July 9, 2025

SALE DAY REPORT FOR:

City of Falcon Heights, Minnesota

$1,885,000 General Obligation Tax Abatement and Improvement Bonds, Series 2025A

EHLERS
PUBLIC FINANCE ADVISORS

Prepared by:

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BUILDING COMMUNITIES. IT'S WHAT WE DO.

Competitive Sale Results

PURPOSE: To finance with other available funds, for the construction of various park, street and utility system improvements in the City.

RATING: S&P Global Ratings "AAA" w/Stable Outlook

NUMBER OF BIDS: 5

LOW BIDDER: Baird, Milwaukee, Wisconsin w/23 participants

COMPARISON FROM LOWEST TO HIGHEST BID:
(TIC as bid)

LOW BID: 3.4840%
HIGH BID: 3.5634%

INTEREST DIFFERENCE: $7,894.72

Summary of Sale Results:	
Principal Amount*:	$1,885,000
Underwriter's Discount:	$18,600
Reoffering Premium:	$165,091
True Interest Cost:	3.4946%
Costs of Issuance:	$66,815
Yield:	2.56%-3.85%

NOTES: * After bid opening, the issue size was decreased by $170,000 due to a reduction in the underwriter's discount and the receipt of a premium bid.

CLOSING DATE: July 24, 2025

CITY COUNCIL ACTION: Adopt a resolution awarding the sale of $1,885,000 General Obligation Tax Abatement and Improvement Bonds, Series 2025A to Baird.

SUPPLEMENTARY ATTACHMENTS

- Bid Tabulation
- Sources and Uses of Funds/Updated Debt Service Schedules
- Rating Report
- BBI Graph
- Bond Resolution (Distributed in City Council Packets)

BID TABULATION

$2,055,000* General Obligation Tax Abatement and Improvement Bonds, Series 2025A

City of Falcon Heights, Minnesota

SALE: July 9, 2025

AWARD: BAIRD

Rating: S&P Global Ratings "AAA" / Stable

Tax Exempt - Bank Qualified

NAME OF INSTITUTION	MATURITY (February 1)	COUPON RATE	REOFFERING YIELD	PRICE	TRUE INTEREST RATE
BAIRD				$2,213,301.30	3.4840%
Milwaukee, Wisconsin	2027	5.000%	2.560%		
C.L. King & Associates	2028	5.000%	2.570%		
Colliers Securities LLC	2029	5.000%	2.570%		
Edward Jones	2030	5.000%	2.650%		
Fidelity Capital Markets	2031	5.000%	2.780%		
Crews & Associates, Inc.	2032	5.000%	2.880%		
Country Club Bank	2033	5.000%	3.000%		
Middlegate Securities	2034	5.000%	3.180%		
Alliance Global Partners	2035	5.000%	3.350%		
CADZ Securities Inc	2036	5.000%	3.500%		
Celadon Financial Group, LLC	2037[1]	4.000%	3.850%		
Isaak Bond Investments, Inc	2038[1]	4.000%	3.850%		
Carty, Harding & Hearn, Inc.	2039[1]	4.000%	3.850%		
UMB Bank, N.A.	2040[1]	4.000%	3.850%		
United Bankers Bank	2041[1]	4.000%	3.850%		
FMS Bonds Inc.					
First Southern LLC					
Dinosaur Financial Group					
First Bankers' Banc Securities, Inc.					
Mountainside Securities LLC					
Blaylock Van, LLC					
StoneX Financial Inc.					
Caldwell Sutter Capital, Inc.					
ZIONS BANK, division of ZB, N.A.					

* Subsequent to bid opening the issue size was decreased to $1,885,000.
Adjusted Price: $2,031,490.83 Adjusted Net Interest Cost: $553,187.09 Adjusted TIC: 3.4946%

[1] $410,000 Term Bond due 2041 with mandatory redemption in 2037-2040.

