

# FINANCE PLAN SUMMARY

FOR

**CITY OF RAMSEY, MINNESOTA**

**\$635,000**

**GENERAL OBLIGATION EQUIPMENT CERTIFICATES  
OF INDEBTEDNESS, SERIES 2013A**

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NORTHLAND  SECURITIES

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

July 9, 2013

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**City of Ramsey, Minnesota**  
**\$635,000**  
**General Obligation Equipment Certificates of Indebtedness,**  
**Series 2013A**

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**FINANCING OVERVIEW**

The Finance Plan we have developed along with City staff contemplates financing for the City's 2013 capital equipment purchases. Funding is proposed to come from the issuance of general obligation equipment certificates. The Certificates will be issued pursuant to Minnesota statutes 475 and 412.301.

The City's total cost of equipment is estimated at \$599,000. The source of funding is General Obligation Equipment Certificates in the amount of \$635,000 which includes the costs of issuing the Certificates. The proposed level debt service structure shown in Exhibit A assumes a current average interest rate of 2.61%. The estimated interest rate assumes the bonds are not "bank qualified" due to the PACT financing later this year.

The total estimated sources and uses are as follows:

**Sources & Uses**

Dated 09/01/2013 | Delivered 09/01/2013

**Sources Of Funds**

Par Amount of Bonds	\$635,000.00
<b>Total Sources</b>	<b>\$635,000.00</b>

**Uses Of Funds**

Total Costs of Issuance	35,250.00
Deposit to Project Construction Fund	599,000.00
Rounding Amount	750.00
<b>Total Uses</b>	<b>\$635,000.00</b>



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## RELATED CONSIDERATIONS

- *Non-Bank Qualified* - because total tax-exempt debt issued by the City in calendar year 2013 is expected to be more than \$10.0M, the Certificates will not be designated as “bank qualified” obligations pursuant to Federal Tax Law. The impact of this designation may result in slightly higher interest rates. We have adjusted the estimated interest rates accordingly.
- *Arbitrage Compliance* –
  - Project / Construction Fund – All tax exempt issues are subject to federal rebate requirements which require all arbitrage earned to be rebated to the U.S. Treasury. A rebate exemption the City expects to qualify for is the 18 month expenditure exemption because the City expects to purchase the equipment and expend the proceeds within that time period.
  - Debt Service Fund – The City must maintain a bona fide debt service fund for the Certificates 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 issue. The Resolution explains the requirements in greater detail. We are also available to assist the City in meeting these requirements.

- *Continuing Disclosure* –Although this issue is under \$1,000,000, the City’s outstanding debt exceeds \$10.0M and 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
12/01/2013	-	-	-	-
12/01/2014	55,000.00	0.750%	17,518.75	72,518.75
12/01/2015	60,000.00	1.050%	13,602.50	73,602.50
12/01/2016	60,000.00	1.400%	12,972.50	72,972.50
12/01/2017	60,000.00	1.750%	12,132.50	72,132.50
12/01/2018	65,000.00	2.100%	11,082.50	76,082.50
12/01/2019	65,000.00	2.400%	9,717.50	74,717.50
12/01/2020	65,000.00	2.650%	8,157.50	73,157.50
12/01/2021	65,000.00	2.900%	6,435.00	71,435.00
12/01/2022	70,000.00	3.150%	4,550.00	74,550.00
12/01/2023	70,000.00	3.350%	2,345.00	72,345.00
<b>Total</b>	<b>\$635,000.00</b>	<b>-</b>	<b>\$98,513.75</b>	<b>\$733,513.75</b>

*Levy*  
*1.05%*  
*76,144.69*

#### Date And Term Structure

Dated	9/01/2013
Delivery Date	9/01/2013
First Coupon Date	6/01/2014
First available call date	12/01/2019
Call Price	100.00%

#### Yield Statistics

Average Coupon	2.6105002%
Net Interest Cost (NIC)	2.9403047%
True Interest Cost (TIC)	2.9542269%
All Inclusive Cost (AIC)	3.6511761%

# NORTHLAND SECURITIES

July 2, 2013

Ms. Diana Lund  
Finance Director  
City of Ramsey  
7550 Sunwood Drive NW  
Ramsey, MN 55303-5137

## **RE: General Obligation Equipment Certificates of Indebtedness, Series 2013A**

Dear Diana:

In recent years, Congress has enacted legislation seeking to reform financial markets in the wake of the Great Recession. One of the most prominent pieces of legislation is the Dodd-Frank Wall Street Reform and Consumer Protection Act. The implementation of Dodd-Frank has led to a series of regulatory changes governing municipal securities. One objective of the regulations is to promote a clear understanding between issuer and underwriter in negotiated financings.

The City of Ramsey (the "City") has asked Northland Securities to assist you in the issuance of General Obligation Equipment Certificates of Indebtedness (the "Certificates" or the "Issue") by acting as underwriter for the Certificates. Northland has a duty under rules of the Municipal Securities Rulemaking Board (MSRB) to make certain disclosures to the City concerning its role, its compensation, and actual or potential material conflicts of interest. In engaging Northland in this capacity, the City should be aware of the following:

1. Acting as underwriter for the Certificates, Northland will provide advice to the City with respect to the structure, timing, terms, and other similar matters concerning the Certificates. The City is responsible for understanding and assessing the implications of the Certificates.
2. Northland will arrange for the placement or sale of the Certificates in an arm's-length commercial transaction with the City. In this process, Northland is required to deal fairly at all times with both the City and investors. Northland has a duty to assist in placing the Certificates for the City at a fair and reasonable price, but must balance that duty with its duty to place or sell municipal securities to investors at prices that are fair and reasonable.
3. Under MSRB rules, Northland does not have a legal fiduciary duty to the City (unlike a municipal advisor) and is, therefore, not required by federal law to act in the best interests of the City without regard to its own financial or other interests. Northland has financial and other interests that differ from those of the City.
4. Northland's compensation is based on the size of the Issue and is contingent on the closing of the Certificates. 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. It should be noted that the City determined the project costs related to this financing.

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45 South 7<sup>th</sup> Street, Suite 2000, Minneapolis, MN 55402

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Member FINRA and SIPC

The designation of Northland as placement agent applies solely to this Issue. MSRB regulations allow the City to establish financial advisory or underwriting relationships with Northland for future issues based on the needs of each financing.

We look forward to working with you on this Issue. I would be happy to discuss this letter, our relationship with the City for the Certificates, or other aspects of MSRB rules.

Please acknowledge the receipt of this letter by signing in the space below. At your convenience, return a copy of the signed letter to me.

Sincerely,



Paul Donna  
Senior Vice President

Receipt of these disclosures acknowledged by the City.

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

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

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