

City of Ramsey
Agenda
Finance Committee
Tuesday September 27, 2011
5:00 p.m.
Lake Itasca Room, 7550 Sunwood Drive NW

- 1. Call to Order**
- 2. Citizen Input**
- 3. Approve Agenda**
- 4. Committee Business**
 1. Authorization of Resolution for Issuance of General Obligation Crossover Refunding Improvement Bonds Series 2011B
 2. City Financial Dashboard - 2nd Quarter 2011
- 5. Adjournment**

Finance Committee

4. 1.

Meeting Date: 09/27/2011

By: Diana Lund, Finance

Title:

Authorization of Resolution for Issuance of General Obligation Crossover Refunding Improvement Bonds Series 2011B

Background:

In 2005 the City issued \$4,335,000 General Obligation Improvement Bonds with an average interest rate of 4.41%. Given current market conditions, if the city were to refund these bonds with a new bond issue the average interest rate would be 2.12% or an estimated debt service cost savings of approximately \$172,000. The savings is net of all costs and would be realized through the term of 2025.

Annually, the city receives payment from the County to cover debt service on the current issue. The payment schedule was documented in the JPA between the City and the County in regards to the AUAR improvements in the COR project area.

The actual bond pricing is proposed to be held on October 31, 2011 and brought back to city council for consideration of the interest rate on November 1, 2011.

A copy of the proposed finance plan for the bond sale is attached.

Funding Source:

Debt service is covered by the annual appropriation from the County.

Council Action:

Motion to recommend that Council adopt Resolution #11-09-XXX Authorizing the Issuance of General Obligation Crossover Refunding Improvement Bonds, Series 2011B.

Attachments

Resolution Approving Bond Issuance

Finance Plan

Form Review

Inbox	Reviewed By	Date
Kurt Ulrich	Diana Lund	09/21/2011 09:26 AM
Diana Lund (Originator)	Diana Lund	09/21/2011 09:29 AM
Kurt Ulrich	Kurt Ulrich	09/22/2011 02:24 PM
Form Started By: Diana Lund		Started On: 09/20/2011 02:08 PM
	Final Approval Date: 09/22/2011	

**CERTIFICATION OF MINUTES
RELATING TO
GENERAL OBLIGATION CROSSOVER REFUNDING IMPROVEMENT BONDS,
SERIES 2011B**

ISSUER: City of Ramsey, Minnesota

BODY: City Council

KIND, DATE, TIME AND PLACE OF MEETING:

A regular meeting held on September 27, 2011, at 7:00 o'clock a.m., in the City Hall.

MEMBERS PRESENT:

MEMBERS ABSENT:

Documents Attached: Extract of Minutes of said meeting.

**RESOLUTION APPROVING THE ISSUANCE OF
GENERAL OBLIGATION CROSSOVER REFUNDING IMPROVEMENT BONDS,
SERIES 2011B**

I, the undersigned, being the duly qualified and acting recording officer of the public corporation issuing the obligations referred to in the title of this certificate, certify that the documents attached hereto, as described above, have been carefully compared with the original records of said corporation in my legal custody, from which they have been transcribed; that said documents are a correct and complete transcript of the minutes of a meeting of the governing body of said corporation, and correct and complete copies of all resolutions and other actions taken and of all documents approved by the governing body at said meeting, so far as they relate to said obligations; and that said meeting was duly held by the governing body at the time and place and was attended throughout by the members indicated above, pursuant to call and notice of such meeting given as required by law.

WITNESS MY HAND officially as such recording officer on September ____, 2011.

Clerk

Councilmember _____ introduced the following resolution and moved for its adoption:

RESOLUTION #11-09-XXX

RESOLUTION APPROVING THE ISSUANCE OF GENERAL OBLIGATION CROSSOVER REFUNDING IMPROVEMENT BONDS, SERIES 2011B

BE IT RESOLVED by the City Council of the City of Ramsey (herein, the "City"), State of Minnesota as follows:

1. The City Council hereby finds and declares that it is necessary and expedient for the City to sell and issue its general obligation crossover refunding improvement bonds (herein, the "Bonds") in an aggregate principal amount not to exceed \$3,115,000. Proceeds of the Bonds will be used to crossover refund on December 15, 2014 the December 15, 2015 through 2025 maturities of the City's General Obligation Improvement Bonds, Series 2005B, dated June 1, 2005 as date of original issue and to pay the costs of issuing the Bonds.
2. The City Council desires to proceed with the sale of the Bonds by direct negotiation to Northland Securities, Inc. (herein, "NSI). The Finance Director and the City Administrator are hereby authorized to approve the sale of the Bonds in an aggregate principal amount of not to exceed \$3,115,000 and to execute a bond purchase agreement for the purchase of the Bonds with NSI, provided the total net savings is at least \$110,000 and the savings meet the 3% savings test as set forth in Minnesota Statutes 475.67, subdivision 12.
3. Upon approval of the sale of the Bonds by the Finance Director and the City Administrator, the City Council will take action at its next regularly scheduled meeting thereafter to adopt the necessary approving resolutions as prepared by the City's bond counsel.
4. NSI is authorized to prepare and distribute an Official Statement related to the sale of the Bonds.
5. If the Finance Director and the City Administrator have not approved the sale of the bonds to NSI and executed the related bond purchase agreement by March 31, 2012, this resolution shall expire.

The motion for the adoption of the foregoing resolution was duly seconded by Councilmember _____, and upon vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

and the following abstained:

and the following were absent:

Whereupon said resolution was declared duly passed and adopted. By the Ramsey City Council this 27th day of September 2011,

Mayor

ATTEST:

City Clerk

FINANCE PLAN SUMMARY

FOR

CITY OF RAMSEY, MINNESOTA

\$3,115,000

**GENERAL OBLIGATION CROSSOVER REFUNDING
IMPROVEMENT BONDS, SERIES 2011B**

NORTHLAND  SECURITIES

45 South 7th Street
Suite 2000
Minneapolis, MN 55402
612-851-5900 800-851-2920

September 27, 2011

City of Ramsey, Minnesota
\$3,115,000
General Obligation Crossover Refunding Improvement Bonds,
Series 2011B

FINANCING PLAN OVERVIEW

This finance plan provides for the public issuance of general obligation bonds through a negotiated process to advance refund certain maturities of the City's G.O. Improvement Bonds, Series 2005B (the "Series 2005B Bonds") to lower the City's debt service costs. Based on current market information, the estimated net savings is \$172,580.

The primary objective of this finance plan is to allow for the City to maximize debt service cost savings. Municipal interest rates are at historically low levels once again. Locking in low fixed rates in advance of the respective call date on the Series 2005B Bonds will reduce the City's future interest costs and help manage future debt service levies.

AUTHORITY & PURPOSE

The Bonds will be issued pursuant to Minnesota Statutes 475 and 429. The proceeds will be used to crossover refund the December 15, 2015 through December 15, 2025 maturities of the City's Series 2005B Bonds and to pay the costs of issuing the Bonds. The estimated source and uses of funds are as follows:

Refunding Summary

Dated 12/15/2011 | Delivered 12/15/2011

Sources Of Funds

Par Amount of Bonds	\$3,115,000.00
Total Sources	\$3,115,000.00

Uses Of Funds

Deposit to Crossover Escrow Fund	3,043,351.94
Total Underwriter's Discount (1.600%)	49,840.00
Costs of Issuance	21,800.00
Rounding Amount	8.06
Total Uses	\$3,115,000.00

METHOD OF REFUNDING

We recommend utilizing a "crossover advance" refunding technique to achieve the refunding objective. A crossover advance refunding is required when one wishes to lock in current interest rates at least 90 days in advance of the call date on the old bonds. An advance refunding requires the proceeds of the new refunding bonds to be invested in government securities and held in escrow until the call date. The funds in the escrow are used to pay interest on the new refunding bonds until the call date and then prepay the principal of the old bonds. Savings occurs after the call date of the bonds being refunded. A complete and detailed refunding analysis illustrating the preliminary structure of the refunding transaction has been provided and reviewed with City staff.