NAME OF INSTITUTION	TRUE INTEREST RATE
TD SECURITIES (USA) LLC New York, New York	3.4951%
STIFEL, NICOLAUS & COMPANY, INCORPORATED Birmingham, Alabama	3.5226%
NORTHLAND SECURITIES, INC. Minneapolis, Minnesota	3.5421%
HILLTOPSECURITIES Dallas, Texas	3.5634%

City of Falcon Heights, Minnesota

$1,885,000 General Obligation Tax Abatement & Improvement Bonds, Series 2025A
Issue Summary

Total Issue Sources And Uses

Dated 07/24/2025 | Delivered 07/24/2025

	Tax Abatement	Improvements	Issue Summary
Sources Of Funds			
Par Amount of Bonds	$980,000.00	$905,000.00	$1,885,000.00
Reoffering Premium	67,805.90	97,285.20	165,091.10
Planned Issuer Equity contribution	1,500,000.00	-	1,500,000.00
MSA Cash Contribution	-	369,035.27	369,035.27
Total Sources	**$2,547,805.90**	**$1,371,320.47**	**$3,919,126.37**
Uses Of Funds			
Total Underwriter's Discount (0.987%)	9,670.17	8,930.10	18,600.27
Costs of Issuance	36,983.63	29,831.37	66,815.00
Deposit to Project Construction Fund	2,501,152.10	1,332,559.00	3,833,711.10
Total Uses	**$2,547,805.90**	**$1,371,320.47**	**$3,919,126.37**

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City of Falcon Heights, Minnesota

$1,885,000 General Obligation Tax Abatement & Improvement Bonds, Series 2025A

Issue Summary

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
07/24/2025	-	-	-	-	-
08/01/2026	-	-	91,902.92	91,902.92	-
02/01/2027	85,000.00	5.000%	45,075.00	130,075.00	221,977.92
08/01/2027	-	-	42,950.00	42,950.00	-
02/01/2028	135,000.00	5.000%	42,950.00	177,950.00	220,900.00
08/01/2028	-	-	39,575.00	39,575.00	-
02/01/2029	135,000.00	5.000%	39,575.00	174,575.00	214,150.00
08/01/2029	-	-	36,200.00	36,200.00	-
02/01/2030	145,000.00	5.000%	36,200.00	181,200.00	217,400.00
08/01/2030	-	-	32,575.00	32,575.00	-
02/01/2031	145,000.00	5.000%	32,575.00	177,575.00	210,150.00
08/01/2031	-	-	28,950.00	28,950.00	-
02/01/2032	155,000.00	5.000%	28,950.00	183,950.00	212,900.00
08/01/2032	-	-	25,075.00	25,075.00	-
02/01/2033	160,000.00	5.000%	25,075.00	185,075.00	210,150.00
08/01/2033	-	-	21,075.00	21,075.00	-
02/01/2034	165,000.00	5.000%	21,075.00	186,075.00	207,150.00
08/01/2034	-	-	16,950.00	16,950.00	-
02/01/2035	170,000.00	5.000%	16,950.00	186,950.00	203,900.00
08/01/2035	-	-	12,700.00	12,700.00	-
02/01/2036	180,000.00	5.000%	12,700.00	192,700.00	205,400.00
08/01/2036	-	-	8,200.00	8,200.00	-
02/01/2037	75,000.00	4.000%	8,200.00	83,200.00	91,400.00
08/01/2037	-	-	6,700.00	6,700.00	-
02/01/2038	80,000.00	4.000%	6,700.00	86,700.00	93,400.00
08/01/2038	-	-	5,100.00	5,100.00	-
02/01/2039	80,000.00	4.000%	5,100.00	85,100.00	90,200.00
08/01/2039	-	-	3,500.00	3,500.00	-
02/01/2040	85,000.00	4.000%	3,500.00	88,500.00	92,000.00
08/01/2040	-	-	1,800.00	1,800.00	-
02/01/2041	90,000.00	4.000%	1,800.00	91,800.00	93,600.00
Total	**$1,885,000.00**	**-**	**$699,677.92**	**$2,584,677.92**	**-**

Yield Statistics

Bond Year Dollars	$15,109.15
Average Life	8.015 Years
Average Coupon	4.6308217%
Net Interest Cost (NIC)	3.6612714%
True Interest Cost (TIC)	3.4946705%
Bond Yield for Arbitrage Purposes	3.3404972%
All Inclusive Cost (AIC)	4.0072176%

