July 23, 2026

PRE-SALE REPORT FOR

Independent School District No. 139 (Rush City), Minnesota

$4,765,000 General Obligation Facilities Maintenance Bonds, Series 2026A

Prepared by:

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EXECUTIVE SUMMARY OF PROPOSED DEBT

Proposed Issue:

$4,765,000 General Obligation Facilities Maintenance Bonds, Series 2026A

Purposes:

The proposed issue will finance health & safety/indoor air quality projects included in the District's ten year facilities plan as approved by the Commissioner of Education.

Authority:

The Bonds are being issued pursuant to Minnesota Statutes, Chapter 475 and Section 123B.595. The Bonds will be general obligations of the District for which its full faith, credit and taxing powers are pledged.

Debt service will be paid from property tax levies received as part of the Long Term Facilities Maintenance program and state aid received as part of the School Building Bond Agricultural Credit program.

Term/Call Feature:

The Bonds are being issued for a term of 8 years and 5 months. Principal on the Bonds will be due on February 1 of 2029 through 2035. Interest will be due every six months beginning August 1, 2027.

The Bonds are being offered without option of prior redemption.

Bank Qualification:

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

State Credit Enhancement:

By resolution the District covenanted and obligated itself to be bound by the provisions of Minnesota Statutes, Section 126C.55, which provides for payment by the State of Minnesota in the event of a potential default of a school district obligation.

To qualify for the credit enhancement, the District must submit an application to the State. Ehlers will coordinate the application process to the State on your behalf.

Rating:

Under current bond ratings, the state credit enhancement would bring a S&P Global Rating of "AAA" rating. The District's most recent bond issues were rated by S&P Global Ratings. The current rating on those bonds is "AAA" (credit enhanced rating) and "A+"/Stable outlook (underlying rating). The District will request a new rating for the Bonds.

If the winning bidder on the Bonds elects to purchase bond insurance, the rating for the issue may be higher than the District's bond rating in the event that the bond rating of the insurer is higher than that of the District.

Basis for Recommendation:

Based on your objectives, financial situation and need, risk tolerance, liquidity needs, experience with the issuance of Bonds and long-term financial capacity, as well as the tax status considerations related to the Bonds and the structure, timing and other similar matters related to the Bonds, we are recommending the issuance of Bonds as a suitable option.

Method of Sale/Placement:

We are recommending the Bonds be issued as municipal securities and offered through a competitive underwriting process. You will solicit competitive bids, which we will compile on your behalf, for the purchase of the Bonds from underwriters and banks.

An allowance for discount bidding will be incorporated in the terms of the issue. The discount is treated as an interest item and provides the underwriter with all or a portion of their compensation in the transaction.

If the Bonds are purchased at a price greater than the minimum bid amount (maximum discount), the unused allowance may be used to reduce your borrowing amount.

Premium Pricing:

In some cases, investors in municipal bonds prefer "premium" pricing structures. A premium is achieved when the coupon for any maturity (the interest rate paid by the issuer) exceeds the yield to the investor, resulting in a price paid that is greater than the face value of the bonds. The sum of the amounts paid in excess of face value is considered "reoffering premium." Any net premium received may be used to reduce the principal amount of the Bonds, increase the net proceeds for the project, or to fund a portion of the interest on the Bonds.

Review of Existing Debt:

We have reviewed all outstanding indebtedness for the District and find that there are no refunding opportunities at this time.

We will continue to monitor the market and the call dates for the District's outstanding debt and will alert you to any future refunding opportunities.

Continuing Disclosure:

The District will be agreeing to provide its Audited Financial Statements annually as well as providing notices of the occurrence of certain reportable events to the Municipal Securities Rulemaking Board (the “MSRB”), as required by rules of the Securities and Exchange Commission (SEC). The District is already obligated to provide such reports for its existing bonds, and has contracted with Ehlers to prepare and file the reports.

