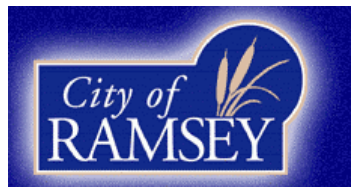


2012 through 2016

Amended Five-Year Capital Improvement Plan for

City of Ramsey, Minnesota



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CITY OF RAMSEY, MINNESOTA

AMENDED FIVE-YEAR CAPITAL IMPROVEMENT PLAN

2012 THROUGH 2016

I. INTRODUCTION

The City of Ramsey, Minnesota (the “City”) has compiled a listing of all anticipated capital improvement projects for the years 2012 through 2016. (See Appendix D).

In 2003, the Minnesota State Legislature adopted Minnesota Statutes, Section 475.521 (the “Act”), which generally exempts City bonds issued under a capital improvement program from the referendum requirements usually required for city halls, public works and public safety facilities. The only project being financed with Capital Improvement Plan Bonds is the acquisition of the city hall and public safety facility (the “Municipal Center”) from the Economic Development Authority (the “EDA”) as discussed in detail in the following sections.

II. PURPOSE

A capital improvement is a major expenditure of City funds for the acquisition or betterment to public lands, buildings, or other improvements used as a city hall, public safety, or public works facility, which has a useful live of five years or more. For the purposes of the Act, capital improvements do not include light rail transit or related activities, parks, roads, bridges, administrative buildings other than city hall or land for those facilities. A Capital Improvement Plan (CIP) is a document designed to anticipate capital improvement expenditures and schedule them over a five-year period so that they may be purchased in the most efficient and cost effective method possible. A CIP allows the matching of expenditures with anticipated income. As potential expenditures are reviewed, the City considers the benefits, costs, alternatives and impact on operating expenditures.

The City believes the capital improvement process is an important element of responsible fiscal management. Major capital expenditures can be anticipated and coordinated so as to minimize potentially adverse financial impacts caused by the timing and magnitude of capital outlays. This coordination of capital expenditures is important to the City in achieving its goals of adequate physical assets and sound fiscal management. In these financially difficult times, good planning is essential for the wise use of limited financial resources.

The CIP is designed to be updated on an annual basis. In this manner, it becomes an ongoing fiscal planning tool that continually anticipates future capital expenditures and funding sources.

III. THE CAPITAL IMPROVEMENT PLANNING PROCESS

The capital improvement planning process is as follows: the City Council authorizes the preparation of the CIP. City staff is instructed to assemble the capital expenditures to be undertaken within the next five years. The City Council then reviews the expenditures according to their priority, fiscal impact, and available funding. From this information, a preliminary capital improvement plan is prepared. A public hearing is held to solicit input from citizens and other governmental units. Changes are made based on that input and a final project list is established.

The City Council then prepares a plan based on the available funding sources. If general obligation bonding is necessary, the City works with its financial advisor to prepare a bond sale and repayment schedule. Over the life of the CIP, once the funding, including proceeds from the bond sales becomes available, the individual capital expenditures can be made.

In subsequent years, the process is repeated as expenditures are completed and new needs arise. Capital improvement planning looks five years into the future.

For a City to use its authority to finance expenditures under the Act, it must meet the requirements provided therein. Specifically, the City Council must approve the sale of capital improvement bonds by a three-fifth majority of its membership. In addition, it must hold a public hearing regarding both the CIP and issuance of bonds. Notice of such hearing must be published in the official newspaper of the City at least fourteen, but not more than twenty-eight days prior to the date of the public hearing. The City Council approves the CIP following the public hearing.

Although a referendum is not required, issuance of bonds under the Act is subject to a “reverse referendum”. If a petition signed by voters equal to at least five percent of the votes cast in the last general election is received by the municipal clerk within thirty days after the public hearing regarding bonds, the bonds may not be issued unless approved by the voters. If the City decides to submit the question to the voters, the question passes if approved by a majority of voters who vote on that question.

IV. PROJECT SUMMARY

The expenditures to be financed through the issuance of bonds under this amended CIP are limited to those listed below. All other foreseeable capital expenditures within the City government will come through other means. (In addition, this CIP supplements and adds to any activities authorized in any prior CIP approved by the City under the Act). The following expenditures have been submitted for inclusion in this CIP:

- a) Acquire the Municipal Center from the EDA.

The Act has established certain criteria that must be met. In accordance with these criteria, the City has considered the following eight points:

1. Condition of the City's infrastructure and need for the project.
2. Demand for the improvement.
3. Cost of the improvement.
4. Availability of public resources.
5. Level of overlapping debt.
6. Cost/benefits of alternative uses of funds.
7. Operating costs of the proposed improvements.
8. Options for shared facilities with other cities or local governments.

The City has analyzed the eight points required per statute for the project. Its findings are as follows:

PROJECT: Acquire Municipal Center from Ramsey Economic Development Authority ("EDA").