SAVINGS ANALYSIS

The 2015 – 2025 maturities of the Series 2005B Bonds totaling \$2,895,000 are currently outstanding at an average coupon of 4.41%. Given current market conditions, we estimate these maturities could be refunded with a new bond issue at an average interest rate of 2.12%. This interest rate spread, together with interest earnings on the new bond proceeds until the call date, would result in a total debt service cost savings of approximately \$172,580. The savings is net of all costs and would be realized through the original term of the 2005B Bonds. The debt service comparison showing the scheduled debt service versus the new estimated debt service is illustrated below. The estimated debt service for the new Series 2011C Bonds is shown as Exhibit A.

Debt Service Comparison

Date	Total P+I	PCF	Existing D/S	Net New D/S	Old Net D/S	Savings
12/15/2011	-	-	-	(8.06)	-	8.06
12/15/2012	59,487.50	(59,487.50)	340,812.50	340,812.50	340,812.50	-
12/15/2013	59,487.50	(59,487.50)	339,162.50	339,162.50	339,162.50	-
12/15/2014	59,487.50	(2,954,487.50)	3,236,362.50	341,362.50	341,362.50	-
12/15/2015	324,487.50	-	-	324,487.50	338,162.50	13,675.00
12/15/2016	322,367.50	-	-	322,367.50	339,237.50	16,870.00
12/15/2017	324,585.00	-	-	324,585.00	339,337.50	14,752.50
12/15/2018	321,075.00	-	-	321,075.00	338,987.50	17,912.50
12/15/2019	321,890.00	-	-	321,890.00	338,187.50	16,297.50
12/15/2020	322,077.50	-	-	322,077.50	336,937.50	14,860.00
12/15/2021	321,617.50	-	-	321,617.50	335,237.50	13,620.00
12/15/2022	320,490.00	-	-	320,490.00	338,087.50	17,597.50
12/15/2023	318,820.00	-	-	318,820.00	335,262.50	16,442.50
12/15/2024	321,592.50	-	-	321,592.50	336,987.50	15,395.00
12/15/2025	323,662.50	-	-	323,662.50	338,812.50	15,150.00
Total	\$3,721,127.50	(3,073,462.50)	\$3,916,337.50	\$4,563,994.44	\$4,736,575.00	\$172,580.56

PV Analysis Summary (Net to Net)

Gross PV Debt Service Savings.....	144,958.01
Net PV Cashflow Savings @ 2.105%(Bond Yield).....	144,958.01
Contingency or Rounding Amount.....	8.06
Net Present Value Benefit	\$144,966.07
Net PV Benefit / \$3,087,889.90 PV Refunded Debt Service	4.695%

RELATED CONSIDERATIONS

- *Method of Bond Sale* - The City has the option of issuing the refunding bonds via a competitive public sale or a negotiated public sale. There are advantages and disadvantages to either method. We recommend the negotiated method of sale for an advance refunding specifically because of the flexibility it allows in terms of market timing of the sale and the ability to make changes to the structure of the refunding should they be necessary in order to enhance the net debt service savings.

In a negotiated public sale we believe the advantages are as follows:

- Flexibility - The ability to adjust the structure of the refunding bonds and the escrow to respond to changing market conditions is paramount with an advance refunding because the opportunity to realize savings is determined by the interest rate on the new refunding bonds and the escrow account. Market flexibility will allow the City to maximize both sides of the market.
 - Pre-Sale of the Bonds - A greater incentive exists for Northland as underwriter to engage in pre-sale marketing activities to assess investor interest in an issue, as well as demand for certain structures or maturities. Pre-selling of the bonds creates competition among the investors, which enhances the City's position resulting in aggressive or low interest rates.
 - Net Savings Threshold – The negotiated process allows for the establishment of minimum savings threshold for the refunding which will provide guidance for staff and Northland when effecting the transaction.
- *Bank Qualified* - because total tax-exempt debt issued by the City in calendar year 2011 is expected to be less than \$10.0M, the bonds will be designated as "bank qualified" obligations pursuant to Federal Tax Law. The impact of this designation may result in slightly lower interest rates since banking institutions will be interested in purchasing the bonds. We have adjusted the estimated interest rates accordingly.
 - *Arbitrage Compliance* –
 - Project / Refunding Fund – All tax exempt issues are subject to federal rebate requirements which require all arbitrage earned to be rebated to the U.S. Treasury. Because the proceeds of the refunding bonds will be deposited into a yield restricted escrow fund, arbitrage will not be generated.
 - Debt Service Fund – The City must maintain a bona fide debt service fund for the bonds or be subject to yield restriction in the debt service fund. A bona fide debt service fund involves an equal matching of revenues to debt service expense with a balance forward permitted equal to the greater of the investment earnings in the fund during that year or 1/12 of the debt service of that year.

