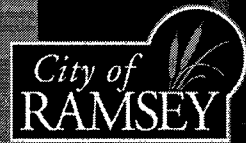


WEEKLY UPDATE

Administrator's Report



August 1, 2013

Tuesday, August 6, 2013

5:15 p.m. – Canvassing Board – The COR Conference Room

5:30 p.m. – Night to Unite Direction meeting – Alexander Ramsey Room

Night to Unite Festivities – various neighborhoods throughout the City

Thursday, August 8, 2013

7:30 a.m. – Economic Development Authority – Lake Itasea Room

6:30 p.m. – Park and Recreation Commission – Riverdale Park, 6860 Riverdale Dr.
(Riverdale Dr. & Garnet Street)

Farmers Market. The Ramsey Farmer's Market began July 18 and will continue throughout the summer. This event will be held on Thursdays in conjunction with The Draw Summer Event Series.

Preview of Next Week

Canvassing Board. The City Council serves as the Canvassing Board for City elections. The Council must meet to canvass the results within three to 10 days after the election. The Canvassing Board to canvass the results of the July 30 Special Election is scheduled for 5:15 p.m., Tuesday, August 6, in The COR Conference Room. Jo will issue Councilmember Johns the Oath of Office following the Canvassing Board. A formal swearing in will be held at the Council meeting of August 13. Providing there is no contesting of the election results, the Certificate of Election will also be issued to Councilmember Johns on August 13.

Economic Development Authority (7:30 a.m. – LIR)

Park and Recreation Commission (6:30 p.m. – Riverdale Park)

- Receive Presentation of City's Strategic Plan
- Recommend Cash Contribution Rates for Park Dedication and Trail Fees for 2014
- Staff/Input
 - Update on Elmcrest Park's Community Building
 - Mississippi River Trail
 - Armstrong Boulevard Trail
 - North Common's Playground
 - Volunteer Project at Fox Park
 - Happy Days and Park and Recreation Commission Participation
 - The Draw Event Series
 - Park Patron Picnic in September

Council Update

Election News. The City of Ramsey held a special election on Tuesday, July 30, to elect a Councilmember to fill the vacancy in Ward 1. The two polling locations for Ward 1 were open from 7:00 a.m. to 8:00 p.m. The two candidates running for the office were Jill Johns and Tom Heifort. Jill Johns was elected to the Council seat. Congratulations Jill – and welcome!

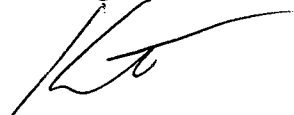
Election Stats. As of 7:00 a.m., Tuesday, July 30, Ward 1, Precinct 1 had 2,842 registered voters; Ward 1, Precinct 2 had 824 registered voters. W1P1 registered 5 new people and W1P2 registered 2 new people. A total of 183 people voted in the polls for W1P1 and 19 people voted absentee. A total of 59 people voted in the polls for W1P2 and 4 people voted absentee. The total number of voters was 265 which equals a 7.2 percent voter turnout. Of the percent voting, Ms. Johns received 80.75 percent of the votes, followed by 18.49 percent for Mr. Heifort. Write-in votes totaled .75 percent.

City's AA+ Bond Rating Reaffirmed: City Staff had a bond rating call with Standard and Poors (S&P) on Tuesday, July 23, 2013, in regard to receiving a bond rating on Equipment Certificates of Indebtedness bonds to be issued on behalf of the city for 2013 equipment purchases. On Friday, July 26, 2013, S&P informed the city that they had assigned a AA+/stable rating for this bond issue and affirmed the city's overall long-term bond rating on the city's existing debt as AA+/stable(second highest rating available with AAA being the highest). Per S&P, the AA+ rating reflects Ramsey's participation in the Twin Cities economic base with the city's population increasing 27% during the 2000's, very strong per capita income with the median Ramsey household having buying income levels at 140% of the state level, strong market values in Ramsey with the city's major manufacturer employers such as Vision Ease and Life Fitness, very strong financial reserves – noting the maintenance of a very strong General Fund balance, and moderate debt levels with debt ratios of \$2,334 per capita and 3.1% of market value. The net result of a AA+/Stable rating results in a savings to the city in having to pay lower interest costs on debt. *Attached to the Weekly Update is the Standard and Poor's Rating Report.* Excellent work by Finance Director Diana Lund and Finance Staff in keeping the City in a strong financial position.