Description: The EDA financed the construction of the Municipal Center in 2005 through the issuance of \$19,200,000 Public Facility Lease Revenue Bonds, Series 2005A. The EDA currently leases the facility to the City. The amount of the lease payments is equal to the debt service on the Series 2005A Bonds. The City annually appropriates the funds from the City's general fund to meet the lease payments.

The City intends to acquire the Municipal Center through the issuance of approximately \$17,735,000 General Obligation Capital Improvement Plan Bonds, Series 2012A, pursuant to the Act. The acquisition will require that the Series 2005A Bonds be refunded and it is propose the final maturity will be extended to December 15, 2031 to lower the City's annual payments. This acquisition will also result in a present value net debt service cost savings to the City of approximately \$425,541. In connection with such refunding, the City will prepay the lease with the EDA and will obtain fee title to the Municipal Center.

Conditions of City Infrastructure and Need for the Project

The Municipal Center is in very good condition as it is only 6 years old. The City needs to continue the operation of the Municipal Center.

Demand for Project

As described above, the facility currently exists.

Estimated Cost of the Project

By acquiring the Municipal Center with general obligation bonds pursuant to the Act, the City expects to attain a present value debt service savings of \$425,541 and eliminate the need for a reserve fund.

Payoff Requirement	\$18,989,635
Less: Prior DSR Fund	(1,531,940)
Plus Costs of Issuance	<u>277,305</u>
Equals Total Par Amount	\$17,735,000

Availability of Public Resources

The debt service may be funded by a combination of general property taxes and available resources on hand. In addition, the bonds would be secured by the City's full faith and credit.

Relative Costs and Benefits of Alternative Uses of the Funds

There are no significant alternatives for funds designated for this project.

Operating Costs of the Proposed Improvements

The proposed acquisition would not affect operating costs of the Municipal Center, other than through a reduction in debt service costs.

Options for Shared Facilities with Other Cities or Local Government

Not applicable; as noted above, the facility currently exists.

Overlapping Debt as of February 16, 2012

<i>Issuer</i>	<i>2010/2011 Tax Capacity Value</i>	<i>2010/2011 Tax Capacity Value in City¹</i>	<i>Percentage Applicable in City</i>	<i>Net Debt</i>	<i>Taxpayers' Share of Debt</i>
Anoka County	\$ 264,429,080	\$16,904,385	6.39%	\$148,100,000	\$ 9,463,590
ISD No. 11, Anoka-Hennepin	167,195,612	14,774,689	8.84	122,817,927	10,857,105
ISD No. 728, Elk River	64,928,008	2,129,696	3.28	183,424,659	6,016,329
Metropolitan Council	2,895,036,782	16,904,385	.58	0	<u>0</u>
				<i>Total Indirect Debt:</i>	<u>\$ 26,337,024</u>

V. FINANCING THE CAPITAL IMPROVEMENT PLAN

In the financing of the CIP, two statutory limitations apply. Under Chapter 475, with few exceptions, cities cannot incur debt in excess of 3% of the assessor's Taxable Market Value (TMV) for the City. In the City, the estimated TMV is \$1,776,038,835. Therefore, the total amount of outstanding debt cannot exceed \$53,281,165. As of February 16, 2012, the City had \$18,470,000 of debt subject to the legal debt limit leaving a debt margin of approximately \$34,811,165.

Another limitation on bonding under the Act is that without referendum, the total amount that can be used for principal and interest in any one year for CIP debt cannot exceed 0.16% of the TMV for the City, using the values for the tax-payable year in which bonds are sold. In the City, the amount is estimated to be \$2,841,662.13 ($\$1,776,038,835 \times .0016$) for estimated taxes payable in 2012.

The outstanding capital improvement plan bond obligations include the General Obligation Capital Improvement Plan Bonds, Series 2004A which have a maximum principal and interest payment of \$140,400 and the Series 2012A Bonds will have a maximum annual payment of approximately \$1,098,532. The total combined maximum debt service is \$1,238,932, which is within the limitation.

Under the CIP, the City will issue approximately \$17,735,000 in 20 year general obligation capital improvement plan bonds in the year 2012 to finance the purchase of the Municipal Center from the EDA. The par amount of the Series 2012A bonds is subject to change and based on the amounts listed in Appendix A.

Continuation of the Capital Improvement Plan

This CIP should be reviewed annually by the City Council using the process outlined in this plan. The City Council should review proposed expenditures, make priority decisions and seek funding for those expenditures it deems necessary for the City. If deemed appropriate, the City Council should prepare an update to this plan.

