,150,000
12-6-17	6,720,000	PIRF, Series 51	2-1-2028	1,690,000
12-5-18	5,270,000	PIRF, Series 52	2-1-2029	2,410,000
11-26-19	4,095,000	PIRF, Series 53	2-1-2030	2,290,000
12-10-20	5,385,000	PIRF, Series 54	2-1-2031	3,485,000
11-23-21	4,540,000	PIRF, Series 55	2-1-2032	3,400,000
9-8-22	11,875,000	PIRF, Series 56	2-1-2034	<u>10,595,000</u>
Total				\$28,855,000

General Obligation Utility Revenue Debt

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Est. Principal Outstanding As of 8-13-25</u>
5-4-17	\$ 1,170,000	Water Utility	2-1-2027	\$ 265,000
12-5-18	10,805,000	Storm Water Utility (Green Bonds)(1)	2-1-2034	<u>7,290,000</u>
Total				\$7,555,000

(1) These bonds are being repaid from net revenues of the City's storm water system and special assessments against benefited properties.

General Obligation Tax Increment Debt

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Est. Principal Outstanding As of 8-13-25</u>
10-27-15	\$ 7,300,000	Taxable Tax Increment	2-1-2035	\$ 4,445,000(1)
12-27-19	15,200,000	Taxable Tax Increment	2-1-2036	12,190,000
12-10-20	1,975,000	Taxable Tax Increment Refunding	2-1-2032	<u>1,400,000</u>
Total				\$18,035,000

(1) General obligations of the City issued by the Bloomington Port Authority which are expected to be repaid from captured tax increment revenues.

General Obligation Housing Improvement Debt

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Est. Principal Outstanding As of 8-13-25</u>
6-21-18	\$920,000	Taxable Housing Improvements	2-1-2034	\$605,000

General Obligation Sales Tax Revenue Debt

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Est. Principal Outstanding As of 8-13-25</u>
8-13-25	\$30,825,000	Sales Tax Revenue (the Series 2025B Bonds)	2-1-2044	\$30,825,000

Sales Tax Revenue Debt

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Est. Principal Outstanding As of 8-13-25</u>
11-26-24	\$34,780,000	Taxable Sales Tax Revenue	2-1-2045	\$34,780,000
8-13-25	65,000,000	Sales Tax Revenue (the Series 2025A Bonds)	2-1-2045	<u>65,000,000</u>
Total				\$99,780,000

Estimated Calendar Year Debt Service Payments

	<u>G.O. Debt Supported Solely by Taxes</u>		<u>G.O. Special Assessment Debt</u>	
	<u>Principal</u>	<u>Principal & Interest</u>	<u>Principal</u>	<u>Principal & Interest</u>
2025 (at 8-13)	(Paid)	(Paid)	(Paid)	(Paid)
2026	1,835,000	2,803,551	\$ 5,200,000	\$ 6,171,569
2027	2,095,000	2,975,743	4,855,000	5,636,119
2028	2,030,000	2,815,850	4,470,000	5,084,419
2029	2,115,000	2,806,210	3,920,000	4,383,144
2030	2,090,000	2,686,440	3,130,000	3,465,459
2031	1,730,000	2,239,175	2,595,000	2,832,378
2032	1,810,000	2,240,825	2,005,000	2,161,228
2033	1,630,000	1,984,350	1,525,000	1,604,775
2034	1,710,000	1,990,800	900,000	925,150
2035	1,785,000	1,997,925	100,000	106,150
2036	655,000	826,409	95,000	98,225
2037	675,000	826,869	60,000	60,900
2038	695,000	826,319		
2039	715,000	824,722		
2040	740,000	826,988		
2041	760,000	823,550		
2042	785,000	823,919		
2043	<u>805,000</u>	<u>818,081</u>		
Total	\$24,660,000(1)	\$31,137,726	\$28,855,000(2)	\$32,529,516

(1) 76.4% of this debt will be retired within ten years.

(2) 99.5 of this debt will be retired within ten years.

Estimated Calendar Year Debt Service Payments (continued)

	G.O. Utility Revenue Debt		G.O. Tax Increment Debt	
	<u>Principal</u>	<u>Principal & Interest</u>	<u>Principal</u>	<u>Principal & Interest</u>
2025 (8-13)	(Paid)	(Paid)	(Paid)	(Paid)
2026	\$ 820,000	\$ 1,105,231	\$ 1,245,000	\$ 1,794,613
2027	860,000	1,107,122	1,320,000	1,832,599
2028	755,000	963,688	1,370,000	1,842,349
2029	790,000	967,963	1,420,000	1,850,232
2030	810,000	963,456	1,470,000	1,856,077
2031	835,000	959,100	1,520,000	1,860,025
2032	865,000	955,100	1,495,000	1,787,716
2033	895,000	949,900	1,395,000	1,640,584
2034	925,000	943,500	1,445,000	1,643,091
2035			1,505,000	1,653,754
2036			3,850,000	3,911,793
Total	\$7,555,000	\$8,915,060	\$18,035,000(1)	\$21,672,833

	G.O. Housing Improvement Debt		G.O. Sales Tax Revenue Debt	
	<u>Principal</u>	<u>Principal & Interest</u>	<u>Principal</u>	<u>Principal & Interest(2)</u>
2025 (8-13)	(Paid)	(Paid)	(Paid)	(Paid)
2026	\$ 60,000	\$ 82,170	\$ 1,730,000	\$ 3,085,348
2027	60,000	79,980	1,045,000	2,379,200
2028	65,000	82,651	1,100,000	2,380,575
2029	65,000	80,198	1,155,000	2,379,200
2030	65,000	77,711	1,210,000	2,375,075
2031	70,000	80,095	1,270,000	2,373,075
2032	70,000	77,365	1,335,000	2,372,950
2033	75,000	79,500	1,405,000	2,374,450
2034	75,000	76,500	1,475,000	2,372,450
2035			1,545,000	2,366,950
2036			1,625,000	2,367,700
2037			1,705,000	2,364,450
2038			1,790,000	2,371,025
2039			1,860,000	2,366,863
2040			1,940,000	2,367,275
2041			2,020,000	2,361,863
2042			2,110,000	2,360,200
2043			2,205,000	2,358,113
2044			2,300,000	2,351,750
Total	\$605,000	\$716,170	\$30,825,000(3)	\$45,728,512

(1) 78.7% of this debt will be retired within ten years.

(2) Includes estimated debt service on the Series 2025B Bonds

(3) 43.0% of this debt will be retired within ten years.

Estimated Calendar Year Debt Service Payments (continued)

	Sales Tax Revenue Debt	
	<u>Principal</u>	<u>Principal & Interest(1)</u>
2025 (at 8-13)	(Paid)	(Paid)
2026	\$ 4,250,000	\$ 8,901,350
2027	3,130,000	7,691,310
2028	3,295,000	7,684,410
2029	3,475,000	7,689,360
2030	3,650,000	7,686,235
2031	3,835,000	7,684,110
2032	4,025,000	7,672,266
2033	4,235,000	7,670,423
2034	4,450,000	7,668,298
2035	4,670,000	7,664,044
2036	4,895,000	7,656,710
2037	5,135,000	7,651,280
2038	5,385,000	7,655,034
2039	5,630,000	7,651,481
2040	5,885,000	7,642,794
2041	6,155,000	7,633,525
2042	6,440,000	7,621,281
2043	6,745,000	7,609,800
2044	7,075,000	7,605,356
2045	<u>7,420,000</u>	<u>7,599,569</u>
Total	\$99,780,000(2)	\$154,338,636

(1) Includes estimated debt service on the Series 2025A Bonds.

(2) 39.1% of this debt will be retired within ten years.

Overlapping Debt

<u>Taxing Unit(1)</u>	2024/25 <u>Adjusted Taxable Net Tax Capacity</u>	<u>Est. G.O. Debt As of 8-13-25(2)</u>	<u>Debt Applicable to Tax Capacity in City</u>	
			<u>Percent</u>	<u>Amount</u>
Hennepin County	\$2,835,449,560	\$1,213,570,000	7.1%	86,163,470
Three Rivers Park District	2,073,090,874	49,625,000	9.9	4,813,625
Hennepin County Regional Rail Authority	2,835,449,560	76,945,000	7.1	5,463,095
I.S.D. No. 271 (Bloomington)	199,403,716	171,020,000	99.9	171,020,000
I.S.D. No. 272 (Eden Prairie)	154,500,106	101,235,000	0.4	404,940
I.S.D. No. 273 (Edina)	159,350,523	266,270,000 (3)	1.0	2,396,430
Metropolitan Council	6,313,906,674 (4)	2,370,000 (5)	3.3	75,840
Metropolitan Transit	4,183,975,217 (4)	145,945,000	4.0	<u>7,005,360</u>
Total				\$277,342,760

(1) Only those units with outstanding general obligation debt are shown here.

(2) Excludes general obligation tax and aid anticipation certificates and revenue-supported debt.

(3) Includes lease purchase obligations paid by annual appropriations.

(4) 2023/24 adjusted taxable net tax capacity; most recent information available.

(5) Excludes general obligation debt supported by wastewater revenues and housing rental payments. Includes certificates of participation.

Debt Ratios⁽¹⁾

	<u>G.O. Debt</u>	<u>Overlapping Debt</u>
To 2024/25 Estimated Market Value (\$17,829,583,800)	0.40%	1.96%
Per Capita - (88,344 -2024 U.S. Census Estimate)	\$810	\$3,949

(1) Excludes general obligation utility revenue debt and general obligation housing improvement debt.

Trend of Debt Ratios⁽¹⁾General Obligation Direct Debt

<u>Fiscal Year (12-31)</u>	<u>Bonded Debt</u>	<u>Debt To Estimated Market Value</u>	<u>Debt Per Capita</u>
2024	\$56,594,151	0.32%	\$618
2023	59,108,237	0.35	647
2022	67,824,339	0.40	750
2021	44,962,981	0.31	494
2020	45,104,322	0.31	501
2019	47,448,791	0.35	559

(1) Excludes general obligation debt supported by revenues and revenue debt supported by tax increment and enterprise funds. Includes general obligation debt supported by tax increment.

Source: The City's Annual Comprehensive Financial Reports.

General Obligation Overlapping and Direct Debt

<u>Fiscal Year (12-31)</u>	<u>Debt</u>	<u>Debt To Estimated Market Value</u>	<u>Debt Per Capita</u>
2024	\$366,623,221	2.07%	\$4,005
2023	332,091,907	2.21	3,854
2022	348,569,944	2.32	3,854
2021	312,919,011	2.13	3,440
2020	329,415,053	2.30	3,661
2019	261,332,842	1.94	3,077

Source: Bloomington Finance Department.