Arbitrage Monitoring:

The District must ensure compliance with certain sections of the Internal Revenue Code and Treasury Regulations (“Arbitrage Rules”) throughout the life of the issue to maintain the tax-exempt status of the Bonds. These Arbitrage Rules apply to amounts held in construction, escrow, reserve, debt service account(s), etc., along with related investment income on each fund/account. IRS audits will verify compliance with rebate, yield restriction and records retention requirements within the Arbitrage Rules. The District’s specific arbitrage responsibilities will be detailed in the Tax Certificate (the “Tax Compliance Document”) prepared by your Bond Attorney and provided at closing.

The Bonds may qualify for one or more exception(s) to the Arbitrage Rules by meeting 1) small issuer exception, 2) spend down requirements, 3) bona fide debt service fund limits, 4) reasonable reserve requirements, 5) expenditure within an available period limitations, 6) investments yield restrictions, 7) de minimis rules, or; 8) borrower limited requirements. An Ehlers arbitrage expert will contact the District within 30 days after the sale date to review the District’s specific responsibilities for the Bonds.

Investment of Bond Proceeds:

Ehlers will assist the District in developing a strategy to invest your Bond proceeds until the funds are needed to pay project costs.

Other Service Providers:

This debt issuance will require the engagement of other public finance service providers. This section identifies those other service providers, so Ehlers can coordinate their engagement on your behalf. Where you have previously used a particular firm to provide a service, we have assumed that you will continue that relationship. For services you have not previously required, we have identified a service provider. Fees charged by these service providers will be paid from proceeds of the obligation, unless you notify us that you wish to pay them from other sources. Our pre-sale bond sizing includes a good faith estimate of these fees, but the final fees may vary. If you have any questions pertaining to the identified service providers or their role, or if you would like to use a different service provider for any of the listed services please contact us.

Bond Counsel: Kennedy & Graven, Chartered

Paying Agent: Bond Trust Services Corporation

Rating Agency: S&P Global Ratings (S&P)

PROPOSED DEBT ISSUANCE SCHEDULE

School Board Approved Resolution Authorizing Sale of the Bonds:	June 18, 2026
Ehlers Presents Pre-Sale Report to School Board:	July 23, 2026
Due Diligence Call to Review Official Statement:	Week of August 3, 2026
Conference with Rating Agency:	August 4, 2026
Distribute Official Statement:	August 6, 2026
Ehlers Receives and Evaluates Proposals for Purchase of Bonds:	August 20, 2026
School Board Meeting to Award Sale of Bonds:	August 20, 2026
Estimated Closing Date:	September 10, 2026

Attachments

Estimated Sources and Uses of Funds

Estimated Net Debt Service Schedule

Updated Long-Term Financing Plan for Debt and Capital Payments and Levies

EHLERS' CONTACTS

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ESTIMATES PRIOR TO BOND SALE

Rush City Public School District, ISD #139

July 15, 2026

Estimated Sources and Uses of Funds
General Obligation Facilities Maintenance Bond Issue
Health & Safety/Indoor Air Quality Projects

Authorized Bond Amount	**$4,765,000**
Estimated Project Costs	**$4,300,000**
Closing Date	**September 10, 2026**
Sources of Funds	
Par Amount	$4,765,000
Reoffering Premium [1]	366,127
Investment Earnings [2]	19,464
Total Sources	$5,150,591
Uses of Funds	
Underwriter's Discount [3]	$47,650
Capitalized Interest [4]	331,565
Legal and Fiscal Costs [5]	80,525
Net Available for Project Costs	**4,690,851**
Total Uses	$5,150,591
Deposit to Construction Fund	**$4,671,387**

1 The underwriter that purchases the bonds may offer a premium, a portion of which may be retained by the underwriter as their compensation, or underwriter's discount. The remainder of the bond proceeds may be used to pay costs of issuance or deposited in the construction fund and used to fund a portion of the project costs.

2 Estimated investment earnings are based on an average interest rate of 1.00% and an estimated project duration of 10 months (average life for investments of approximately 5 months).