APPENDIX A

PROJECT COSTS

(Capital Expenditures to be Funded with Bond Proceeds)

2012 Expenditures

- Acquisition of the Municipal Center from the EDA - \$17,735,000

APPENDIX B

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
04/26/2012	-	-	-	-	-
12/15/2012	770,000.00	0.250%	255,121.83	1,025,121.83	1,025,121.83
06/15/2013	-	-	179,832.50	179,832.50	-
12/15/2013	660,000.00	0.350%	179,832.50	839,832.50	1,019,665.00
06/15/2014	-	-	178,677.50	178,677.50	-
12/15/2014	680,000.00	0.500%	178,677.50	858,677.50	1,037,355.00
06/15/2015	-	-	176,977.50	176,977.50	-
12/15/2015	705,000.00	0.650%	176,977.50	881,977.50	1,058,955.00
06/15/2016	-	-	174,686.25	174,686.25	-
12/15/2016	730,000.00	0.800%	174,686.25	904,686.25	1,079,372.50
06/15/2017	-	-	171,766.25	171,766.25	-
12/15/2017	755,000.00	1.000%	171,766.25	926,766.25	1,098,532.50
06/15/2018	-	-	167,991.25	167,991.25	-
12/15/2018	780,000.00	1.250%	167,991.25	947,991.25	1,115,982.50
06/15/2019	-	-	163,116.25	163,116.25	-
12/15/2019	810,000.00	1.500%	163,116.25	973,116.25	1,136,232.50
06/15/2020	-	-	157,041.25	157,041.25	-
12/15/2020	845,000.00	1.700%	157,041.25	1,002,041.25	1,159,082.50
06/15/2021	-	-	149,858.75	149,858.75	-
12/15/2021	880,000.00	1.950%	149,858.75	1,029,858.75	1,179,717.50
06/15/2022	-	-	141,278.75	141,278.75	-
12/15/2022	900,000.00	2.150%	141,278.75	1,041,278.75	1,182,557.50
06/15/2023	-	-	131,603.75	131,603.75	-
12/15/2023	920,000.00	2.350%	131,603.75	1,051,603.75	1,183,207.50
06/15/2024	-	-	120,793.75	120,793.75	-
12/15/2024	945,000.00	2.500%	120,793.75	1,065,793.75	1,186,587.50
06/15/2025	-	-	108,981.25	108,981.25	-
12/15/2025	965,000.00	2.600%	108,981.25	1,073,981.25	1,182,962.50
06/15/2026	-	-	96,436.25	96,436.25	-
12/15/2026	990,000.00	2.700%	96,436.25	1,086,436.25	1,182,872.50
06/15/2027	-	-	83,071.25	83,071.25	-
12/15/2027	1,020,000.00	2.850%	83,071.25	1,103,071.25	1,186,142.50
06/15/2028	-	-	68,536.25	68,536.25	-
12/15/2028	1,045,000.00	2.950%	68,536.25	1,113,536.25	1,182,072.50
06/15/2029	-	-	53,122.50	53,122.50	-
12/15/2029	1,080,000.00	3.050%	53,122.50	1,133,122.50	1,186,245.00
06/15/2030	-	-	36,652.50	36,652.50	-
12/15/2030	1,110,000.00	3.200%	36,652.50	1,146,652.50	1,183,305.00
06/15/2031	-	-	18,892.50	18,892.50	-
12/15/2031	1,145,000.00	3.300%	18,892.50	1,163,892.50	1,182,785.00
Total	\$17,735,000.00	-	\$5,013,754.33	\$22,748,754.33	-

Dated	4/01/2012
Delivery Date	4/26/2012
First Coupon Date	12/15/2012
Average Coupon	2.5564541%
Net Interest Cost (NIC)	2.6731071%
True Interest Cost (TIC)	2.6421487%

APPENDIX C

PROPOSED CIP BOND ISSUE

5-Year City Capital Improvement Plan Bond Issuance City of Albertville Minnesota

The City Council must take the following actions before bonds can be issued:

- City Council directs preparation of a 5-year Capital Improvement Plan
- City Council conducts a Public Hearing on issuance of bonds and Capital Improvement Plan
- City Council approves bonds and Capital Improvement Plan by at least a three-fifths vote of the Council membership

The table below lists the steps in issuing process:

02-14-12:	City Council adopts Resolution Calling for Public Hearing on Issuance of Bonds and on Capital Improvement Plan.
02-23-12:	Close date to get Notice of Public Hearing on Issuance of Bonds and on Capital Improvement Plan to official newspaper for publication.
02-28-12	Publish Notice of Public Hearing on Issuance of Bonds and on Capital Improvement Plan (publication no more than 28 days and no less than 14 days prior to hearing date).
03-13-12:	City Council holds Public Hearing on Bonds and on Capital Improvement Plan and adopts resolution giving preliminary approval for their issuance and approving Capital Improvement Plan by at least a three-fifths vote of the Council membership.
03-20-12:	Final Pricing / Bond Purchase Contract executed
03-27-12:	City Council adopts resolution approving sale of bonds.
04-13-12:	Reverse referendum period ends (within 30 days of the public hearing).
04-26-12:	Closing/receipt of funds.

APPENDIX D

Capital Improvement Plan Projects

(Please see City's Capital Improvements Plan dated 12-13-11)