IRS Form 8038

Net Interest Cost	3.2765800%
Weighted Average Maturity	7.958 Years

City of Falcon Heights, Minnesota

$980,000 General Obligation Tax Abatement & Improvement Bonds, Series 2025A

Tax Abatement

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
07/24/2025	-	-	-	-	-
08/01/2026	-	-	45,773.06	45,773.06	-
02/01/2027	25,000.00	5.000%	22,450.00	47,450.00	93,223.06
08/01/2027	-	-	21,825.00	21,825.00	-
02/01/2028	50,000.00	5.000%	21,825.00	71,825.00	93,650.00
08/01/2028	-	-	20,575.00	20,575.00	-
02/01/2029	50,000.00	5.000%	20,575.00	70,575.00	91,150.00
08/01/2029	-	-	19,325.00	19,325.00	-
02/01/2030	55,000.00	5.000%	19,325.00	74,325.00	93,650.00
08/01/2030	-	-	17,950.00	17,950.00	-
02/01/2031	55,000.00	5.000%	17,950.00	72,950.00	90,900.00
08/01/2031	-	-	16,575.00	16,575.00	-
02/01/2032	60,000.00	5.000%	16,575.00	76,575.00	93,150.00
08/01/2032	-	-	15,075.00	15,075.00	-
02/01/2033	65,000.00	5.000%	15,075.00	80,075.00	95,150.00
08/01/2033	-	-	13,450.00	13,450.00	-
02/01/2034	65,000.00	5.000%	13,450.00	78,450.00	91,900.00
08/01/2034	-	-	11,825.00	11,825.00	-
02/01/2035	70,000.00	5.000%	11,825.00	81,825.00	93,650.00
08/01/2035	-	-	10,075.00	10,075.00	-
02/01/2036	75,000.00	5.000%	10,075.00	85,075.00	95,150.00
08/01/2036	-	-	8,200.00	8,200.00	-
02/01/2037	75,000.00	4.000%	8,200.00	83,200.00	91,400.00
08/01/2037	-	-	6,700.00	6,700.00	-
02/01/2038	80,000.00	4.000%	6,700.00	86,700.00	93,400.00
08/01/2038	-	-	5,100.00	5,100.00	-
02/01/2039	80,000.00	4.000%	5,100.00	85,100.00	90,200.00
08/01/2039	-	-	3,500.00	3,500.00	-
02/01/2040	85,000.00	4.000%	3,500.00	88,500.00	92,000.00
08/01/2040	-	-	1,800.00	1,800.00	-
02/01/2041	90,000.00	4.000%	1,800.00	91,800.00	93,600.00
Total	**$980,000.00**	**-**	**$412,173.06**	**$1,392,173.06**	**-**

Yield Statistics

Bond Year Dollars	$9,359.06
Average Life	9.550 Years
Average Coupon	4.4040027%
Net Interest Cost (NIC)	3.7828318%
True Interest Cost (TIC)	3.6606736%
Bond Yield for Arbitrage Purposes	3.3404972%
All Inclusive Cost (AIC)	4.1409218%

IRS Form 8038

Net Interest Cost	3.4853806%
Weighted Average Maturity	9.430 Years

City of Falcon Heights, Minnesota

$905,000 General Obligation Tax Abatement & Improvement Bonds, Series 2025A
Improvements

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
07/24/2025	-	-	-	-	-
08/01/2026	-	-	46,129.86	46,129.86	-
02/01/2027	60,000.00	5.000%	22,625.00	82,625.00	128,754.86
08/01/2027	-	-	21,125.00	21,125.00	-
02/01/2028	85,000.00	5.000%	21,125.00	106,125.00	127,250.00
08/01/2028	-	-	19,000.00	19,000.00	-
02/01/2029	85,000.00	5.000%	19,000.00	104,000.00	123,000.00
08/01/2029	-	-	16,875.00	16,875.00	-
02/01/2030	90,000.00	5.000%	16,875.00	106,875.00	123,750.00
08/01/2030	-	-	14,625.00	14,625.00	-
02/01/2031	90,000.00	5.000%	14,625.00	104,625.00	119,250.00
08/01/2031	-	-	12,375.00	12,375.00	-
02/01/2032	95,000.00	5.000%	12,375.00	107,375.00	119,750.00
08/01/2032	-	-	10,000.00	10,000.00	-
02/01/2033	95,000.00	5.000%	10,000.00	105,000.00	115,000.00
08/01/2033	-	-	7,625.00	7,625.00	-
02/01/2034	100,000.00	5.000%	7,625.00	107,625.00	115,250.00
08/01/2034	-	-	5,125.00	5,125.00	-
02/01/2035	100,000.00	5.000%	5,125.00	105,125.00	110,250.00
08/01/2035	-	-	2,625.00	2,625.00	-
02/01/2036	105,000.00	5.000%	2,625.00	107,625.00	110,250.00
Total	**$905,000.00**	**-**	**$287,504.86**	**$1,192,504.86**	**-**