The City should become familiar with the various Arbitrage Compliance requirements for this bond issue. The Bond Resolution explains the requirements in greater detail. We are also available to assist the City in meeting these requirements.

- *Continuing Disclosure* - Because this issue is greater than \$1,000,000, and the City's outstanding debt exceeds \$10.0M, it is subject to the Securities and Exchange Commission's continuing disclosure requirements. Northland Securities is prepared to assist the City in this capacity.

EXHIBIT A

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
12/15/2011	-	-	-	-	-
06/15/2012	-	-	29,743.75	29,743.75	-
12/15/2012	-	-	29,743.75	29,743.75	59,487.50
06/15/2013	-	-	29,743.75	29,743.75	-
12/15/2013	-	-	29,743.75	29,743.75	59,487.50
06/15/2014	-	-	29,743.75	29,743.75	-
12/15/2014	-	-	29,743.75	29,743.75	59,487.50
06/15/2015	-	-	29,743.75	29,743.75	-
12/15/2015	265,000.00	0.800%	29,743.75	294,743.75	324,487.50
06/15/2016	-	-	28,683.75	28,683.75	-
12/15/2016	265,000.00	1.050%	28,683.75	293,683.75	322,367.50
06/15/2017	-	-	27,292.50	27,292.50	-
12/15/2017	270,000.00	1.300%	27,292.50	297,292.50	324,585.00
06/15/2018	-	-	25,537.50	25,537.50	-
12/15/2018	270,000.00	1.550%	25,537.50	295,537.50	321,075.00
06/15/2019	-	-	23,445.00	23,445.00	-
12/15/2019	275,000.00	1.750%	23,445.00	298,445.00	321,890.00
06/15/2020	-	-	21,038.75	21,038.75	-
12/15/2020	280,000.00	1.950%	21,038.75	301,038.75	322,077.50
06/15/2021	-	-	18,308.75	18,308.75	-
12/15/2021	285,000.00	2.150%	18,308.75	303,308.75	321,617.50
06/15/2022	-	-	15,245.00	15,245.00	-
12/15/2022	290,000.00	2.300%	15,245.00	305,245.00	320,490.00
06/15/2023	-	-	11,910.00	11,910.00	-
12/15/2023	295,000.00	2.450%	11,910.00	306,910.00	318,820.00
06/15/2024	-	-	8,296.25	8,296.25	-
12/15/2024	305,000.00	2.600%	8,296.25	313,296.25	321,592.50
06/15/2025	-	-	4,331.25	4,331.25	-
12/15/2025	315,000.00	2.750%	4,331.25	319,331.25	323,662.50
Total	\$3,115,000.00	-	\$606,127.50	\$3,721,127.50	-
Average Coupon					2.1215523%
Net Interest Cost (NIC)					2.2960011%
True Interest Cost (TIC)					2.3004296%

Finance Committee

4. 2.

Meeting Date: 09/27/2011

By: Diana Lund, Finance

Title:

City Financial Dashboard - 2nd Quarter 2011

Background:

Discussion of the City's finances for the period ending June 30, 2011

Paper copy of the dashboard will be handed out at meeting. The purpose of the City financial dashboard is to provide a monitoring tool that provides a quick summary of the City's financial position by highlighting key financial indicators.

Funding Source:

No funding required.

Council Action:

Informational. Discussion only.