CITY TAX RATES, LEVIES AND COLLECTIONS

Tax Capacity Rates for a Resident in ISD No. 271 (Bloomington)

	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>Total</u>	<u>2024/25</u> For Debt Only
Hennepin County	38.210%	38.535%	34.542%	34.681%	37.081%	3.830%
City of Bloomington	41.335	42.351	39.422	40.601	44.931	3.925
I.S.D. No. 271 (Bloomington)(1)	20.251	21.511	17.307	18.085	19.857	6.152
Special Districts(2)	<u>7.813</u>	<u>7.819</u>	<u>6.944</u>	<u>6.723</u>	<u>7.485</u>	<u>1.863</u>
Total	107.609%	110.216%	98.215%	100.090%	109.354%	15.770%

- (1) In addition, Independent School District No. 271 (Bloomington) has a 2024/25 market value tax rate of 0.18718% spread across the market value of property in support of an excess operating levy.
- (2) Special districts include Metropolitan Council, Metropolitan Transit District, Mosquito Control, Three Rivers Park District, Hennepin County Regional Railroad, Hennepin County Parks Museum, and Hennepin County Housing and Redevelopment Authority.

NOTE: This table includes only net tax capacity-based rates. Certain other tax rates are based on market value.

Source: Hennepin County, Minnesota, taxing district information,
<https://www.hennepin.us/residents/property/taxing-district-info>.

Special Levies

The Port Authority of the City of Bloomington (the "Port Authority") levy is limited to 0.01813% of the City's taxable market value. Additionally, the Port Authority can levy up to 0.00282% of the City's taxable market value for industrial development district purposes. The Port Authority authorized a levy of \$2,500,000 for the fiscal year ending December 31, 2025.

The Housing and Redevelopment Authority in and for the City of Bloomington (the "HRA") levy is limited to 0.0185% of the City's taxable market value. The HRA levied \$ 1,965,356 for the fiscal year ended December 31, 2025.

General Tax Levies and Collections

<u>Levy/ Collect</u>	<u>Amount of Net Levy(1)</u>	<u>Current Collections</u>		<u>Delinquent Collections (Abatements)(2)</u>	<u>Total Collections to Levy</u>	
		<u>Amount</u>	<u>Percent</u>		<u>Amount</u>	<u>Percent</u>
2023/24	\$80,484,270	\$79,285,955	98.5%	-	\$79,285,955	98.5%
2022/23	74,545,878	71,824,702	96.3	\$1,720,756	73,545,458	98.7
2021/22	68,296,727	67,670,986	99.1	(288,688)	67,382,298	98.7
2020/21	66,468,834	65,703,985	98.8	(145,632)	65,558,353	98.6

(1) The net levy excludes state aid for property tax relief and fiscal disparities, if applicable. The net levy is the basis for computing the tax capacity rates.

(2) The current collection's percentage is reduced as a result of commercial property valuation adjustments.

Source: The City's Annual Comprehensive Financial Reports. Most recent information available.

Special Assessment Levies and Collections

Levy/ Collect	Amount of Assessment Levy	Current Collections		Collection of Prior Years	Total Collections to Current Levy	
		Amount	Percent		Amount	Percent
2023/24	\$3,565,000	\$3,454,601	96.9%	-	\$3,454,601	96.9%
2022/23	4,033,282	3,287,900	81.5	\$64,254	3,352,154	83.1
2021/22	3,515,757	3,450,221	98.1	31,780	3,482,001	99.0
2020/21	3,790,779	3,608,531	95.2	39,561	3,648,092	96.2

Source: The City. Most recent information available.

FUNDS ON HAND As of April 30, 2025

Operating Funds:	
General	\$ 35,618,451
Utility	46,386,037
Recreational Facilities	3,622,875
All Others	<u>67,230,767</u>
Total Operating Funds	<u>\$152,858,130</u>
Capital Projects	<u>\$274,835,889</u>
Debt Service Funds:	
G.O. Tax Levy	298,697
G.O. Tax Increment City/HRA	2,673,129
G.O. Special Assessment	12,984,312
Taxable Lease Revenue/HRA	2,820,563
Tax Increment Revenue/Port Authority	<u>136,039</u>
Total Debt Service Funds	<u>\$ 18,912,740</u>
Total all City, HRA, and Port Authority Funds	<u>\$446,606,759</u>

INVESTMENTS

The City's investments are managed in accordance with an investment policy adopted by the City Council. It is the policy of the City to invest public funds in a manner that will provide the highest investment return with minimum risk while meeting the City's daily cash flow demands and conforming to all federal, state and local regulations governing the investment of public funds. The primary objectives of the City's investment activities shall be safety of principal, sufficient liquidity and market return on investments. The investment portfolio must remain sufficiently liquid to enable the City to meet all operating requirements that might reasonably be anticipated. The City may directly invest in securities maturing more than five years from the date of purchase based on certain market conditions. Directly investing in derivatives is prohibited. No more than 50% of the total investment portfolio will be invested in a single security type or with a single financial institution (with the exception of U.S. Treasury securities and authorized pools) and no more than 50% of the portfolio may be invested in a single corporation. The management of the investment program is the responsibility of the City Manager delegated to the Chief Financial Officer and is conducted in accordance with Minnesota Statutes, Chapter 118A, and the City Charter. The Chief Financial Officer is responsible for establishing written procedures for the operations of the investment program consistent with the investment policy. The Chief Financial Officer is also responsible for all investment transactions and establishing a system of controls to regulate the financial activities of the City. An investment committee, consisting of the Chief Financial Officer, Deputy Finance Officer, Treasury Manager, Port Authority Administrator, HRA Administrator and other Accountants meets semi-annually or as needed to review the performance of investments and investment strategy. The City's financial staff manages the investments of the City, HRA and Port Authority. They provide Investment Performance Reports on a monthly basis to the City Council, Executive staff, HRA, and Port Authority.

As of April 30, 2025, approximately \$122.7 million (43.3%) of the City's \$283.1 million investment portfolio is invested in securities that will mature at par in less than one year. An additional \$160.4 million (56.7%) of the City's operating fund investments are securities that have maturity dates within one to ten years.

GENERAL INFORMATION CONCERNING THE CITY

The City covers an area of approximately 38.8 square miles and is situated wholly within Hennepin County. The City has many national and international corporations within its boundaries, including Seagate Technology, The Toro Company, Thermo King/Ingersoll Rand Corporation, HealthPartners, Wells Fargo Bank, Polar Semiconductor, Inc., Ceridian Corporation, and Donaldson Company, Inc. In addition, the City, with approximately 9,635 hotel/motel rooms, many entertainment facilities, the Mall of America and proximity to the Minneapolis-Saint Paul International Airport, has become a major regional and national business and meeting center.

Population

The City's population trend is shown below.

	<u>Population</u>	<u>Percent Change</u>
2024 U.S. Census Estimate	88,344	(1.8)%
2020 U.S. Census	89,987	8.6
2010 U.S. Census	82,893	(2.7)
2000 U.S. Census	85,172	(1.4)
1990 U.S. Census	86,355	5.5
1980 U.S. Census	81,831	--

Sources: United States Census Bureau, <http://www.census.gov/>.

The City's estimated population by age group for the past five years is as follows:

<u>Data Year/ Report Year</u>	<u>0-17</u>	<u>18-34</u>	<u>35-64</u>	<u>65 and Over</u>
2024/25	17,178	17,157	33,656	20,732
2023/24	17,300	18,160	34,002	20,559
2022/23	16,812	18,023	34,857	20,320
2021/22	16,874	18,330	34,710	19,678
2020/21	17,014	18,307	34,464	19,160

Source: Claritas, LLC.

Major Employers

<u>Employer</u>	<u>Product/Service</u>	<u>Approximate Number of Employees</u>
Mall of America	Retail/entertainment	11,000
HealthPartners	Health insurance provider	3,600
Bloomington Public School District	Education	1,893
Donaldson Company	Filtration systems	1,245
Seagate Technology	Computers and manufacturing	1,172
The Toro Company	Lawn equipment, snowblowers	1,150
General Dynamics	Defense contractor	684
GN Resound	Hearing aids	661
NCS Pearson, Inc.	Education services and assessment	637
City of Bloomington	Government	637
Ziegler Inc	Heavy equipment sales and service	606

Source: The City of Bloomington.

Labor Force Data

	<u>2021</u>	<u>2022</u>	<u>Annual Average 2023</u>	<u>2024</u>	<u>April 2025</u>
Labor Force:					
City of Bloomington	44,827	45,214	45,651	48,884	49,296
Hennepin County	694,964	701,738	708,159	716,187	722,707
Minneapolis-Saint Paul-Bloomington MSA	1,982,486	2,004,153	2,023,956	2,070,359	2,087,425
State of Minnesota	3,049,037	3,077,500	3,099,922	3,129,802	3,155,348
Unemployment Rate (%):					
City of Bloomington	4.1%	2.6%	2.8%	2.9%	2.8%
Hennepin County	3.8	2.4	2.6	2.8	2.8
Minneapolis-Saint Paul-Bloomington MSA	3.7	2.5	2.7	2.9	3.0
State of Minnesota	3.7	2.7	2.8	3.0	3.2

Source: Minnesota Department of Employment and Economic Development, <https://apps.deed.state.mn.us/lmi/laus>. 2025 data are preliminary.

Demographic Statistics

The City's residents are employed not only in the City, but throughout the Minneapolis-Saint Paul metropolitan area. In 2024/25, 54.61% of Minneapolis-Saint Paul-Bloomington Metropolitan area households had effective buying incomes (EBIs) in excess of \$75,000; 18.14% had EBIs from \$50,000 to \$74,999; 16.84% had EBIs from \$25,000 to \$49,999; and 10.41% had EBIs less than \$25,000.

The following table shows the total retail sales and EBI figures for the Minneapolis-Saint Paul-Bloomington Metropolitan area:

<u>Data Year/ Report Year</u>	<u>Total Retail Sales (\$000)</u>	<u>Total EBI (\$000)</u>	<u>Median Household EBI</u>
2024/25	\$110,813,005	\$158,611,331	\$81,898
2023/24	86,752,303	153,163,768	79,950
2022/23	92,464,655	150,148,998	78,435
2021/22	81,965,661	150,002,075	77,170
2020/21	76,293,129	132,160,678	68,828

The 2024/25 Median Household EBI for the State of Minnesota was \$75,463. The 2024/25 Median Household EBI for the United States was \$69,245.