3 The underwriter's discount is an estimate of the compensation taken by the underwriter who provides the lowest true interest cost as part of the competitive bidding process and purchases the bonds. Ehlers provides independent municipal advisory services as part of the bond sale process and is not an underwriting firm.

4 To maintain a level tax rate, interest payments due on the new bonds during fiscal year 2027-28 would be paid from bond proceeds.

5 Includes fees for municipal advisor, bond counsel, rating agency, county certificates and paying agent.

Rush City School District

$4,765,000 General Obligation Facilities Maintenance Bonds, Series 2026A

Dated: September 10, 2026

Net Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	CIF	Net New D/S	Fiscal Total
09/10/2026	-	-	-	-	-	-	-
08/01/2027	-	-	212,439.58	212,439.58	(212,439.58)	-	-
02/01/2028	-	-	119,125.00	119,125.00	(119,125.00)	-	-
08/01/2028	-	-	119,125.00	119,125.00	-	119,125.00	-
02/01/2029	105,000.00	5.000%	119,125.00	224,125.00	-	224,125.00	343,250.00
08/01/2029	-	-	116,500.00	116,500.00	-	116,500.00	-
02/01/2030	805,000.00	5.000%	116,500.00	921,500.00	-	921,500.00	1,038,000.00
08/01/2030	-	-	96,375.00	96,375.00	-	96,375.00	-
02/01/2031	850,000.00	5.000%	96,375.00	946,375.00	-	946,375.00	1,042,750.00
08/01/2031	-	-	75,125.00	75,125.00	-	75,125.00	-
02/01/2032	890,000.00	5.000%	75,125.00	965,125.00	-	965,125.00	1,040,250.00
08/01/2032	-	-	52,875.00	52,875.00	-	52,875.00	-
02/01/2033	935,000.00	5.000%	52,875.00	987,875.00	-	987,875.00	1,040,750.00
08/01/2033	-	-	29,500.00	29,500.00	-	29,500.00	-
02/01/2034	980,000.00	5.000%	29,500.00	1,009,500.00	-	1,009,500.00	1,039,000.00
08/01/2034	-	-	5,000.00	5,000.00	-	5,000.00	-
02/01/2035	200,000.00	5.000%	5,000.00	205,000.00	-	205,000.00	210,000.00
Total	**$4,765,000.00**	**-**	**$1,320,564.58**	**$6,085,564.58**	**(331,564.58)**	**$5,754,000.00**	**-**

Yield Statistics

Bond Year Dollars	$26,411.29
Average Life	5.543 Years
Average Coupon	5.0000000%
Net Interest Cost (NIC)	3.7941642%
True Interest Cost (TIC)	3.6415838%
All Inclusive Cost (AIC)	3.9726281%
Bond Yield for Arbitrage Purposes	3.4487641%

IRS Form 8038

Net Interest Cost	3.3437965%
Weighted Average Maturity	5.563 Years
Dated	9/10/2026
First Available Call Date	

ESTIMATES PRIOR TO BOND SALE

Rush City Public School District No. 139

Analysis of Possible Structure for Capital and Debt Levies

$4,765,000 FM Bond Issue
7 Tax Levies
Wrapped Around Existing Debt
Future Tax Abatement Bond Issue

July 15, 2026

Type of Bond	Principal Amount	Dated Date	Interest Rate
FM - Heath & Safety	$4,765,000	09/10/26	3.64%
Tax Abatement	$2,700,000	06/01/27	3.83%