Save the Date:

- **2nd Annual Police Explorer Bowling Fundraiser.** Saturday, August 17, 2013, 11:00 a.m. to 1:00 p.m., Super Bowl, 6720 Riverdale Drive NW, Ramsey. All proceeds go to the Ramsey Police Explorer POST 3819. For more information or to purchase tickets, please contact Kristin Camacho, 763-576-4301 or kcamacho@ci.ramsey.mn.us.

Best regards,



Kurt Ulrich
City Administrator

Attachments: Standard and Poor's Rating Report

RatingsDirect®

Summary:

Ramsey, Minnesota; General Obligation

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Summary:

Ramsey, Minnesota; General Obligation

Credit Profile

US\$0.635 mil GO equip certs of indebtedness ser 2013A dtd 09/01/2013 due 09/01/2023

Long Term Rating AA+/Stable New

Ramsey GO

Long Term Rating AA+/Stable Affirmed

Rationale

Standard & Poor's Ratings Services assigned its 'AA+' long-term rating to Ramsey, Minn.'s series 2013A general obligation (GO) equipment certificates of indebtedness bonds. At the same time, Standard & Poor's affirmed its 'AA+' long-term rating on the city's existing debt. The outlook on all ratings is stable.

The rating reflects our view of the city's:

- Participation in the Minneapolis-St. Paul (Twin Cities) economic base;
- Very strong income and strong market value per capita levels;
- Very strong financial reserves; and
- Moderate debt levels.

Offsetting these strengths, in our view, is the city's declining assessed valuation (AV) in recent fiscal years, although this is slightly mitigated by tax increment financing (TIF) projects expiring and coming back onto the tax roll.

The 2013A certificates are valid and binding general obligation of the city and are payable from ad valorem taxes. The full faith and credit of the city is also pledged to its payment. We understand that the bond proceeds will be used to finance the cost of capital equipment, mostly paying for a new fire truck.

The city is located in Anoka County about 40 minutes north of the Twin Cities, providing residents with full access throughout the area. Due to the outgrowth from the Twin Cities, the city's population increased 27% during the 2000s to an estimated 24,483 in 2012. Ramsey is approximately two-thirds built out. We consider income levels for the city to be very strong, with 2012 median household effective buying income levels at 140% of the state level and 154% of the national level. Ramsey's leading employers are mostly manufacturers across a variety of sectors. The city's larger employers are stable and are:

- BMC Vision Ease Lens (355 employees);
- Life Fitness (350);
- Connexus Energy (230);
- Anderson & Dahlen (150); and
- Ramsey Elementary School (135).

The unemployment rate in Anoka County in May 2013 averaged 5.7%, which is on level with the state's rate (5.7%);

but lower than the national rate (8.3%). The city is anticipating steady residential and commercial growth within the next three years, spurred by the completion of the Ramsey station for the Minnesota Northstar Corridor commuter rail. The city's AV declined by a 7% annual average between 2010 and 2013 due to a softening in the local economy after increasing on average roughly 9% between 2007 and 2009. The city anticipates that the decline has moderated and anticipates only a 1% decline in its AV for 2014, but expects this decline to be mitigated by other property coming back onto the tax roll that is no longer in the TIF area. Similarly, Ramsey's economic market value has also declined and was at \$1.8 billion in 2013, but this still translates to \$74,524 per capita, which we consider strong. We consider the city's tax base to be very diverse with the 10 leading taxpayers accounting for 8% of total net tax capacity.