Yield Statistics

Bond Year Dollars	$5,750.10
Average Life	6.354 Years
Average Coupon	5.0000000%
Net Interest Cost (NIC)	3.4634155%
True Interest Cost (TIC)	3.2480520%
Bond Yield for Arbitrage Purposes	3.3404972%
All Inclusive Cost (AIC)	3.8109802%

IRS Form 8038

Net Interest Cost	2.9559894%
Weighted Average Maturity	6.420 Years

City of Falcon Heights, Minnesota

$905,000 General Obligation Tax Abatement & Improvement Bonds, Series 2025A

Improvements

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	105% of Total	Assessments	Levy/(Surplus)	Sanitary Sewer Revenue	Storm Sewer Revenue	Water Revenue	Net
02/01/2026	-	-	-	-	-	-	-				-
02/01/2027	60,000.00	5.000%	68,754.86	128,754.86	135,192.60	63,449.61	71,742.99	6,869.42	12,109.21	2,208.40	50,555.96
02/01/2028	85,000.00	5.000%	42,250.00	127,250.00	133,612.50	61,265.28	72,347.22	6,869.42	12,109.20	2,208.40	51,160.20
02/01/2029	85,000.00	5.000%	38,000.00	123,000.00	129,150.00	59,080.94	70,069.06	6,869.43	12,109.19	2,208.41	48,882.03
02/01/2030	90,000.00	5.000%	33,750.00	123,750.00	129,937.50	56,896.62	73,040.88	6,869.43	12,109.20	2,208.40	51,853.85
02/01/2031	90,000.00	5.000%	29,250.00	119,250.00	125,212.50	54,712.28	70,500.22	6,869.42	12,109.21	2,208.39	49,313.20
02/01/2032	95,000.00	5.000%	24,750.00	119,750.00	125,737.50	52,527.96	73,209.54	6,869.43	12,109.20	2,208.39	52,022.52
02/01/2033	95,000.00	5.000%	20,000.00	115,000.00	120,750.00	50,343.61	70,406.39	6,869.42	12,109.21	2,208.40	49,219.36
02/01/2034	100,000.00	5.000%	15,250.00	115,250.00	121,012.50	48,159.29	72,853.21	6,869.42	12,109.19	2,208.39	51,666.21
02/01/2035	100,000.00	5.000%	10,250.00	110,250.00	115,762.50	45,974.95	69,787.55	6,869.43	12,109.20	2,208.40	48,600.52
02/01/2036	105,000.00	5.000%	5,250.00	110,250.00	115,762.50	43,790.63	71,971.87	6,869.41	12,109.20	2,208.40	50,784.86
Total	**$905,000.00**	**-**	**$287,504.86**	**$1,192,504.86**	**$1,252,130.10**	**$536,201.17**	**$715,928.93**	**$68,694.23**	**$121,092.01**	**$22,083.98**	**$504,058.71**

Significant Dates

Dated	7/24/2025
First Coupon Date	8/01/2026

Yield Statistics

Bond Year Dollars	$5,750.10
Average Life	6.354 Years
Average Coupon	5.0000000%
Net Interest Cost (NIC)	3.4634155%
True Interest Cost (TIC)	3.2480520%
Bond Yield for Arbitrage Purposes	3.3404972%
All Inclusive Cost (AIC)	3.8109802%

