



September 19, 2024

Michele McPherson  
City Administrator  
City of Princeton  
705 N 2<sup>nd</sup> St.  
Princeton, MN 55371

Keith Butcher  
General Manager  
Princeton Public Utilities  
907 First Street South  
Princeton, MN 55371

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

Dear Michele and Keith:

The purpose of this letter is to comply with federal regulations. Federal security regulations require you to affirmatively engage Northland Securities before we can provide you with advice on the issuance of municipal securities acting in the capacity of underwriter. This letter establishes the engagement.

The City of Princeton (the "Issuer") seeks to engage Northland Securities to serve as underwriter, and not as a financial advisor or municipal advisor, in connection with the issuance of General Obligation Bonds, Series 2025A to finance the purchase of a fire truck and water utility improvements (the "Issue"). This engagement applies solely to the Issue. The engagement is nonbinding. The Issuer is under no obligation to undertake the Issue. The Issuer may determine not to undertake a negotiated financing and to engage Northland in a role other than an underwriter.

The Issuer desires Northland to provide all of the services needed to create and execute a plan to underwrite the Issue, including:

1. Advice regarding the structure, timing, terms, and other similar matters (including actions needed to authorize the issuance) of the Issue.
2. Preparation of rating strategies and presentations related to the Issue.
3. Assistance in the preparation of the preliminary and final official statements.
4. Assistance with the closing of the Issue, including negotiation and discussion with respect to all documents, certificates, and opinions needed for such closing.
5. Coordination with respect to obtaining CUSIP numbers and the registration of the Issue with the book-entry only system of the Depository Trust Company.
6. Preparation of post-sale reports for such municipal securities.

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

Main 612-851-5900 | Toll Free 800-851-2920

150 South 5<sup>th</sup> Street, Suite 3300 | Minneapolis, MN 55402

1. Acting as underwriter for the Issue, Northland will provide advice to the Issuer with respect to the structure, timing, terms, and other similar matters concerning the Issue. The Issuer is responsible for understanding and assessing the implications of the Issue.
2. Northland will purchase, or arrange for the placement of, the Issue in an arm's-length commercial transaction with the Issuer. In this process, Northland is required to deal fairly at all times with both the Issuer and investors. Northland has a duty to purchase the Issue from the Issuer at a fair and reasonable price, but must balance that duty with its duty to sell municipal securities to investors at prices that are fair and reasonable.
3. Under federal securities laws Northland does not have a legal fiduciary duty to the Issuer (unlike a municipal advisor) and is, therefore, not required by federal law to act in the best interests of the Issuer without regard to its own financial or other interests. Northland has financial and other interests that differ from those of the Issuer.
4. The Issuer may choose to engage the services of a municipal advisor with a fiduciary obligation to represent the Issuer's interest in this transaction.
5. Northland will coordinate the issuance process including closing and delivery of proceeds. Northland will review the official statement for the Issue in accordance with, and as part of, its responsibilities to investors under the federal securities laws, as applied to the facts and circumstances of the transaction.
6. Depending on the structure of the transaction that the Issuer decides to pursue, Northland will disclose any additional potential or actual material conflicts, inclusive of any dealer specific or complex financing disclosures, related to this engagement. We will seek your acknowledgement of receipt of any such additional disclosures.
7. Northland is a registered broker-dealer, and its affiliates are engaged in securities activities, as well as providing investment banking, asset management, financing, financial advisory services and other commercial and investment banking products and services to a wide range of corporations and individuals. In the ordinary course of their respective businesses, Northland and its affiliates have engaged, and may in the future engage, in transactions with, and perform services for, the Issuer and its affiliates for which they received or will receive customary fees and expenses. In addition, Northland and its affiliates may currently have and may in the future have investment and commercial banking, trust, and other relationships with parties that may relate to assets of, or be involved in the issuance of securities and/or instruments by, the Issuer and its affiliates.
8. Northland's compensation is based on the size of the Issue and is contingent on the closing of the Issue (see below). The MSRB has identified this means of compensation as presenting a conflict of interest, because it may cause Northland to recommend a transaction that it is unnecessary or to recommend that the size of the transaction be larger than is necessary.

For serving as underwriter with respect to the Issue, Northland shall be paid an underwriter's discount based on a percentage of the total par amount of the Issue. A "not to exceed" percentage for underwriter's discount will be determined when the actual terms of the Issue have been set forth in the bond purchase agreement and therefore compensation is not included as part of this letter. The compensation due to Northland shall be deducted from proceeds at closing.

Northland agrees to pay the following expenses from its fee:

- Out-of-pocket expenses such as travel, long distance phone, and copy costs.
- Preparation of the bond transcript.

The Issuer agrees to pay for all other expenses related to the processing of the Issue including, but not limited to, the following:

- Engineering and/or architectural fees.
- Publication of legal notices.
- Bond counsel and local attorney fees.
- Fees for various debt certificates.
- The cost of printing Official Statements, if any.
- Issuer staff expenses.
- Rating agency fees, if any.
- Bond insurance fees, if any.
- Accounting and other related fees.

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

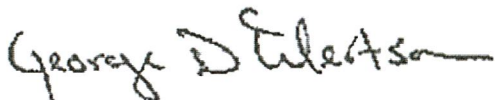
You have been identified by the Issuer as a primary contact for the Issuer's receipt of these disclosures. It is our understanding that you are not a party to any disclosed conflict of interest relating to the transaction and have the authority to bind the Issuer by contract with us. If our understanding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

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

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

To engage Northland Securities as underwriter for the Issue as described in this letter, please sign and return this letter. In signing this letter, the Issuer acknowledges and accepts the representations made in this letter.

Sincerely,



George Eilertson  
Managing Director

Engagement of Northland Securities as underwriter and receipt of related disclosures acknowledged by the City of Princeton.

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

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

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

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

Engagement of Northland Securities as underwriter and receipt of related disclosures acknowledged by Princeton Public Utilities.

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

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

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

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