We consider the City of Ramsey's financial profile to be very strong, highlighted, in our view, by the maintenance of a very strong general fund balance. For audited fiscal year-end 2012 (Dec. 31), the city closed with a \$336,000 operating surplus after transfers, bringing the available fund balance to \$6.7 million or 74% of expenditures, which exceeds the city's 50% of expenditures fund balance policy. For the 2011 fiscal year, Ramsey reported an operating surplus of \$211,000, resulting in an available fund balance of \$6.4 million or 71% of expenditures. The city continues to monitor expenditures to offset lower tax revenues but has also generated more building permit revenues than budgeted. For fiscal 2013, the city is budgeting for break-even results after transfers to other proprietary funds without the use of reserves. Ramsey's leading revenue sources are property taxes (82%), services (5.7%), licenses and permits (6%), and state aid (4%).

Standard & Poor's considers the city's management practices "strong" under its financial management assessment (FMA) methodology. A FMA of "strong" indicates that practices are strong, well embedded, and likely sustainable. Ramsey formulates its revenues and expenditure assumptions using a combination of historical trends as well as outside data and consultants. The city makes monthly reports to the city council on budget-to-actual performance. It can amend the budget, as necessary. The city's investment policy adheres to the state guidelines, while management updates the council on a monthly basis on holdings and returns. Ramsey's formal fund balance policy is 50% of the subsequent year's budget, which according to officials is more in line with the state auditor's recommendation. The city has also formalized a debt management policy. However, the city does not produce multiyear financial forecasting reports.

In our view, the city's overall debt ratios are moderate at \$2,334 per capita and 3.1% of market value. The carrying charges, which had been elevated, declined to a moderate 13% of the total governmental funds less capital expenditures in 2012. Direct debt amortization is rapid in our view, with more than 60% due to be retired in 10 years. We understand that the city does not expect to issue any additional debt within the next 12 months.

The COR (Center of Ramsey) Apartments is located within Tax Increment Financing District No. 14 in the city. The COR is a multi-use complex with 230 rental units. Additional costs to complete the project are estimated to be \$21 million, for which a private developer has secured a construction loan with a local bank. Once the project is complete, estimated in October 2013, the private developer is expected to secure long-term financing from a local bank to refinance the construction loan as well as the \$7.4 million in 2012B bonds issued by Ramsey. The 2012B bonds have a maturity through 2024, but have a three-year call period and are expected to be repaid within three years with the financing secured by the private developers. In anticipation of the permanent financing, the city has capitalized the

interest on these bonds for three years until 2015. In 2010, the city was granted special legislation for the creation of a new tax increment financing district for the area in and around the COR in Ramsey.

All full-time and certain part-time city employees are covered by defined benefit plans administered by the Public Employees' Retirement Association of Minnesota (PERA). PERA administers the General Employees' Retirement Fund and the Public Employees' Police and Fire Fund, which are cost-sharing, multiple-employer retirement plans. The city makes annual contributions to the pension plans equal to the amount required by state statutes. The city also provides post-employment healthcare benefits. The required contribution is based on projected pay-as-you-go financing requirements. The city council may change the funding policy at any time. In 2012, the city's other postemployment benefits (OPEB) annual required contribution was \$72,531 and the city funded \$7,636 of its required payment. As of Jan 1, 2012, the most recent actuarial valuation date, the unfunded actuarial accrued liability (UAAL) was \$539,281. Total pension and OPEB contributions represented 1.6% of total governmental expenditures.

Outlook

The stable outlook reflects our expectation that Ramsey will maintain at least strong financial reserves while funding its capital improvement plan. Given the current economic environment and projected reserve levels, Standard & Poor's does not anticipate changing the rating within the two-year outlook horizon. The stable outlook also reflects our view of the city's participation in the Twin Cities economic base.

Related Criteria And Research

- USPF Criteria: GO Debt, Oct. 12, 2006
- State And Local Government Ratings Are Not Directly Constrained By That Of The U.S. Sovereign, Aug. 8, 2011

Complete ratings information is available to subscribers of RatingsDirect at www.globalcreditportal.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com. Use the Ratings search box located in the left column.

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