City of Falcon Heights, Minnesota

$416,063 General Obligation Tax Abatement & Improvement Bonds, Series 2025A

Assessments - Assessments

2.00% over TIC - Equal Principal

Assessments

Date	Principal	Coupon	Interest	Total P+I
12/31/2026	41,606.30	5.250%	21,843.31	63,449.61
12/31/2027	41,606.30	5.250%	19,658.98	61,265.28
12/31/2028	41,606.30	5.250%	17,474.64	59,080.94
12/31/2029	41,606.30	5.250%	15,290.32	56,896.62
12/31/2030	41,606.30	5.250%	13,105.98	54,712.28
12/31/2031	41,606.30	5.250%	10,921.66	52,527.96
12/31/2032	41,606.29	5.250%	8,737.32	50,343.61
12/31/2033	41,606.29	5.250%	6,553.00	48,159.29
12/31/2034	41,606.29	5.250%	4,368.66	45,974.95
12/31/2035	41,606.29	5.250%	2,184.34	43,790.63
Total	**$416,062.96**	-	**$120,138.21**	**$536,201.17**

Significant Dates

Filing Date	1/01/2026
First Payment Date	12/31/2026

City of Falcon Heights, Minnesota

$57,857 General Obligation Tax Abatement & Improvement Bonds, Series 2025A
Sanitary Sewer Revenue
Bond TIC - Equal P&I

Revenues

Date	Principal	Coupon	Interest	Total P+I
12/31/2026	4,989.07	3.250%	1,880.35	6,869.42
12/31/2027	5,151.22	3.250%	1,718.20	6,869.42
12/31/2028	5,318.63	3.250%	1,550.80	6,869.43
12/31/2029	5,491.49	3.250%	1,377.94	6,869.43
12/31/2030	5,669.96	3.250%	1,199.46	6,869.42
12/31/2031	5,854.23	3.250%	1,015.20	6,869.43
12/31/2032	6,044.50	3.250%	824.92	6,869.42
12/31/2033	6,240.94	3.250%	628.48	6,869.42
12/31/2034	6,443.77	3.250%	425.66	6,869.43
12/31/2035	6,653.19	3.250%	216.22	6,869.41
Total	**$57,857.00**	**-**	**$10,837.23**	**$68,694.23**

City of Falcon Heights, Minnesota

$101,989 General Obligation Tax Abatement & Improvement Bonds, Series 2025A
Storm Sewer Revenue
Bond TIC - Equal P&I

Revenues

Date	Principal	Coupon	Interest	Total P+I
12/31/2026	8,794.58	3.250%	3,314.63	12,109.21
12/31/2027	9,080.40	3.250%	3,028.80	12,109.20
12/31/2028	9,375.51	3.250%	2,733.68	12,109.19
12/31/2029	9,680.22	3.250%	2,428.98	12,109.20
12/31/2030	9,994.83	3.250%	2,114.38	12,109.21
12/31/2031	10,319.66	3.250%	1,789.54	12,109.20
12/31/2032	10,655.05	3.250%	1,454.16	12,109.21
12/31/2033	11,001.33	3.250%	1,107.86	12,109.19
12/31/2034	11,358.88	3.250%	750.32	12,109.20
12/31/2035	11,728.04	3.250%	381.16	12,109.20
Total	**$101,988.50**	**-**	**$19,103.51**	**$121,092.01**

City of Falcon Heights, Minnesota

$18,600 General Obligation Tax Abatement & Improvement Bonds, Series 2025A
Water Revenue
Bond TIC - Equal P&I

Revenues

Date	Principal	Coupon	Interest	Total P+I
12/31/2026	1,603.90	3.250%	604.50	2,208.40
12/31/2027	1,656.02	3.250%	552.38	2,208.40
12/31/2028	1,709.85	3.250%	498.56	2,208.41
12/31/2029	1,765.42	3.250%	442.98	2,208.40
12/31/2030	1,822.79	3.250%	385.60	2,208.39
12/31/2031	1,882.03	3.250%	326.36	2,208.39
12/31/2032	1,943.20	3.250%	265.20	2,208.40
12/31/2033	2,006.35	3.250%	202.04	2,208.39
12/31/2034	2,071.56	3.250%	136.84	2,208.40
12/31/2035	2,138.88	3.250%	69.52	2,208.40
Total	**$18,600.00**	**-**	**$3,483.98**	**$22,083.98**

Research Update:

Falcon Heights, MN GO Tax Abatement And Improvement Bonds Assigned 'AAA' Rating; Outlook Is Stable

July 3, 2025

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Overview

- S&P Global Ratings assigned its 'AAA' long-term rating to Falcon Heights, Minn.'s anticipated $2.055 million series 2025A general obligation (GO) tax abatement and improvement bonds.
- The outlook is stable.
- The rating reflects the application of our "Methodology For Rating U.S. Governments," Sept. 9, 2024.