Sources: Claritas, LLC.

Economic Development

Growth within the City has been spurred by freeways reaching out from the metropolitan area population hub, adjacent to and through the City, and further enhanced by the City's proximity to the Minneapolis-Saint Paul International Airport.

The City's water and sewer systems were installed at the beginning of the City's development and the capital outlay programs for extensions have been planned to keep pace with expected development.

Permits Issued

<u>Year</u>	<u>New Residential Value</u>	<u>Residential Remodel Value</u>	<u>New Commercial/Industrial Value</u>	<u>Commercial/Industrial Remodel Tenant Finish Value</u>	<u>Trade and All Other Value</u>	<u>Total</u>
2024	\$ 2,382,823	\$ 31,537,286	\$165,743,601	\$217,600,338	\$115,752,605	\$533,016,653
2023	1,696,058	25,185,343	72,680,469	122,326,574	147,249,424	345,891,877
2022	1,939,353	20,034,243	169,011,699	194,985,001	177,471,911	563,442,207
2021	3,095,569	24,778,555	130,271,055	98,554,175	132,471,717	389,171,071
2020	880,158	14,190,363	176,721,615	93,387,030	165,120,643	450,299,809
2019	1,104,454	15,972,997	267,089,312	95,788,046	129,140,230	509,095,039
2018	1,710,254	16,722,013	64,163,903	157,124,426	71,845,442	311,566,038
2017	35,353,832	13,689,352	50,396,401	109,399,472	66,139,308	274,978,365
2016	9,825,934	4,780,251	30,164,200	64,049,858	76,548,140	185,368,384

*In addition to building permits, the total value includes all other permits issued by the City (i.e., heating, lighting, plumbing, roof replacement, etc.).

Source: The City.

Current and Pending Development

Ever Apartments – In February 2024, the City approved the development plans for 5-story, 208-unit, apartment building with 19 affordable units. The development contains a separate 11,000 square foot daycare facility. Construction is underway. The City supported the development with pass-through funding from government partners at the State and County.

3901 Minnesota Drive – In February 2025, the developer submitted a development application for a 7-story, 275 unit apartment building with 5,500 square feet of commercial space. Since, the developer has discovered significant soil remediation concerns and is working with staff to exploring public financing options with a goal of starting construction in 2026.

American Square - A two phase project:

- **Phase I, The Ardor** – In June 2020, the City issued zoning approvals for a six-story, 242-unit market rate apartment building, with underground parking at 3701 American Blvd E. In June 2021, the City approved a minor revision to reduce the total units to a 237-unit market rate apartment building. Construction was completed at the end of 2024.
- **Phase II, The Quinn** – In April 2025, the submitted for preliminary approval for an 81-unit senior apartment building with 100% of the units affordable at or below the 60% area median income (AMI) and underground parking and a separate new underground 96 underground parking ramp at 6 Appletree Square. The developer is still performing due diligence on the Phase II site. The Port Authority is analyzing potential housing TIF assistance.

Noble Apartments – In February 2022, the City issued zoning approvals for a four-story, 149-unit apartment building at 8200 Humboldt Ave. S. with nine percent of the units (14) affordable to households making up to 50 percent of AMI at 8200 Humboldt Ave S. The Housing and Redevelopment Authority is financially assisting the project with Redevelopment TIF. Construction completed in March 2024 and the apartments are now occupied.

700 American Blvd. W. – In July 2024, construction commenced for a City-owned property at 700 American Blvd. W. The development consists of 128 apartment units and approximately 1,500 square feet of commercial space. Construction has begun on this development but is not yet completed.. The City issued conduit revenue bonds for the project and provided a land write-down and an LCDA loan for the project, and the HRA provided tax increment assistance for the project through its revolving loan fund.

Mixed Use

Bloomington Central Station (BCS) – Located at 8100 34th Avenue, Bloomington Central Station (BCS) is a mixed-use transit-oriented development initially approved in 2005. The project is centered on the Bloomington Central Station, one of four Light Rail Transit stations in the City along the Blue Line, and the Bloomington Central Station Park featuring seating areas, garden rooms, water walls and fountains, paved and lighted walkways, and public placemaking features. Several phases are now complete including:

1. Bloomington Station Central Park – open space (2015),
2. HealthPartners Headquarters Remodeled - 550,000 square-foot headquarters office (2017),
3. Reflections Towers - 17-story condominiums, 263-unit (2006),
4. Hyatt Regency - 302-room full-service hotel (2016),
5. IndiGO - 396-unit apartment building by Lennar Multi-Family (2017),
6. Parking Ramp for Health Partners – eight level parking ramp, 1,657 spaces (2017),
7. The Fenley - 402-unit apartment building (2020), and
8. Carbon31 – 405-unit apartment building, with approximately 15,000 sq ft of commercial space on the first level (2024).

The 2023 Legislative session approved extending the BCS tax increment financing district by five years to 2044 facilitating public infrastructure funding for these projects. The 50-acre project was originally planned to have up to 2.5 million square feet of office space, 1,100 high-density residential units, 75,000 square feet of retail space, and a 300-room full-service hotel. Some of the phases are now in place as noted above, and it is somewhat likely that residential development will take the place of some of the originally planned office development due to changes in market demands.

In 2024, the City issued zoning approvals for phase five, a five-story, 164-unit senior apartment building at 3001 American Blvd E. The Port Authority is analyzing the financials and may be assisting the project with BCS TIF. Construction may begin in late 2025 or 2026.

The MOA is home to Minnesota's largest transit station, serving light rail, bus rapid transit and numerous bus lines. A major \$25 million reconstruction of the transit station was completed in early 2020.

In December 2019, the Mall of America ownership received zoning approvals to build an approximately 330,000 square-foot waterpark facility that would be connected to and integrated with the Mall of America via a bridge over Lindau Lane. Because of the COVID-19 pandemic, the City and its partners began evaluating the impact the pandemic may have on the project and the waterpark did not move forward.

In 2021, new statutory language was enacted into Minnesota law that allows cities and port authorities new flexibility for utilizing Tax Increment Financing (TIF). The purpose of flexibility is to spur economic development. The 2021 flexibility requires funds to be committed to a project by December 31, 2022, and spent by December 31, 2025. The City received an extension of two years (December 31, 2027) with the legislature. The 2021 flexibility opened new options for financing the waterpark, which the City and Port Authority advised staff to analyze. Staff continue to work with MOA on a potential waterpark development.

In 2024, staff presented to the City and Port Authority a financing structure to invest up to \$160M (the potential issuance of \$75 million of Tax Increment Financing bonds for infrastructure and the use of \$85 million of equity from the Port Authority) in the waterpark project, with the developer to finance the balance of the approximately \$350 million waterpark and parking ramp project. More information on the South Loop Waterpark project is available on the City's website or upon request.

Industrial

SICK Product & Competence Center Americas, LLC – In 2012, the City purchased three parcels as part of a settlement between Interstate Diesel and the Metropolitan Airports Commission. These parcels are adjacent to the Alpha Business Center parcels the City purchased in 2010 as part of the Lindau Lane expansion. The developable parcels are about 14 acres comprising the combination of the remaining undeveloped Alpha Site and the three Interstate Diesel properties. In 2020, the City entered into a Development Agreement with SICK, a German technology company, on a phased purchase agreement of the 14 acres for the development of over 500,000 square feet of office and production/logistics space by 2035. In 2021, the City issued zoning approvals and the Developer purchased the Phase I lot. Construction for Phase 1 is complete.

In September 2023, the City issued zoning approvals for Phase II, a 144,000 square-foot office building and a parking structure, located at 8051 Winstead Way and 8051 26th Avenue E. Construction began in May 2024 and completion of the ramp, followed by the office building, is anticipated to be completed by the end of 2025.

Seagate Expansion – In 2022, the City approved an 80,000 square-foot, two-level expansion of the Seagate Facility at 7850 Nord Ave. S. Construction is underway.

Hotels, Retail, Restaurants, Institutional and Other Commercial

Walser Toyota and Corporate Headquarters – In 2021, the City approved a rebuild and expansion of the Walser Toyota site to include a new three level, 122,000 square-foot dealership with Walser Corporate Headquarters being relocated to the third level. Construction on the parking ramp and principal building was complete in 2024.

Schneiderman's – In 2023, Schneiderman's furniture began construction of a 4,000 square-foot addition to an existing 67,000 square-foot building. Construction completed in 2024 and the business is open

Luther Hyundai – In 2023, the City approved a 3,300 square-foot expansion of the existing auto dealership. Construction completed in 2024 and the business is open

Gyropolis Expansion – In 2022, the City issued zoning approvals for a 2,400 square-foot expansion to an existing restaurant at 2325 W. 90th Street. Construction completed in late 2024 and the business is open

Education

Public Education

The following districts serve the residents of the City:

<u>School</u>	<u>Location</u>	<u>Grades</u>	<u>2024/25 Enrollment</u>
ISD No. 271 (Bloomington)	City of Bloomington	K-12	10,442
ISD No. 272 (Eden Prairie)	City of Eden Prairie	K-12	9,292
ISD No. 273 (Edina)	City of Edina	K-12	8,794

Source: Minnesota Department of Education, www.education.state.mn.us.

Non-Public Education

City residents are also served by the following private schools:

<u>School</u>	<u>Location</u>	<u>Grades</u>	<u>2024/25 Enrollment</u>
Nativity of Mary	City of Bloomington	K-8	283
United Christian Academy	City of Bloomington	K-12	389
Bloomington Lutheran	City of Bloomington	K-8	226
Ramalynn Montessori	City of Bloomington	K-8	68
Hand in Hand Christian Montessori	City of Bloomington	K-12	36

Source: Minnesota Department of Education, www.education.state.mn.us.

Vocational/Technical Education

Vocational/technical training is available to City residents through Intermediate District No. 287. A school facility is located in the adjacent City of Eden Prairie. The Intermediate District offers Associate of Applied Science degree programs, vocational diploma programs, apprenticeship programs and other adult education services, as well as special education services, and gifted education services and early childhood programs.

Post-Secondary Education

Normandale Community College, a two-year college, is located in the City, but has no direct affiliation with the local public school district. It is State-supported (one of several in the Minneapolis-Saint Paul metropolitan area), had a 2023-24 total enrollment of over 14,000 students, and employs a staff of over 500 full- and part-time persons. Normandale Community College has baccalaureate partnerships with post-secondary institutions Metropolitan State University, Minnesota State University - Mankato, and Southwest Minnesota State University and offers bachelor's degree programs, with most classes offered at its Partnership Center.