Attachments

2nd Quarter Financial Dashboard

Form Review

Inbox

Kurt Ulrich

Form Started By: Diana Lund

Reviewed By

Kurt Ulrich

Date

09/22/2011 02:21 PM

Started On: 09/20/2011 10:10 AM

Final Approval Date: 09/22/2011

CITY OF RAMSEY - FINANCIAL DASHBOARD
QUARTERLY UPDATE-PERIOD ENDING JUNE 30, 2011

BOND RATING: AA+ As of November 2009 (Reaffirmed August 2011)

BUDGET TO DATE: June 30, 2011

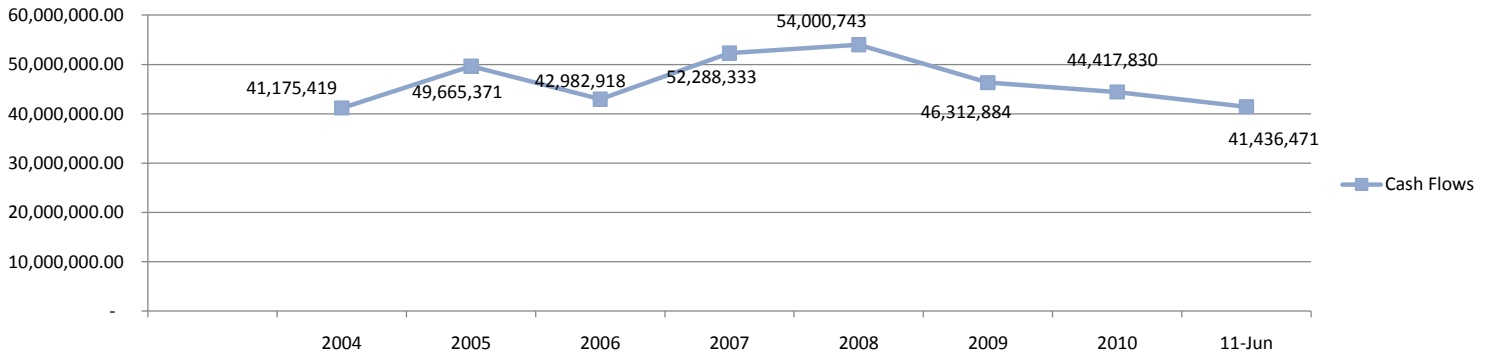
	ADOPTED BUDGET 2010		YTD ACTUALS 2010		ADOPTED BUDGET 2011		YTD ACTUALS 2011	
	Adopted Revenue	Adopted Expenditure	YTD Rev. 2010	YTD Exp. 2010	Adopted Revenue	Adopted Expenditure	YTD Rev. 2011	YTD Exp. 2011
General Fund	\$ 9,698,041	\$ 9,698,041	\$ 516,123	\$ 3,472,656	\$ 9,449,400	\$ 9,449,400	\$ 598,895	\$ 3,331,628
EDA	\$ 291,705	\$ 291,705	\$ -	\$ 141,532	\$ 291,705	\$ 291,705	\$ -	\$ 53,946
HRA	\$ 410,124	\$ 410,124	\$ -	\$ 193,813	\$ 371,049	\$ 647,926	\$ 60,000	\$ 308,799
Water Fund	\$ 1,911,226	\$ 1,481,910	\$ 181,774	\$ 247,926	\$ 1,860,075	\$ 1,484,255	\$ 725,914	\$ 253,980
Sewer Fund	\$ 1,373,761	\$ 1,204,728	\$ 271,781	\$ 316,772	\$ 1,324,830	\$ 1,274,244	\$ 641,286	\$ 363,302
Street Lighting	\$ 193,368	\$ 171,479	\$ 43,534	\$ 50,739	\$ 191,678	\$ 187,328	\$ 88,724	\$ 65,569
Recycling Fund	\$ 335,673	\$ 323,392	\$ 73,974	\$ 153,705	\$ 336,079	\$ 324,392	\$ 147,970	\$ 151,412
Storm Water Fund	\$ 614,184	\$ 395,069	\$ 154,693	\$ 57,340	\$ 614,184	\$ 395,928	\$ 316,012	\$ 54,122

CASH & INVESTMENTS: June 30, 2011

Village Bank Checking	\$ 1,241,568
4M Savings	\$ 2,649,031
Agencies	\$ 15,267,390
Certificates of Deposits	\$ 10,417,269
Municipal Bonds	\$ 13,580,000
Less Discounts Paid on Invest)	\$ (1,718,787)
Total Cash & Investments	\$ 41,436,471

CASH FLOWS:

Cash Flows 2002 - June 2011



CASH FLOWS DETAIL:

Cash Detail	2004	2005	2006	2007	2008	2009	2010	6/2011
Revenues:								
Daily Deposits	\$ 17,045,349	\$ 22,606,303	\$ 20,538,237	\$ 14,880,623	\$ 11,106,091	\$ 10,435,320	\$ 9,848,790	\$ 4,622,006
Tax Settlements	\$ 7,746,031	\$ 8,629,156	\$ 10,167,987	\$ 11,799,207	\$ 12,436,239	\$ 13,809,380	\$ 12,631,192	\$ 235,999
Bond Proceeds	\$ 336,205	\$ 10,103,167	\$ 9,157,679	\$ 6,184,685	\$ -	\$ 1,302,616	\$ -	\$ -
Interest Earnings	\$ 1,023,555	\$ 1,274,236	\$ 1,726,436	\$ 1,876,393	\$ 1,822,313	\$ 1,601,042	\$ 1,032,275	\$ 488,107
Expenditures								
Accounts Payable	\$ (5,911,760)	\$ (17,863,383)	\$ (19,023,267)	\$ (13,844,597)	\$ (14,934,001)	\$ (20,948,142)	\$ (13,090,662)	\$ (5,532,452)
Pay Estimates	\$ (9,534,423)	\$ (11,225,921)	\$ (22,858,721)	\$ (4,226,511)	\$ (2,028,001)	\$ (6,133,618)	\$ (5,671,919)	\$ (165,155)
Payroll	\$ (2,719,270)	\$ (3,092,730)	\$ (3,316,983)	\$ (3,588,329)	\$ (3,680,767)	\$ (3,713,415)	\$ (3,567,183)	\$ (1,737,459)
Debt Service	\$ (1,838,030)	\$ (1,940,720)	\$ (3,073,821)	\$ (3,775,998)	\$ (3,009,422)	\$ (4,041,040)	\$ (3,077,547)	\$ (892,404)
Misc	\$ (12)	\$ (157)		\$ (59)	\$ (43)			
Beginning Balance	\$ 35,027,774	\$ 41,175,419	\$ 49,665,371	\$ 42,982,918	\$ 52,288,333	\$ 54,000,742	\$ 46,312,884	\$ 44,417,830
Net Cash	\$ 41,175,419	\$ 49,665,371	\$ 42,982,918	\$ 52,288,333	\$ 54,000,742	\$ 46,312,884	\$ 44,417,830	\$ 41,436,471

CITY OF RAMSEY - FINANCIAL DASHBOARD
QUARTERLY UPDATE-PERIOD ENDING JUNE 30, 2011

FUND BALANCES:

	2010	6/2011	
Total Fund Balances	\$ 46,476,587	\$ 42,257,922	Why Decrease: 6 months of General Fund Exp-Property (Tax rec'd July) - \$3.3M Debt Service - \$890,000

STRATEGIC GOALS:

STATUS

Strategic Goal 4: Budget/Finance

1) Review park programming and potential reallocation of parks	Park Inventory Complete
2) Implement credit cards and online bill pay	Completed-Bring quarterly report to FC in October
3) Review & revise Development Management contract and manage COR expenditures	DM Contract Completed. Quarterly update expense
4) Develop TIF 14 tracking plan with regard to fiscal disparities impact	First update will be August 2012 after TIF reporting
5) Establish fund reserve policy	Bring to FC in October with GASB 54 changes

UPCOMING EVENTS:

- 2012 Budget-Proposed Levy/Budget Adoption - September 13
- 2013 Schedule of Rates, Fees & Charges
- Certification of delinquent utilities and invoices
- 2012-2017 Capital Improvement Plan (CIP)
- Auditing Services RFP
- Refinancing of \$4,335,000 GO Bond to save approximately \$170,000

DEBT:

Debt Limit Calc
As of June 2, 2011

	2011 Values
Taxable Market Value	\$ 1,992,064,900.00
Debt Limit - 3% of Market Value	\$59,761,947.00
Debt Applicable to limit:	
Total Bonded Debt:	\$24,625,000.00
Less:	
Obligations with Special Assessments	\$ (4,740,000.00)
Obligations with Tax Increment	\$ (1,175,000.00)
	\$ (5,915,000.00)
	<u>\$18,710,000.00</u>
Legal Debt Margin	<u>\$41,051,947.00</u>

Outstanding Debt 2002- June 2011