Rationale

Security

The city's unlimited ad valorem tax GO pledge secures the bonds. Portions of the bonds are payable from tax abatements and special assessments against benefitted properties, and the city intends to pay a portion of debt service from excess utility revenues, but we rate the bonds according to the GO pledge. The bonds will be used for street and related utility improvements, and to upgrade a park facility and playground.

Credit highlights

The 'AAA' rating reflects our view of the city's low debt metrics, favorable location just outside of the Twin Cities that contains the University of Minnesota's St. Paul campus and the state fairgrounds, as well as well-managed finances with consistently high reserves relative to operating revenues.

The city's operating results have consistently been positive, benefitting from conservative budgeting and a predictable revenue mix consisting mainly of property tax revenue (67% of fiscal 2024 operating revenue) and local government aid (20%). Results in fiscals 2021 and 2022 were understated due to one-time transfers out for capital.

The city recently switched its police services provider from Ramsey County to a five-year contract with the city of St. Anthony, resulting in expected savings of about $450,000 in fiscal 2025 relative to the prior year. Management expects a fiscal 2025 operating surplus of around $300,000, or 8% of budgeted revenues, outperforming the fiscal 2025 balanced budget mainly due to savings in the new contract.

The city has a 45% formal fund balance policy, but informally targets maintaining reserves above 75%, and has no plans to spend them down. While the city's reserves are nominally somewhat lower compared with those of peers, the city has about $3.5 million in capital funds (net of a planned $1.5 million spend down in connection with the series 2025A funded projects) and has no major deferred maintenance needs or capital projects beyond the current issuance. We expect the city's finances will remain robust, supported by its location and sound management practices.

About two-thirds of the land within the city is not taxable given the presence of the university and the state fairgrounds, which are the city's two top employers. The state fair is one of the largest in the country, with just under 2 million visitors annually, and various non-fair events at the grounds draw 100,000 visitors annually, according to the city. The university recently announced it is laying off 350 staff systemwide in response to federal and state funding cuts. It is unclear how the cuts will affect campus employees within the city, but we do not expect they will materially diminish the university's presence within the city. We note combined full-time enrollment at the Falcon Heights and Minneapolis campuses mostly recovered last year following a post-pandemic dip, and part-time enrollment has been increasing.

The University of Minnesota recently announced plans to sell its 140-acre golf course within the city. Management's preliminary research indicates the land could fit 1,200 housing units. Given the high demand for housing in the city, the development of this land could meaningfully strengthen the city's tax base.

Credit fundamentals further supporting the 'AAA' rating include:

- Stable, mostly residential tax base close to the Twin Cities that is built out, with recent higher density housing developments. While Claritas' data points to a population decline within the city, this may reflect a temporary dip in the student population during the pandemic, and we view the 7% increase in housing units in the last four years as indicative of population growth.
- Stable, well-managed finances with consistently high reserves relative to operating revenues.
- Management practices that support financial stability, including conservative budgeting, budget-to-actual reporting to the city council two-to-four times annually, and an annually updated ten-year capital improvement plan (CIP) that identifies estimated costs and funding sources. While the CIP is fairly straight-lined, the city's capital needs are fairly limited.
- Low debt and liability metrics with fairly rapid amortization, no additional debt plans, and manageable pension costs.
- For more information on our institutional framework assessment for Minnesota cities, see "Institutional Framework Assessment: Minnesota Local Governments," published Sept. 10, 2024.

Environmental, social, and governance

We view Falcon Heights' environmental, social, and governance factors as neutral in our credit rating analysis.