Northwestern Health Sciences University, located in the City, offers bachelor of science degree completion programs, as well as professional programs in chiropractic and acupuncture and Oriental medicine, and massage therapy programs. The university enrolls over 1,000 full-time undergraduate and graduate students.

City residents also have access to various community and technical colleges, colleges and universities located throughout the Minneapolis-Saint Paul metropolitan area.

GOVERNMENTAL ORGANIZATION AND SERVICES

Organization

The governing body, the City Council, consists of six council members and the Mayor. Four of the council members are elected by district and two of the council members and the Mayor are elected at large. The Mayor and three council members serve four-year terms, and the remaining members serve two-year terms, resulting in a return to overlapping four-year terms.

The following individuals comprise the current City Council:

		<u>Expiration of Term</u>
Tim Busse	Mayor	January 1, 2028
Jenna Carter	Council Member	January 1, 2028
Chao Moua	Council Member	January 1, 2026
Lona Dallessandro	Council Member	January 1, 2028
Dwayne Lowman	Council Member	January 1, 2026
Victor Rivas	Council Member	January 1, 2028
Shawn Nelson	Council Member	January 1, 2026

The City Manager is the Chief Administrative Officer of the City. Kathleen Hedin and L. Elizabeth Tolzmann each serve as Co-Interim City Manager. The City Manager controls and directs the administration of the City's affairs through the City's departments and divisions. The City employs approximately 637 full-time persons throughout the various City departments, programs, and teams.

City Departments

The 2025 operating budget has 690 full-time authorized positions. In the second quarter of 2024, the City Manager initiated a significant reorganization within the City Manager's Office that affected departments across the organization. The reorganization created a two-Assistant City Manager model where one Assistant is responsible for internal services and strategic initiatives, while the other Assistant is responsible for external public services.

The Assistant City Manager in charge of internal services and strategic initiatives oversees City Clerk; Communications; Community Outreach and Engagement; Human Resources; Information Technology; and the Office of Racial Equity, Inclusion, and Belonging.

The Assistant City Manager in charge of external public services oversees Community Development, Parks & Recreation, Public Health, and Public Works

The changes aim to accomplish three primary objectives:

- Create a structure that is going to support implementation of key organizational systems, such as development of performance metrics and key performance indicators; incorporation of the lenses of equity, sustainability and health-in-all policies into our processes and policy development; coordination of project management charters; and organizational development that will focus on strengths-based professional growth.
- Align departments/divisions that were primarily operating independently of one another for purposes of the strategic plan and City service delivery by having coordinated direction/supervision from the City Manager's Office.
- Reduce the number of direct reports to the City Manager by roughly half, allowing more time to focus on strategic relationships and organizational leadership.

In addition to the areas reporting to the assistant city managers, the following departments continue to report directly to the City Manager:

Fire Department

The Fire Department has 42 full-time authorized positions and 86 paid-on-call firefighters. The department operates out of six fire stations and uses the latest firefighting equipment including engines, ladders, and other specialty units. Fire prevention is an integral part of providing fire safety through code enforcement and education. Firefighters install battery operated smoke detectors or replace batteries in detectors for homeowner occupied homes that need them upon request.

The Fire Department responded to 10,477 calls for service in 2024. These ranged from water rescues and vehicle extrications to structural fires, medical emergencies, and hazardous materials emergencies. The response time measurement goal for an effective response force of at least 3 personnel within 7 minutes and 30 seconds of the 911 call was achieved 63% of the time in 2024. Four of the six fire stations are now staffed 24 hours a day. With the addition of the firefighters currently in training, we will staff a 5th station most of the time. All firefighters are required to meet training standards annually.

Police Department

The Bloomington Police Department (BPD) employs 187 staff members, of which 166 are permanent full-time positions. 129 are sworn police officers. Thanks to funding from the Public Safety Aid (PSAID), BPD was able to exceed its full sworn officer capacity in order to be better prepared for upcoming retirements.

The Police Department provides safety within our community and prevents crime through an easily recognizable presence. The department also engages with our community, enforces state and local laws fairly, respectfully, and aggressively, offers social services, access to therapists, and provides crime prevention programs. The Patrol Division provides 24-hour-a-day service to the community by responding to crimes, traffic accidents, medical emergencies, fires, public safety hazards, domestic disputes, providing proactive policing, and meeting other community needs. More than 142,600 emergency and non-emergency phone calls are logged into the dispatch center annually. Of these, 49,200 are emergency (911) calls coming into the dispatch center, but not all result in a request for police services.

Other Police Department units include the South Loop Unit, Traffic Investigations Unit, Crime Services Unit, K-9 Unit, and Emergency Management, Police Reserves and Animal Control. In addition, the Police Department also has an Emergency Services Group, which is comprised of the Emergency Response Unit, the Bomb Squad, the Crisis Negotiators Unit, the Tactical Support Unit, and the Mobile Field Force Unit. The specialty units use already authorized staff as needed.

Legal Department

The Legal Department has 20 full-time employees who provide legal counsel to the City Council, Advisory Boards and Commissions, the City Manager, and other City Departments. Attorneys also prosecute non-felony criminal offenses occurring within the City.

Finance Department

The Finance Department employs a staff of 27 who support and coordinate various financial and administrative-related operations. These include Finance, Budget, Financial Operations, and Risk Management. The Finance Department coordinates the development of the City's program budgets for all operating budgets, the ten-year capital improvement program, the Annual Comprehensive Financial Report and the Popular Financial Report and provides financial management services. The Finance, Budget, and Financial Operations also provide support to the City's Housing and Redevelopment Authority, Port Authority and Fire Relief Association agencies.

Labor Contracts

The City has nine collective bargaining units that cover approximately 50 percent of its full-time workforce. Three are represented by the American Federation of State, County and Municipal Employees (AFSCME), including the 49-member Professional/Technical unit, the 6-member Assistant City Attorneys unit, and 30-member clerical unit. The others are the 107 police officers represented by the Bloomington Police Officers Federation (BPOF), the 23 police supervisors (Sergeants and Commanders) represented by Law Enforcement Labor Services (LELS), the 12 civilian police and fire dispatchers represented by the International Association of Fire Fighters (IAFF), the 5 civilian jailers represented by LELS, and the 20 members of the Police Clerical and Technical unit represented by LELS. The City has completed negotiations with 5 of its bargaining units, and has settled contracts in place through 2025. The remaining bargaining units are new to the City starting in late 2024, and contract negotiations have begun with all of the new bargaining units.

Bloomington Housing and Redevelopment Authority (HRA)

Sarah Abe serves as the Administrator of the HRA since October 2024. The HRA encompasses the entire City of Bloomington. The HRA has taxing and bonding powers, but all general obligation bonds for redevelopment projects are issued by the City. The HRA concentrates its efforts on grants and loans for the improvement of low- and moderate-income housing and on both business and housing redevelopment projects. Lower-rent, multifamily housing is also receiving attention, with several projects completed and others in various stages of planning.

Bloomington Port Authority (Port Authority)

Holly Masek serves as Port Authority Administrator and has served in this position since March 2023. The Port Authority was created by the City to provide a coordinated, cost-effective approach for private and public development within various development districts that may be established throughout the City. The Port Authority's boundaries encompass the entire City and the Port Authority is governed by commissioners appointed by the Mayor and confirmed by the City Council. The Port Authority has limited taxing powers, but has extensive authority to issue bonds or notes for public improvements and land development. The Port Authority may issue general obligation bonds secured by a pledge of the full faith and credit and taxing powers of the City with the consent of the City Council. The City guarantees certain Port Authority debt and manages the Port Authority's day-to-day operations.

Boards and Commissions

A valuable adjunct to the City Council's decision-making process is a network of nine Boards and Commissions, including the Advisory Board of Health; Charter Commission; Creative Placemaking Commission; Human Rights Commission; Local Board of Appeal and Equalization; Merit Board; Parks, Arts and Recreation Commission; Planning Commission; and Sustainability Commission. These Boards and Commissions all report directly to the City Council.

City Services and Improvements

Current City Development

Total project valuation for all building permits issued in 2024 was \$533,016,653. Most new development continues to focus on the I-494 corridor, where excellent access to employment, improving transit service, and focused land use plans position the City well for future growth.

Bloomington Community Brain Health Services Program

Each year, the City of Bloomington invites residents to share their opinions and feedback on the community's livability and quality of life through The National Community Survey™. This survey provides a statistically valid representation of how well the City of Bloomington meets the needs of its residents. Results from the 2020 to 2022 surveys revealed a 17% decline in community ratings concerning the availability of affordable, quality mental health services in the city. This local concern reflects national trends in mental health service availability, where a growing gap between the supply of services and the rising demand for care continues to widen and is projected to get much worse.

Pilot Program Launched

In response to this growing concern the Bloomington Police Department, in partnership with Bloomington Public Health, launched the Bloomington Community Brain Health Services (BCBHS) pilot program in October 2023. The purpose of this groundbreaking initiative was to increase access to affordable mental health treatment to the community and reduce emergency mental health crisis calls within the city. This initiative aligns closely with priorities shared by both City departments, including mental health and substance use prevention, which also align with the City's strategic plan goals.

Funds received from recent opioid settlements were used to help launch the pilot program, in acknowledgement that treatment and prevention strategies are key to mitigating continued harm to affected individuals and the community.

Collaborative Services

Bloomington residents in mental health crisis are referred to the program by Bloomington police officers, Hennepin County social workers, and counselors with Bloomington Public Schools. Once referred, an individual can begin mental health treatment in their home, in a private location at the Bloomington Civic Center, or via a HIPAA compliant online telehealth platform in as little as 48 hours following the crisis. The program is structured to provide participants with up to 15 one-hour psychotherapy treatment sessions at no cost for individuals, couples, or families. Once a participant is no longer in crisis, BCBHS mental health providers work to connect and establish appropriate long-term mental health care for each participant as needed.

In addition to providing services to the public, the BCBHS also serves as a clinical mental health internship and training site for local graduate school mental health programs such as marriage and family therapy, counseling psychology, and clinical social work. Each year, up to 4 graduate students enrolled in these programs receive a one-year placement with the BCBHS program. During this time, graduate students receive training, guidance, and supervision in their development as mental health clinicians. The BCBHS program is managed by 2 full-time licensed mental health providers who serve as administrative and clinical supervisors. Psychotherapy treatment services for the program are provided by the 4 graduate clinical mental health interns.