Levy		Tax Capacity		Existing Commitments					Potential New Board Approved Tax Abatement Bonds				Proposed New Board Approved Facilities Maintenance Bonds				Combined Totals		
Payable Year	Fiscal Year	Value [1] ($000s)	% Chg	Building Bonds [2]	Alt Fac/Fac Maint H&S Bonds [2]	Est. Debt Excess [3]	Net Levy	Existing Tax Rate	Principal	Interest	Add'l. Debt Excess [3]	Net Levy	Principal	Interest	Add'l. Debt Excess [3]	Net Debt Levy	Initial Debt Levy	Net Levy	Tax Rate
2025	2026	10,238	-1.3%	1,405,950	207,757	(225,886)	1,387,821	13.56	-	-	-	-	-	-	-	-	1,387,821	1,387,821	13.56
2026	2027	10,603	3.6%	-	1,473,150	(138,070)	1,335,080	12.59	-	-	-	-	-	-	-	-	1,335,080	1,335,080	12.59
2027	2028	10,816	2.0%	-	1,476,300	(69,216)	1,407,084	13.01	-	86,700 [4]	-	-	-	331,565 [4]	-	-	1,407,084	1,407,084	13.01
2028	2029	10,816	0.0%	-	788,288	(59,052)	729,236	6.74	170,000	130,050	-	315,053	105,000	238,250	-	360,413	1,404,701	1,404,701	12.99
2029	2030	10,816	0.0%	-	-	-	-	-	230,000	121,550	(12,602)	356,525	805,000	233,000	(43,586)	1,046,314	1,402,839	1,402,839	12.97
2030	2031	10,816	0.0%	-	-	-	-	-	240,000	110,050	(14,261)	353,291	850,000	192,750	(41,853)	1,053,035	1,406,326	1,406,326	13.00
2031	2032	10,816	0.0%	-	-	-	-	-	255,000	98,050	(14,132)	356,571	890,000	150,250	(42,121)	1,050,141	1,406,712	1,406,712	13.01
2032	2033	10,816	0.0%	-	-	-	-	-	265,000	85,300	(14,263)	353,552	935,000	105,750	(42,006)	1,050,782	1,404,334	1,404,334	12.98
2033	2034	10,816	0.0%	-	-	-	-	-	280,000	72,050	(14,142)	355,510	980,000	59,000	(42,031)	1,048,919	1,404,429	1,404,429	12.99
2034	2035	10,816	0.0%	-	-	-	-	-	295,000	58,050	(14,220)	356,482	200,000	10,000	(41,957)	178,543	535,025	535,025	4.95
2035	2036	10,816	0.0%	-	-	-	-	-	305,000	43,300	(14,259)	351,456	-	-	-	-	351,456	351,456	3.25
2036	2037	10,816	0.0%	-	-	-	-	-	325,000	28,050	(14,058)	356,644	-	-	-	-	356,644	356,644	3.30
2037	2038	10,816	0.0%	-	-	-	-	-	335,000	14,238	(14,266)	352,434	-	-	-	-	352,434	352,434	3.26
2038	2039	10,816	0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2039	2040	10,816	0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2040	2041	10,816	0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2041	2042	10,816	0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2042	2043	10,816	0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Totals				**1,405,950**	**3,945,495**	**(492,224)**	**4,859,221**		**2,700,000**	**847,388**	**(126,203)**	**3,507,518**	**4,765,000**	**1,320,565**	**(253,554)**	**5,788,146**	**14,154,886**	**14,154,886**	