Rating above the sovereign

The city's GO debt is eligible to be rated above the sovereign because we believe it can maintain better credit characteristics than the nation in a stress scenario. Under our criteria, "Ratings Above The Sovereign—Corporate And Government Ratings: Methodology And Assumptions," published Nov. 19, 2013, we consider U.S. local governments to have moderate sensitivity to national risk. The city's ad valorem tax pledge secures the bonds and is the city's primary source of operating revenue, limiting the possibility of negative sovereign intervention in debt repayment or operations.

Outlook

The stable outlook reflects our view that the city's sound management practices and limited capital needs will support its robust financial and debt profiles, and reflects our view that the city's location will support economic stability.

Downside scenario

We could take a negative rating action if the city's debt materially increases or if reserves materially weaken due to an operational imbalance or other factors.

Falcon Heights, Minnesota--credit summary

Institutional framework (IF)	1
Individual credit profile (ICP)	1.31
Economy	1.5
Financial performance	1
Reserves and liquidity	1
Management	2.05
Debt and liabilities	1.00

Falcon Heights, Minnesota--key credit metrics

	Most recent	2024	2023	2022
Economy				
Real GCP per capita % of U.S.	124	--	124	123
County PCPI % of U.S.	100	--	100	100
Market value ($000s)	693,434	682,138	648,138	571,235
Market value per capita ($)	131,631	129,487	123,033	99,831
Top 10 taxpayers % of taxable value	17.4	24.7	29.2	29.7
County unemployment rate (%)	3.0	2.9	2.6	2.5
Local median household EBI % of U.S.	107	--	107	111
Local per capita EBI % of U.S.	112	--	112	119
Local population	5,268	--	5,268	5,722
Financial performance				
Operating fund revenues ($000s)	--	3,759	3,700	3,093
Operating fund expenditures ($000s)	--	3,403	2,872	2,544
Net transfers and other adjustments ($000s)	--	(76)	(555)	(640)

Falcon Heights, Minnesota--key credit metrics

	Most recent	2024	2023	2022
Economy				
Operating result ($000s)	--	280	273	(91)
Operating result % of revenues	--	7.4	7.4	(2.9)
Operating result three-year average %	--	4.0	1.5	6.1
Reserves and liquidity				
Available reserves % of operating revenues	--	97.7	86.4	100.8
Available reserves ($000s)	--	3,672	3,195	3,118
Debt and liabilities				
Debt service cost % of revenues	--	5.3	5.1	2.5
Net direct debt per capita ($)	441	200	249	183
Net direct debt ($000s)	2,325	1,055	1,310	1,045
Direct debt 10-year amortization (%)	66	100	--	--
Pension and OPEB cost % of revenues	--	1.0	1.0	1.0
NPLs per capita ($)	--	65	94	122
Combined NPLs ($000s)	--	340	498	697