Bloomington Police and Public Health staff work as a team to support the program, providing the electronic health record system to document and evaluate brain health-related efforts. Together, they are actively exploring innovative strategies to sustain and expand the program, addressing critical gaps in the City's mental health service delivery. The program's early success suggests it is making a meaningful difference in the lives of those it serves, while reducing calls for service and conserving healthcare resources.

Outcomes, Recognition, and Growth

In its first year, the BCBHS program has achieved significant outcomes, earning recognition for its impact. Since its launch, 74 individuals, couples, and families have been referred for services, with 41 of those referrals utilizing the available support. As of December 31, 2024, 430 mental health treatment sessions were completed, and the program conducted 10 school-based group therapy sessions discussing topics such as self-care, stress, anxiety, depression, self-esteem, and substance use.

Since its launch, the unique program has gained widespread recognition from law enforcement and municipal government leaders both statewide and nationally. In October 2024, the Bloomington Police Department and the BCBHS program were honored with the 2024 Regional Leaders and Innovators Award in the Public Safety category by the Minneapolis Chamber of Commerce. The program also caught the attention of local news, and it was also featured in articles by St. Mary's University of Minnesota and the Minneapolis Star Tribune, further showcasing its impact and reach. The program's success was further highlighted when the Bloomington Police Department, Public Health, and BCBHS leaders were invited to present at the Police Assisted Addiction & Recovery Initiative (PAARI) national conference.

Looking ahead, the next steps for the program will focus on expanding services by enhancing partnerships with local schools, community organizations, and neighboring cities like Richfield and Edina. In line with the Bloomington Police Department's core values of "respect through compassionate and honest service," the program will work to ensure that these new partnerships continue to prioritize the needs of the community with integrity and care. Additionally, plans are in place to explore additional funding sources to ensure long-term sustainability and growth.

CITY FINANCIAL POLICIES AND PRACTICES

Employee Pensions

All full-time employees and certain part-time employees of the City are covered by defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund (GERF) and the Public Employees Police and Fire Fund (PEPFF), which are cost-sharing multiple-employer retirement plans. In addition, Volunteer firefighters of the Bloomington Fire Department are covered by a defined benefit plan administered by the Bloomington Firefighters Relief Association. The Plan is a single employer retirement plan and is established and administered in accordance with Minnesota Statutes, Chapter 69.

A detailed description of these plans, along with the City's required contributions to each plan, are represented in the City's Annual Comprehensive Financial Reports. An excerpt of the City's Annual Comprehensive Financial Report for fiscal year ended December 31, 2024, is included as Appendix F of this Official Statement.

Other Postemployment Benefits

The City has obligations to its employees for post-employment benefits other than pensions, accounted for pursuant to the Government Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (GASB 75). The City's OPEB liabilities and associated contributions are represented in the City's Annual Comprehensive Financial Reports. An excerpt of the City's Annual Comprehensive Financial Report for fiscal year ended December 31, 2024, is included as Appendix F of this Official Statement.

Sources: City's Annual Comprehensive Financial Reports.

Cash Flow and Tax Collections

The City uses its General Fund balance to finance operations until tax receipts come in and has not engaged in tax anticipation borrowing. Taxes flow to the City starting in July of the collection year, when it receives approximately 49% of its levy. The second settlement, also about 49% of the total levy, is received in December. The final settlement is received in January of the following year.

Local Lodging, Admission, and On-Sale Liquor Taxes

The City currently imposes and collects a 7% lodging tax, a portion (2/7) of which goes to the Bloomington Minnesota Travel and Tourism. As of March 31, 2025, \$2,410,560 (consisting of \$1,842,893 for lodging and \$567,667 for admission) represents revenues from a 3% entertainment and admissions tax and a portion (3/7) of the City's 7% lodging tax, which was recorded in the City's General Fund.

The total amount directed to the South Loop Capital Improvement Fund is comprised of the 3% on-sale liquor tax and a portion of the 7% lodging tax (2/7 or \$1,228,593 for lodging and \$435,114 for liquor as of March 31, 2025).

City Budget Process

Budget work-up for the following two calendar years begins in March of the even numbered years and the final proposed budget and tax levy is certified by September 15 under State law. A series of notices, publications and budget meetings are then established by the City Council under State law for purposes of discussion and public input. Budget and tax levy deliberations for the following budget year are conducted between September 15 and December 20 of each year. The final levy is certified on or before five working days after December 20. The budget, as adopted, can be later modified by the City Council, but appropriations can be increased only if additional revenues can also be shown (pursuant to Section 7.08 of the City Charter). In odd numbered years budgets developed for the following year are reviewed and fine-tuned before final budgets are adopted.

Awards

The City has received the Distinguished Budget Presentation Award for its Budget Document from the Government Finance Officers Association (GFOA) from 1997 through 2024, and the Popular Annual Financial Report Award from the GFOA for the years 1998 through 2003 and 2005 through 2023. The City has also received the Certificate of Achievement for Excellence in Financial Reporting from the GFOA for its Annual Comprehensive Financial Report from 1971 through 2023.

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Ten-Year Capital Improvement Plan

The City utilizes a ten-year Capital Improvement Plan, outlining projected costs and probable sources of funding for proposed various capital improvement projects. Any unreserved fund balances of the Park Development Fund and the Facility Fund are identified for use as proposed in the Capital Improvement Plan, when and if such projects are ordered by the City Council.

The City's latest ten-year Capital Improvement Plan indicated the following totals for the ten-year period of 2025-2034:

Project Category	Estimated Amount (in millions)	Approximate Sources of Funding	
City Facilities, Parks and Park Development	\$364.2	Bonds	42%
		Local Sales Tax	33
		Grants, Other	18
		Cash on Hand	7
		Other Governments	0
Surface Transportation	247.7	PIR Bonds	44%
		Franchise Fees	17
		Municipal State Aid	16
		Cash on Hand	10
		Grants, Other	7
		Tax Abatement	4
		Other Governments	2
		Federal Funds	0
Water, Sewer, and Stormwater Facilities	191.8	Cash on Hand	69%
		Utility Bonds	13
		Grants/Other	9
		Other Governments	7
		Tax Abatement	2
Economic Development and Redevelopment	22.3	Liquor/Lodging Tax	96%
		Cash on Hand	4
Total	\$826.0		

Claims and Litigation

The City has no pending or threatened litigation or any claims or assessments that, in its opinion, would materially affect its ability to perform its obligations to the holders of the securities being offered, including the effects of legal proceedings on the securities being offered and on the source of payment thereof. Further, no unasserted claims or assessments are believed to have any reasonable possibility of an unfavorable effect. The City usually has at any given time, a number of lawsuits pending relating to land development, constitutionality of laws and ordinances, and municipal liability and automobile liability claims. None of these lawsuits or claims are expected to exceed the policy limits or the statutory liability limits.

The City has no pending or threatened litigation or any claims or assessments that, in its opinion, would materially affect its ability to perform its obligations to the holders of the securities being offered, including the effects of legal proceedings on the securities being offered and on the source of payment thereof. Further, no unasserted claims or assessments are believed to have any reasonable possibility of an unfavorable effect. The City usually has at any given time, a number of lawsuits pending relating to land development, constitutionality of laws and ordinances, and municipal liability and automobile liability claims. None of these lawsuits or claims are expected to exceed the policy limits or the statutory liability limits.

The City carries the following business and property loss insurance policies and coverages:

	<u>Coverage</u>	<u>Deductible</u>
Municipal General Liability	\$2,000,000 per occurrence/ \$3,000,000 aggregate/	\$100,000 per occurrence/ \$275,000 self-insured retention
Real and Personal Property blanket	\$334,243,952	\$50,000 per occurrence
Inland Marine	\$17,618,110	\$50,000 per occurrence
Crime	\$250,000	\$50,000 per occurrence
Faithful Performance Bond	\$1,000,000	\$50,000 per occurrence
First Party Cyber Liability	\$500,000	\$1,000 per occurrence
Commercial Auto	2,000,000	\$50,000 per occurrence
Worker's Compensation	Self-insured	\$500,000 catastrophic loss
Health Care Professionals	\$1,500,000 per occurrence/ \$10,000 per claim	\$3,000,000 aggregate
Liquor Liability	\$1,000,000 per occurrence/ \$1,000 per occurrence	\$2,000,000 aggregate
Equipment Breakdown	\$100,000,000 per occurrence	\$5,000 per occurrence

The City also had a cash balance of \$5.6 million in its Self-Insurance Fund as of April 30, 2024, from which to pay claims and expenses.

Major General Fund Revenue Sources

<u>Revenue</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Property taxes	\$47,796,539	\$50,237,596	\$53,057,960	\$53,189,587	\$57,838,392
Lodging and admissions tax	10,500,320	3,354,406	6,414,535	9,625,118	10,193,696
Business licenses	6,875,207	6,536,353	6,021,565	8,082,182	6,675,071
Intergovernmental	3,115,263	4,579,217	5,821,918	6,173,201	11,810,044
Transfers from other funds	2,403,645	8,377,016	5,003,001	9,412,954	5,320,313
Fiscal disparities	3,274,803	3,072,584	3,473,774	4,314,509	3,698,350

Sources: City's Annual Comprehensive Financial Reports.

Federal Financial Assistance

In recent years, the City has received significant Federal financial assistance through the American Rescue Plan (ARP) funds and the Staffing for Adequate Fire and Emergency Response (SAFER) grant.

ARP Funds:

The American Rescue Plan Act of 2021 was signed into law on March 11, 2021 in response to the COVID 19 pandemic. The relief package provided \$350 billion of funding for state and local governments. The City received \$11.4 million and has spent \$9.7 million to date. The remaining amount will be committed by the end of December 2024, and spent by the end of December 2026.

SAFER Grant Funds:

The City has received two SAFER grants from the Federal Emergency Management Agency (FEMA). These grants are designed to support fire departments in increasing or maintaining frontline firefighter staffing levels to enhance public and firefighter safety.

The first SAFER grant began in April 2023 and provides funding for the salaries and benefits of 18 new full-time firefighter positions for a three-year period, ending in April 2026. The second SAFER grant began at the end of March 2025 and will continue through March 2028, further supporting the City's transition from a primarily paid-on-call fire service model to a hybrid model that includes both full-time and part-time firefighters.