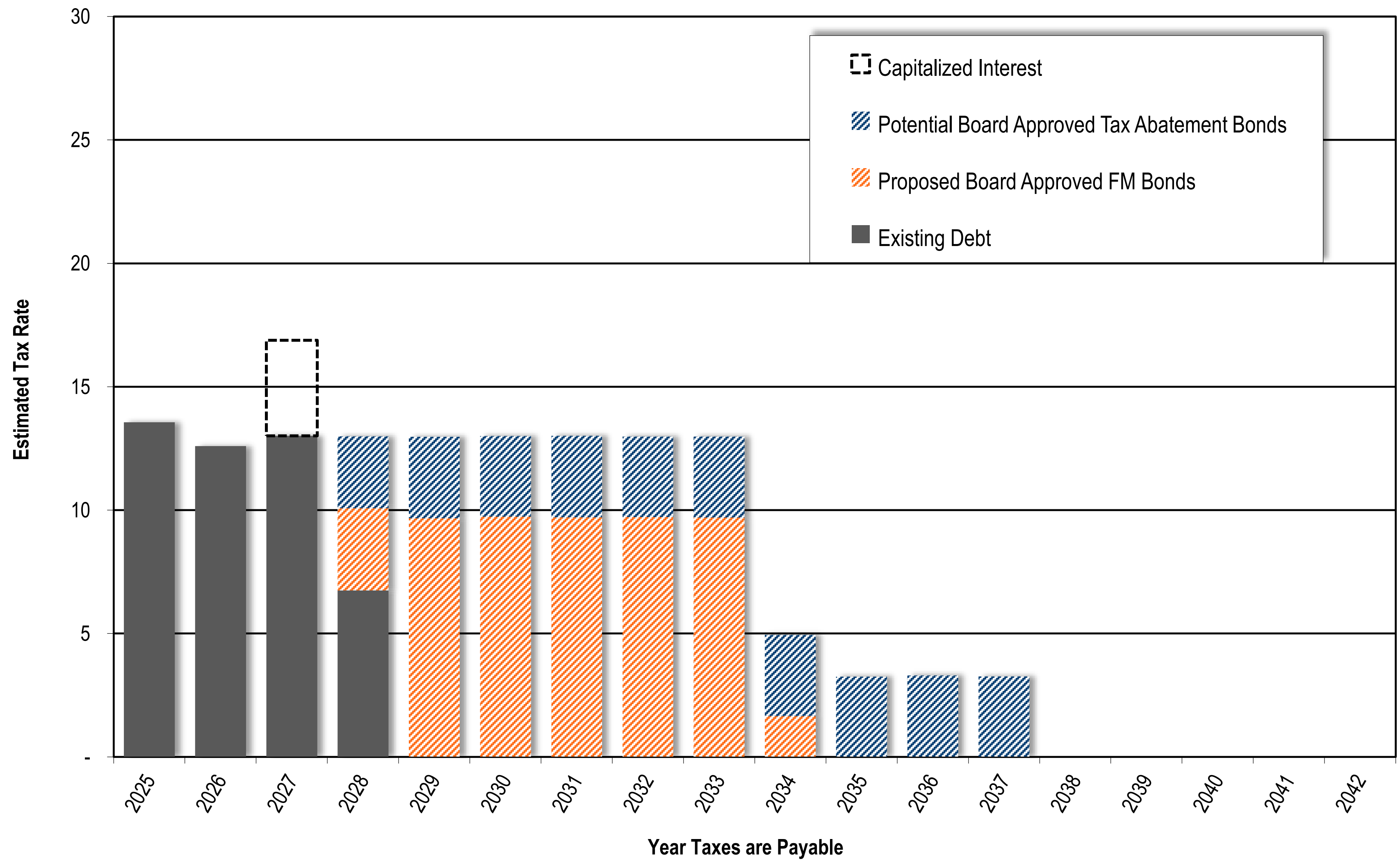
1 Tax capacity value for taxes payable in 2025 and 2026 is the actual value. Estimates for future years are based on the percentage changes as shown above.
2 Initial debt service levies (prior to subtracting debt equalization aid) are set at 105 percent of the principal and interest payments during the next fiscal year.
3 Debt excess adjustment for taxes payable in 2025 and 2026 are the actual amounts. The adjustment for 2027 is an estimate using the June 30, 2025 debt service fund balance. Debt excess for future years is estimated at 4% of the prior year's initial debt service levy.
4 To maintain a level tax rate, interest payments due on the new bonds during fiscal year 2027-28, estimated at $418,265, would have to be made from bond proceeds.

ESTIMATES PRIOR TO BOND SALE

Rush City Public School District No. 139

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

$4,765,000 FM Bond Issue
7 Tax Levies
Wrapped Around Existing Debt
Future Tax Abatement Bond Issue



Date Prepared: July 15, 2026

Debt Plan 2026A Rush City FM (Presale).xlsx