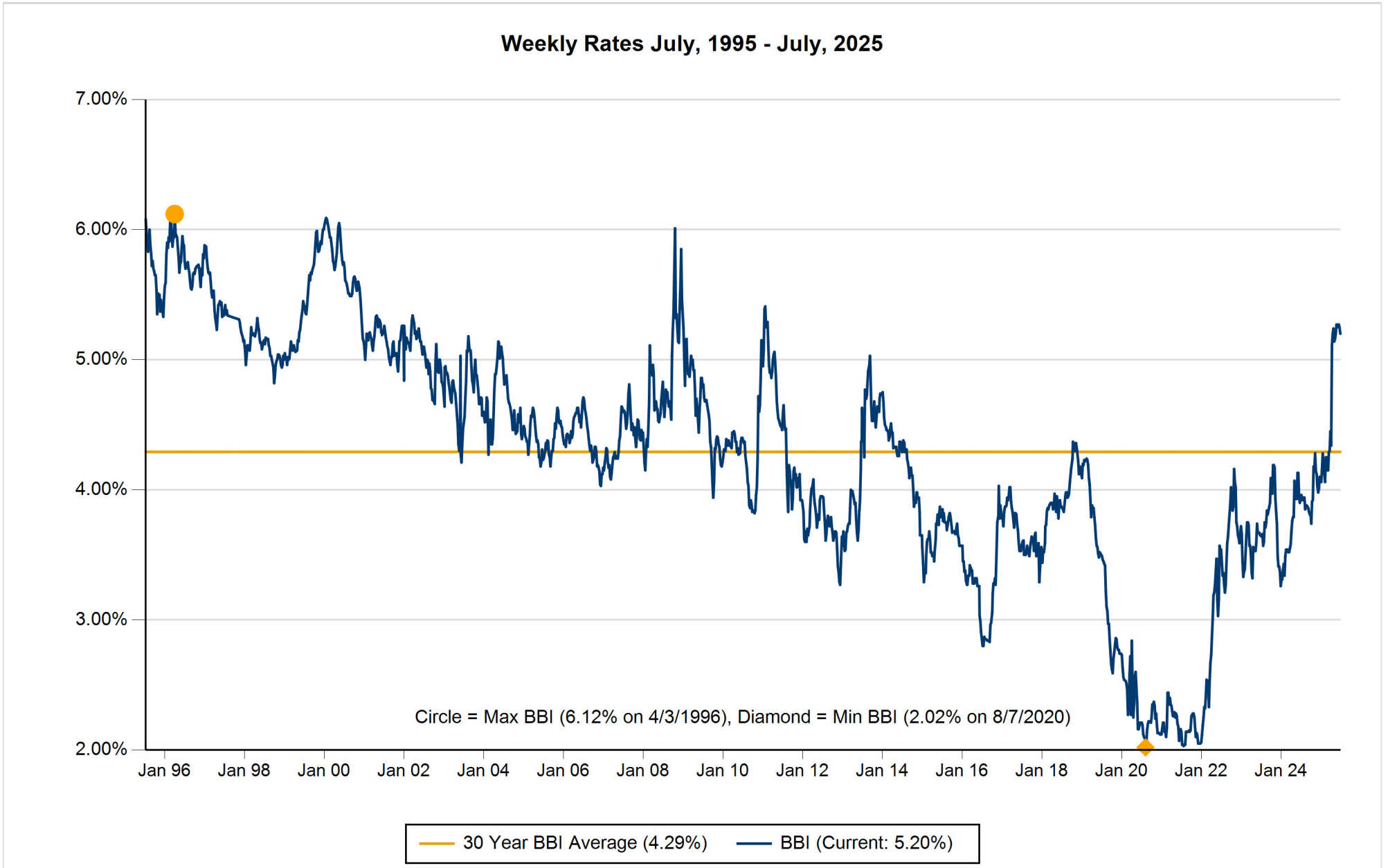
Financial data may reflect analytical adjustments and are sourced from issuer audit reports or other annual disclosures. Economic data is generally sourced from S&P Global Market Intelligence, the Bureau of Labor Statistics, Claritas, and issuer audits and other disclosures. Local population is sourced from Claritas. Claritas estimates are point in time and not meant to show year-over-year trends. GCP--Gross county product. PCPI--Per capita personal income. EBI--Effective buying income. OPEB--Other postemployment benefits. NPLs--Net pension liabilities.

Ratings List	
New Issue Ratings	
US$2.055 mil GO tax abatement and imp bnds ser 2025A dtd 07/24/2025 due 02/01/2041	
Long Term Rating	AAA/Stable
New Rating	
Local Government	
Falcon Heights, MN Unlimited Tax General Obligation and Tax Abatement Revenues	AAA/Stable

The ratings appearing below the new issues represent an aggregation of debt issues (ASID) associated with related maturities. The maturities similarly reflect our opinion about the creditworthiness of the U.S. Public Finance obligor's legal pledge for payment of the financial obligation. Nevertheless, these maturities may have different credit ratings than the rating presented next to the ASID depending on whether or not additional legal pledge(s) support the specific maturity's payment obligation, such as credit enhancement, as a result of defeasance, or other factors.

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at https://disclosure.spglobal.com/ratings/en/regulatory/ratings-criteria for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/504352. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings referenced herein can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.

30 YEAR TREND IN MUNICIPAL BOND INDICES



The Bond Buyer "20 Bond Index" (BBI) shows average yields on a group of municipal bonds that mature in 20 years and have an average rating equivalent to Moody's Aa2 and S&P's AA.

Source: The Bond Buyer

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