In alignment with the City's long-term financial planning practices, the City has a thoughtful and sustainable plan in place to absorb the ongoing costs of these additional firefighter positions as the SAFER grant periods end. This plan ensures a smooth transition without creating significant spikes in the property tax levy.

GENERAL FUND SUMMARY OF REVENUES AND EXPENDITURES

	2024 Amended <u>Budget</u>	2024 <u>Projected</u>	2025 <u>Budget</u>
REVENUES:			
Property taxes	\$68,420,369	\$69,678,948	\$74,749,610
Lodging and admissions tax	10,219,748	10,845,746	11,055,271
Licenses/Permits	6,253,054	7,919,278	6,259,861
Fines	561,389	595,834	435,000
Intergovernmental	10,206,293	9,643,903	7,398,865
Program income	2,316,805	2,117,203	2,300,753
Interest	150,000	1,653,083	350,000
Other	1,530,707	1,915,866	1,309,163
Transfers	6,947,271	6,959,671	5,954,884
	<hr/>		
Total Revenues	\$106,605,636	\$111,329,532	\$109,813,407
EXPENDITURES:			
City Council	\$571,920	\$561,135	\$638,171
Administration	4,136,141	4,103,582	4,291,251
Legal	3,259,438	2,806,675	3,084,418
Finance	1,757,751	1,744,253	1,671,266
Police	36,312,629	36,206,015	37,977,745
Fire	12,330,964	12,198,115	11,609,711
Community Development	10,959,705	10,801,087	11,353,677
Community Services	11,222,150	9,530,977	9,399,401
Parks and Recreation	12,169,131	12,143,787	13,173,911
Public Works	14,009,861	13,405,656	15,590,419
Contingency/Estimated Unexpended	329,778	0	1,023,437
Transfers	3,416,096	3,416,096	0
	<hr/>		
Total Expenditures	\$110,475,564	\$106,917,378	\$109,813,407
Excess (Deficiency) of Revenues Over (Under) Expenditures	(\$3,869,928)	\$ 4,412,154	\$0
	<hr/>		
Fund Balance at Beginning of Year	\$51,157,569	\$51,157,569	\$55,569,723
	<hr/>		
Fund Balance at End of Year	\$47,287,641	\$55,569,723	\$55,569,723
	<hr/>		

Source: The City.

BOOK ENTRY

The Depository Trust Company (“DTC”), New York, New York, 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 certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC 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. 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”). 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 the 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 effect 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 the 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 the 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 a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity 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 City 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 detail information from the City or its agent on the 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 or the City, 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 City or its agent, 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 City or its agent. Under such circumstances, in the event that a successor depository is not obtained, certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 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 sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

FORM OF BOND COUNSEL OPINION

\$ _____
City of Bloomington, Minnesota
Sales Tax Revenue Bonds
Series 2025A

We have acted as bond counsel to the City of Bloomington, Minnesota (the “Issuer”) in connection with the issuance by the Issuer of its Sales Tax Revenue Bonds, Series 2025A (the “Series 2025A Bonds”), originally dated August 13, 2025, and issued in the original aggregate principal amount of \$ _____. In such capacity and for the purpose of rendering this opinion we have examined certified copies of certain proceedings, certifications and other documents, and applicable laws as we have deemed necessary. Regarding questions of fact material to this opinion, we have relied on certified proceedings and other certifications of public officials and other documents furnished to us without undertaking to verify the same by independent investigation. Under existing laws, regulations, rulings and decisions in effect on the date hereof, and based on the foregoing we are of the opinion that:

1. The Series 2025A Bonds have been duly authorized and executed, and are valid and binding special, limited obligations of the Issuer, enforceable in accordance with their terms.

2. The principal of and interest on the Series 2025A Bonds are payable solely from revenues derived from the sales and use tax approved by a majority of voters of the Issuer on November 7, 2023, as authorized by Laws of Minnesota 2023, Chapter 64, Article 10, Section 27.

3. Interest on the Series 2025A Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. Further, and to the extent of the aforementioned federal income tax exclusion, interest on the Series 2025A Bonds is excludable from taxable net income of individuals, trusts, and estates for Minnesota income tax purposes, and is not a preference item for purposes of the computation of the Minnesota alternative minimum tax imposed on individuals, trusts, and estates. The opinions set forth in the preceding sentences are subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Series 2025A Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes and from taxable net income for Minnesota income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Series 2025A Bonds to be included in gross income for federal income tax purposes and in taxable net income for Minnesota income tax purposes, retroactively to the date of issuance of the Series 2025A Bonds. Interest on the Series 2025A Bonds may affect the federal alternative minimum tax imposed on certain corporations and such interest is subject to Minnesota franchise taxes on certain corporations (including financial institutions) measured by income. We express no opinion regarding tax consequences arising with respect to the Series 2025A Bonds other than as expressly set forth herein.

4. The rights of the owners of the Series 2025A Bonds and the enforceability of the Series 2025A Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors’ rights generally and by equitable principles, whether considered at law or in equity.

We have not been asked and have not undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Series 2025A Bonds, and accordingly we express no opinion with respect thereto.

This opinion is given as of the date hereof and we assume no obligation to update, revise, or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Dated August ___, 2025 at Minneapolis, Minnesota.

FORM OF CONTINUING DISCLOSURE UNDERTAKING

\$ _____
 City of Bloomington, Minnesota
 Sales Tax Revenue Bonds
 Series 2025A

August __, 2025

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the City of Bloomington, Minnesota (the “Issuer”) in connection with the issuance of its Sales Tax Revenue Bonds, Series 2025A (the “Series 2025A Bonds”), in the original aggregate principal amount of \$ _____. The Series 2025A Bonds are being issued pursuant to resolutions adopted by the City Council of the Issuer (the “Resolutions”). The Series 2025A Bonds are being delivered to _____ (the “Purchaser”) on the date hereof. Pursuant to the Resolutions, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. The Issuer hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Holders (as defined herein) of the Series 2025A Bonds in order to provide for the public availability of such information and assist the Participating Underwriter(s) (as defined herein) in complying with the Rule (as defined herein). This Disclosure Certificate, together with the Resolutions, constitutes the written agreement or contract for the benefit of the Holders of the Series 2025A Bonds that is required by the Rule.

Section 2. Definitions. In addition to the defined terms set forth in the Resolutions, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” means any annual report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Audited Financial Statements” means annual financial statements of the Issuer, prepared in accordance with GAAP as prescribed by GASB.

“Disclosure Certificate” means this Continuing Disclosure Certificate.

“EMMA” means the Electronic Municipal Market Access system operated by the MSRB and designated as a nationally recognized municipal securities information repository and the exclusive portal for complying with the continuing disclosure requirements of the Rule.

“Final Official Statement” means the deemed Final Official Statement, dated July __, 2025, which constitutes the final official statement delivered in connection with the Series 2025A Bonds, which is available from the MSRB.

“Financial Obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a Financial Obligation as described in clause (a) or (b). The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Fiscal Year” means the fiscal year of the Issuer.

“GAAP” means generally accepted accounting principles for governmental units as prescribed by GASB.

“GASB” means the Governmental Accounting Standards Board.

“Holder” means the person in whose name a Series 2025A Bond is registered or a beneficial owner of such a Series 2025A Bond.

“Issuer” means the City of Bloomington, Minnesota, which is the obligated person with respect to the Series 2025A Bonds.

“Material Event” means any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” means the Municipal Securities Rulemaking Board located at 1300 I Street NW, Suite 1000, Washington, DC 20005.

“Participating Underwriter” means any of the original underwriter(s) of the Series 2025A Bonds (including the Purchaser) required to comply with the Rule in connection with the offering of the Series 2025A Bonds.

“Purchaser” means _____.

“Repository” means EMMA, or any successor thereto designated by the SEC.

“Rule” means SEC Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time, and including written interpretations thereof by the SEC.

“SEC” means Securities and Exchange Commission, and any successor thereto.

“Series 2025A Bonds” means the Sales Tax Revenue Bonds, Series 2025A, issued by the Issuer in the original aggregate principal amount of \$_____.

Section 3. Provision of Annual Financial Information and Audited Financial Statements.

(a) The Issuer shall provide to the Repository not later than twelve (12) months after the end of the Fiscal Year commencing with the year that ends December 31, 2024, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report.

(b) If the Issuer is unable or fails to provide to the Repository an Annual Report by the date required in subsection (a), the Issuer shall send a notice of that fact to the Repository and the MSRB.

(c) The Issuer shall determine each year prior to the date for providing the Annual Report the name and address of each Repository.

Section 4. Content of Annual Reports. The Issuer’s Annual Report shall contain or incorporate by reference the following sections of the Final Official Statement:

1. Collections of Sales and Use Taxes
2. Projected Coverage of Series 2025A Bonds

In addition to the items listed above, the Annual Report shall include Audited Financial Statements submitted in accordance with Section 3 of this Disclosure Certificate.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to the Repository or the SEC. If the document incorporated by reference is a final official statement, it must also be available from the MSRB. The Issuer shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Material Events.

(a) This Section 5 shall govern the giving of notice of the occurrence of any of the following events (“Material Events”) with respect to the Series 2025A Bonds:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. 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;
7. Modifications to rights of security holders, if material;
8. Series 2025A Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the securities, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the obligated person;
13. 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;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. 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 Obligation of the obligated person, any of which affect security holders, if material; and

16. 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.

(b) The Issuer shall file a notice of such occurrence with the Repository or with the MSRB within ten (10) business days of the occurrence of the Material Event.

(c) Unless otherwise required by law and subject to technical and economic feasibility, the Issuer shall employ such methods of information transmission as shall be requested or recommended by the designated recipients of the Issuer's information.

Section 6. EMMA. The SEC has designated EMMA as a nationally recognized municipal securities information repository and the exclusive portal for complying with the continuing disclosure requirements of the Rule. Until the EMMA system is amended or altered by the MSRB and the SEC, the Issuer shall make all filings required under this Disclosure Certificate solely with EMMA.

Section 7. Termination of Reporting Obligation. The Issuer's obligations under the Resolutions and this Disclosure Certificate shall terminate upon the legal defeasance, the redemption in full of all Series 2025A Bonds or payment in full of all Series 2025A Bonds.

Section 8. Agent. The Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under the Resolutions and this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

Section 9. Amendment; Waiver. Notwithstanding any other provision of the Resolutions or this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is supported by an opinion of nationally recognized bond counsel to the effect that such amendment or waiver would not, in and of itself, cause a violation of the Rule. The provisions of the Resolutions requiring continuing disclosure pursuant to the Rule and this Disclosure Certificate, or any provision hereof, shall be null and void in the event that the Issuer delivers to the Repository an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which impose the continuing disclosure requirements of the Resolutions and the execution and delivery of this Disclosure Certificate are invalid, have been repealed retroactively or otherwise do not apply to the Series 2025A Bonds. The provisions of the Resolutions requiring continuing disclosure pursuant to the Rule and this Disclosure Certificate may be amended without the consent of the Holders of the Series 2025A Bonds, but only upon the delivery by the Issuer to the Repository of the proposed amendment and an opinion of nationally recognized bond counsel to the effect that such amendment, and giving effect thereto, will not adversely affect the compliance with the Rule.

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

Section 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any Holder of the Series 2025A Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under the Resolutions and this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Series 2025A Bonds and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Participating Underwriters, and the Holders from time to time of the Series 2025A Bonds, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, we have executed this Disclosure Certificate in our official capacities effective as of the date and year first written above.

CITY OF BLOOMINGTON, MINNESOTA

Mayor

City Manager

2024 ANNUAL COMPREHENSIVE FINANCIAL REPORT

The City's Annual Comprehensive Financial Report for fiscal year ended December 31, 2024 may be accessed on the MSRB's EMMA website, located [here](#).

TERMS OF PROPOSAL

THE CITY HAS AUTHORIZED BAKER TILLY MUNICIPAL ADVISORS, LLC TO NEGOTIATE THIS ISSUE ON ITS BEHALF. PROPOSALS WILL BE RECEIVED ON THE FOLLOWING BASIS:

\$65,000,000*

**CITY OF BLOOMINGTON, MINNESOTA
SALES TAX REVENUE BONDS, SERIES 2025A
(BOOK ENTRY ONLY)**

Proposals for the above-referenced obligations (the "Series 2025A Bonds") will be received by the City of Bloomington, Minnesota (the "City") on Monday, July 14, 2025 (the "Sale Date") until 10:00 A.M., Central Time (the "Sale Time") at the offices of Baker Tilly Municipal Advisors, LLC ("Baker Tilly MA"), 30 East 7th Street, Suite 3025, Saint Paul, MN 55101, after which time proposals will be opened and tabulated. Consideration for award of the Series 2025A Bonds will be by the City Council at its meeting commencing at 6:30 P.M., Central Time, of the same day.

SUBMISSION OF PROPOSALS

Baker Tilly MA will assume no liability for the inability of a bidder or its proposal to reach Baker Tilly MA prior to the Sale Time, and neither the City nor Baker Tilly MA shall be responsible for any failure, misdirection or error in the means of transmission selected by any bidder. All bidders are advised that each proposal shall be deemed to constitute a contract between the bidder and the City to purchase the Series 2025A Bonds regardless of the manner in which the proposal is submitted.

(a) **Sealed Bidding.** Completed, signed proposals may be submitted to Baker Tilly MA by email to bids@bakertilly.com, and must be received prior to the Sale Time.

OR

(b) **Electronic Bidding.** Proposals may also be received via PARITY[®]. For purposes of the electronic bidding process, the time as maintained by PARITY[®] shall constitute the official time with respect to all proposals submitted to PARITY[®]. *Each bidder shall be solely responsible for making necessary arrangements to access PARITY[®] for purposes of submitting its electronic proposal in a timely manner and in compliance with the requirements of the Terms of Proposal.* Neither the City, its agents, nor PARITY[®] shall have any duty or obligation to undertake registration to bid for any prospective bidder or to provide or ensure electronic access to any qualified prospective bidder, and neither the City, its agents, nor PARITY[®] shall be responsible for a bidder's failure to register to bid or for any failure in the proper operation of, or have any liability for any delays or interruptions of or any damages caused by the services of PARITY[®]. The City is using the services of PARITY[®] solely as a communication mechanism to conduct the electronic bidding for the Series 2025A Bonds, and PARITY[®] is not an agent of the City.

If any provisions of this Terms of Proposal conflict with information provided by PARITY[®], this Terms of Proposal shall control. Further information about PARITY[®], including any fee charged, may be obtained from:

PARITY[®], 1359 Broadway, 2nd Floor, New York, New York 10018
Customer Support: (212) 849-5000

*Preliminary; subject to change.

Baker Tilly Municipal Advisors, LLC is a registered municipal advisor and controlled subsidiary of Baker Tilly Advisory Group, LP. Baker Tilly Advisory Group, LP and Baker Tilly US, LLP, trading as Baker Tilly, operate under an alternative practice structure and are members of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities. Baker Tilly US, LLP is a licensed CPA firm and provides assurance services to its clients. Baker Tilly Advisory Group, LP and its subsidiary entities provide tax and consulting services to their clients and are not licensed CPA firms. ©2025 Baker Tilly Municipal Advisors, LLC

DETAILS OF THE SERIES 2025A BONDS

The Series 2025A Bonds will be dated as of the date of delivery and will bear interest payable on February 1 and August 1 of each year, commencing February 1, 2026. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

The Series 2025A Bonds will mature February 1 in the years and amounts* as follows:

2026	\$3,515,000	2030	\$2,355,000	2034	\$2,865,000	2038	\$3,480,000	2042	\$4,130,000
2027	\$2,035,000	2031	\$2,475,000	2035	\$3,005,000	2039	\$3,630,000	2043	\$4,320,000
2028	\$2,135,000	2032	\$2,600,000	2036	\$3,155,000	2040	\$3,790,000	2044	\$4,525,000
2029	\$2,245,000	2033	\$2,725,000	2037	\$3,315,000	2041	\$3,955,000	2045	\$4,745,000

*The City reserves the right, after proposals are opened and prior to award, to increase or reduce the principal amount of the Series 2025A Bonds or the amount of any maturity or maturities in multiples of \$5,000. In the event the amount of any maturity is modified, the aggregate purchase price will be adjusted to result in the same gross spread per \$1,000 of Series 2025A Bonds as that of the original proposal. Gross spread for this purpose is the differential between the price paid to the City for the new issue and the prices at which the proposal indicates the securities will be initially offered to the investing public.

BOOK ENTRY SYSTEM

The Series 2025A Bonds will be issued by means of a book entry system with no physical distribution of Series 2025A Bonds made to the public. The Series 2025A Bonds will be issued in fully registered form and one Series 2025A Bond, representing the aggregate principal amount of the Series 2025A Bonds maturing in each year, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Series 2025A Bonds. Individual purchases of the Series 2025A Bonds may be made in the principal amount of \$5,000 or any multiple thereof of a single maturity through book entries made on the books and records of DTC and its participants. Principal and interest are payable by the registrar to DTC or its nominee as registered owner of the Series 2025A Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants will be the responsibility of such participants and other nominees of beneficial owners. The lowest bidder (the "Purchaser"), as a condition of delivery of the Series 2025A Bonds, will be required to deposit the Series 2025A Bonds with DTC.

REGISTRAR/PAYING AGENT

The Chief Financial Officer of the City will serve as registrar for the Series 2025A Bonds.

OPTIONAL REDEMPTION

The City may elect on February 1, 2034, and on any day thereafter, to redeem Series 2025A Bonds due on or after February 1, 2035. Redemption may be in whole or in part and if in part at the option of the City and in such manner as the City shall determine. If less than all Series 2025A Bonds of a maturity are called for redemption, the City will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. All redemptions shall be at a price of par plus accrued interest.

SECURITY AND PURPOSE

The Series 2025A Bonds will be special, limited obligations of the City and shall not constitute a debt for which the full faith and credit or taxing powers of the City will be pledged. The Series 2025A Bonds will be secured by and are payable from a 0.5% tax on the gross receipts from sales at retail sourced within the City limits which are taxable under the Minnesota sales and use tax laws and rules and local use on the storage, use, distribution or consumption of goods or services sourced within the limits of the City that are taxable under Minnesota sales and use tax laws and rules and any earnings and other amounts on hand in any of the funds and accounts established under the resolution awarding the sale of the Series 2025A Bonds. The pledge of the 0.5% of the sales and use tax was imposed by an ordinance adopted by the City

Council on December 4, 2023. The sales and use tax had effective date of April 1, 2024, applies to sales and purchases made on or after April 1, 2024, and shall be in place for a period of 20 years or until the Project (hereinafter defined) is paid for, whichever comes first. The proceeds of the Series 2025A Bonds will be used to finance (i) a portion of the costs of construction of a community health and wellness center and associated infrastructure in the City (the "Project"), (ii) a project fund; (iii) a debt service reserve fund, (iv) a surplus reserve fund; and (v) the costs associated with issuing the Series 2025A Bonds.

Additional financing for the Project will be provided by the City's General Obligation Sales Tax Revenue Bonds, Series 2025B (the "Series 2025B Bonds"), which will be sold concurrently with the Series 2025A Bonds but secured from different sources.

NOT BANK QUALIFIED TAX-EXEMPT OBLIGATIONS

The City will not designate the Series 2025A Bonds as qualified tax-exempt obligations for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

BIDDING PARAMETERS

Proposals shall be for not less than \$65,000,000 (Par) plus accrued interest, if any, on the total principal amount of the Series 2025A Bonds. Rates shall be in integral multiples of 1/100 or 1/8 of 1%. The initial price to the public for each maturity as stated on the proposal must be 98.0% or greater.

Proposals for the Series 2025A Bonds may contain a maturity schedule providing for a combination of serial bonds and term bonds. All term bonds shall be subject to mandatory sinking fund redemption at a price of par plus accrued interest to the date of redemption scheduled to conform to the maturity schedule set forth herein. In order to designate term bonds, the proposal must specify "Years of Term Maturities" in the spaces provided on the proposal form.

No proposal can be withdrawn or amended after the time set for receiving proposals on the Sale Date unless the meeting of the City scheduled for award of the Series 2025A Bonds is adjourned, recessed, or continued to another date without award of the Series 2025A Bonds having been made. Series 2025A Bonds of the same maturity shall bear a single rate from the date of the Series 2025A Bonds to the date of maturity. No conditional proposals will be accepted.

ESTABLISHMENT OF ISSUE PRICE

In order to provide the City with information necessary for compliance with Section 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder (collectively, the "Code"), the Purchaser will be required to assist the City in establishing the issue price of the Series 2025A Bonds and shall complete, execute, and deliver to the City prior to the closing date, a written certification in a form acceptable to the Purchaser, the City, and Bond Counsel (the "Issue Price Certificate") containing the following for each maturity of the Series 2025A Bonds (and, if different interest rates apply within a maturity, to each separate CUSIP number within that maturity): (i) the interest rate; (ii) the reasonably expected initial offering price to the "public" (as said term is defined in Treasury Regulation Section 1.148-1(f) (the "Regulation")) or the sale price; and (iii) with respect to any maturities of the Series 2025A Bonds subject to the hold-the-offering-price rule, pricing wires or equivalent communications supporting such offering or sale price. Any action to be taken or documentation to be received by the City pursuant hereto may be taken or received on behalf of the City by Baker Tilly MA.

The City intends that the sale of the Series 2025A Bonds pursuant to this Terms of Proposal shall constitute a "competitive sale" as defined in the Regulation based on the following:

- (i) the City shall cause this Terms of Proposal to be disseminated to potential bidders in a manner that is reasonably designed to reach potential bidders;
- (ii) all bidders shall have an equal opportunity to submit a bid;
- (iii) the City reasonably expects that it will receive bids from at least three bidders that have established industry reputations for underwriting municipal bonds such as the Series 2025A Bonds; and

- (iv) the City anticipates awarding the sale of the Series 2025A Bonds to the bidder who provides a proposal with the lowest true interest cost, as set forth in this Terms of Proposal (See "AWARD" herein).

Any bid submitted pursuant to this Terms of Proposal shall be considered a firm offer for the purchase of the Series 2025A Bonds, as specified in the proposal. The Purchaser shall constitute an "underwriter" as said term is defined in the Regulation. By submitting its proposal, the Purchaser confirms that it shall require any agreement among underwriters, a selling group agreement, or other agreement to which it is a party relating to the initial sale of the Series 2025A Bonds, to include provisions requiring compliance with the provisions of the Code and the Regulation regarding the initial sale of the Series 2025A Bonds.

If all of the requirements of a "competitive sale" are not satisfied, the City shall advise the Purchaser of such fact prior to the time of award of the sale of the Series 2025A Bonds to the Purchaser. **In such event, any proposal submitted will not be subject to cancellation or withdrawal.** Within twenty-four (24) hours of the notice of award of the sale of the Series 2025A Bonds, the Purchaser shall advise the City and Baker Tilly MA if 10% of any maturity of the Series 2025A Bonds (and, if different interest rates apply within a maturity, to each separate CUSIP number within that maturity) has been sold to the public and the price at which it was sold. The City will treat such sale price as the "issue price" for such maturity, applied on a maturity-by-maturity basis. The City will not require the Purchaser to comply with that portion of the Regulation commonly described as the "hold-the-offering-price" requirement for the remaining maturities, but the Purchaser may elect such option. If the Purchaser exercises such option, the City will apply the initial offering price to the public provided in the proposal as the issue price for such maturities. If the Purchaser does not exercise that option, it shall thereafter promptly provide the City and Baker Tilly MA the prices at which 10% of such maturities are sold to the public; provided such determination shall be made and the City and Baker Tilly MA notified of such prices whether or not the closing date has occurred, until the 10% test has been satisfied as to each maturity of the Series 2025A Bonds or until all of the Series 2025A Bonds of a maturity have been sold.

GOOD FAITH DEPOSIT

To have its proposal considered for award, the Purchaser is required to submit a good faith deposit via wire transfer to the City in the amount of \$650,000 (the "Deposit") no later than 1:00 P.M., Central Time on the Sale Date. The Purchaser shall be solely responsible for the timely delivery of its Deposit, and neither the City nor Baker Tilly MA have any liability for delays in the receipt of the Deposit. If the Deposit is not received by the specified time, the City may, at its sole discretion, reject the proposal of the lowest bidder, direct the second lowest bidder to submit a Deposit, and thereafter award the sale to such bidder.

A Deposit will be considered timely delivered to the City upon submission of a federal wire reference number by the specified time. Wire transfer instructions will be available from Baker Tilly MA following the receipt and tabulation of proposals. The successful bidder must send an e-mail including the following information: (i) the federal reference number and time released; (ii) the amount of the wire transfer; and (iii) the issue to which it applies.

Once an award has been made, the Deposit received from the Purchaser will be retained by the City and no interest will accrue to the Purchaser. The amount of the Deposit will be deducted at settlement from the purchase price. In the event the Purchaser fails to comply with the accepted proposal, said amount will be retained by the City.

AWARD

The Series 2025A Bonds will be awarded on the basis of the lowest interest rate to be determined on a true interest cost (TIC) basis calculated on the proposal prior to any adjustment made by the City. The City's computation of the interest rate of each proposal, in accordance with customary practice, will be controlling.

The City will reserve the right to: (i) waive non-substantive informalities of any proposal or of matters relating to the receipt of proposals and award of the Series 2025A Bonds, (ii) reject all proposals without cause, and (iii) reject any proposal that the City determines to have failed to comply with the terms herein.

BOND INSURANCE AT PURCHASER'S OPTION

The City has **not** applied for or pre-approved a commitment for any policy of municipal bond insurance with respect to the Series 2025A Bonds. If the Series 2025A Bonds qualify for municipal bond insurance and a bidder desires to purchase a policy, such indication, the maturities to be insured, and the name of the desired insurer must be set forth on the bidder's proposal. The City specifically reserves the right to reject any bid specifying municipal bond insurance, even though such bid may result in the lowest TIC to the City. All costs associated with the issuance and administration of such policy and associated ratings and expenses (other than any independent rating requested by the City) shall be paid by the successful bidder. Failure of the municipal bond insurer to issue the policy after the award of the Series 2025A Bonds shall not constitute cause for failure or refusal by the successful bidder to accept delivery of the Series 2025A Bonds.

CUSIP NUMBERS

If the Series 2025A Bonds qualify for the assignment of CUSIP numbers such numbers will be printed on the Series 2025A Bonds; however, neither the failure to print such numbers on any Series 2025A Bond nor any error with respect thereto will constitute cause for failure or refusal by the Purchaser to accept delivery of the Series 2025A Bonds. Baker Tilly MA will apply for CUSIP numbers pursuant to Rule G-34 implemented by the Municipal Securities Rulemaking Board. The CUSIP Service Bureau charge for the assignment of CUSIP identification numbers shall be paid by the Purchaser.

SETTLEMENT

On or about August 13, 2025, the Series 2025A Bonds will be delivered without cost to the Purchaser through DTC in New York, New York. Delivery will be subject to receipt by the Purchaser of an approving legal opinion of Kutak Rock LLP of Minneapolis, Minnesota, and of customary closing papers, including a no-litigation certificate. On the date of settlement, payment for the Series 2025A Bonds shall be made in federal, or equivalent, funds that shall be received at the offices of the City or its designee not later than 12:00 Noon, Central Time. Unless compliance with the terms of payment for the Series 2025A Bonds has been made impossible by action of the City, or its agents, the Purchaser shall be liable to the City for any loss suffered by the City by reason of the Purchaser's non-compliance with said terms for payment.

CONTINUING DISCLOSURE

In accordance with SEC Rule 15c2-12(b)(5), the City will undertake, pursuant to the resolution awarding the sale of the Series 2025A Bonds, to provide annual reports and notices of certain events. A description of this undertaking is set forth in the Official Statement. The Purchaser's obligation to purchase the Series 2025A Bonds will be conditioned upon receiving evidence of this undertaking at or prior to delivery of the Series 2025A Bonds.

OFFICIAL STATEMENT

The City has authorized the preparation of a Preliminary Official Statement containing pertinent information relative to the Series 2025A Bonds, and said Preliminary Official Statement has been deemed final by the City as of the date thereof within the meaning of Rule 15c2-12 of the Securities and Exchange Commission. For an electronic copy of the Preliminary Official Statement or for any additional information prior to sale, any prospective purchaser is referred to the Municipal Advisor to the City, Baker Tilly Municipal Advisors, LLC, by telephone (651) 223-3000, or by email bids@bakertilly.com.

A Final Official Statement (as that term is defined in Rule 15c2-12) will be prepared, specifying the maturity dates, principal amounts, and interest rates of the Series 2025A Bonds, together with any other information required by law. By awarding the Series 2025A Bonds to the Purchaser, the City agrees that, no more than seven business days after the date of such award, it shall provide to the Purchaser an electronic copy of the Final Official Statement. The City designates the Purchaser as its agent for purposes of distributing the Final Official Statement to each syndicate member, if applicable. The Purchaser agrees that if its proposal is accepted by the City, (i) it shall accept designation and (ii) it shall enter into a contractual relationship with its syndicate members for purposes of assuring the receipt of the Final Official Statement by each such syndicate member.

Dated June 16, 2025

BY ORDER OF THE CITY COUNCIL
/s/ Jamy Hanson
City Clerk

For the Bonds of this Issue which shall mature and bear interest at the respective annual rates, as follow, we offer a price of \$_____ (which may not be less than \$65,000,000 (Par)) plus accrued interest, if any, to the date of delivery.

<u>Year</u>	<u>Interest Rate (%)</u>	<u>Yield (%)</u>	<u>Dollar Price</u>	<u>Year</u>	<u>Interest Rate (%)</u>	<u>Yield (%)</u>	<u>Dollar Price</u>
2026	_____%	_____%	_____%	2036	_____%	_____%	_____%
2027	_____%	_____%	_____%	2037	_____%	_____%	_____%
2028	_____%	_____%	_____%	2038	_____%	_____%	_____%
2029	_____%	_____%	_____%	2039	_____%	_____%	_____%
2030	_____%	_____%	_____%	2040	_____%	_____%	_____%
2031	_____%	_____%	_____%	2041	_____%	_____%	_____%
2032	_____%	_____%	_____%	2042	_____%	_____%	_____%
2033	_____%	_____%	_____%	2043	_____%	_____%	_____%
2034	_____%	_____%	_____%	2044	_____%	_____%	_____%
2035	_____%	_____%	_____%	2045	_____%	_____%	_____%

Years of Term Maturities

By submitting this proposal, we confirm that we have an established industry reputation for underwriting municipal bonds such as the Bonds.

Not as a part of our offer, the above quoted prices being controlling, but only as an aid for the verification of the offer, we have made the following computations:

NET INTEREST COST: \$

TRUE INTEREST RATE: _____ %

The Bidder ☐ will not ☐ will purchase municipal bond insurance from _____

Account Members

Account Manager

By: _____

Phone: _____

The foregoing proposal has been accepted by the City.

Attest:

Date: _____

Phone: 651-223-3000

Email: bids@bakertilly.com

* Preliminary; subject to change.