



EHLERS
LEADERS IN PUBLIC FINANCE

June 27, 2017

Pre-Sale Report for

City of Ramsey, Minnesota

\$895,000 General Obligation Road Reconstruction
Bonds, Series 2017A



Prepared by:

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And

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Executive Summary of Proposed Debt

Proposed Issue:	\$895,000 General Obligation Road Reconstruction Bonds, Series 2017A
Purposes:	<p>The proposed issue includes financing for the City's following 2017 road reconstruction projects:</p> <ul style="list-style-type: none"> • Alpine Street. Debt service will be paid from ad valorem property taxes. • Sunwood Drive. Debt service will be paid from special assessments. It is the intent of the City to levy special assessments in the amount of approximately \$105,000 to benefiting property owners. These assessments will be levied in 2017 for collection in years 2018 through 2027 at a rate of 2% over the True Interest Cost of the proposed Bonds. Annual assessments are paid on an equal principal basis. The City anticipates receiving \$21,000 in prepayments (approximately 20%) so the Bond size has been reduced accordingly.
Authority:	<p>The Bonds are being issued pursuant to Minnesota Statutes, Chapter:</p> <ul style="list-style-type: none"> • 475.58 3b <p>The Bonds will be general obligations of the City for which its full faith, credit and taxing powers are pledged.</p> <p>The Bonds count against the City's General Obligation Debt Capacity Limit of 3% of estimated market value (EMV). In the City the pay 2017 EMV is \$2,236,219,500. Therefore, the total amount of outstanding debt cannot exceed \$67,086,585. As of June 21, 2017 the City has \$22,825,000 subject to the legal debt limit.</p> <p>The City held the required public hearing on it 5-year street reconstruction plan on March 10, 2015.</p>
Term/Call Feature:	<p>The Bonds are being issued for an 11-year term. Principal on the Bonds will be due on January 15 in the years 2018 through 2027. Interest is payable every six months beginning June 15, 2018.</p> <p>The Bonds maturing on and after January 15, 2027 will be subject to prepayment at the discretion of the City on January 15, 2026 or any date thereafter.</p>
Bank Qualification:	<p>Because the City is expecting to issue no more than \$10,000,000 in tax exempt debt during the calendar year, the City will be able to designate the Bonds as "bank qualified" obligations. Bank qualified status broadens the market for the Bonds, which can result in lower interest rates.</p>



<p>Rating:</p>	<p>The City’s most recent bond issues were rated AA+ by Standard & Poor’s. The City will request a new rating for the Bonds.</p> <p>If the winning bidder on the Bonds elects to purchase bond insurance, the rating for the issue may be higher than the City’s bond rating in the event that the bond rating of the insurer is higher than that of the City.</p>
<p>Basis for Recommendation:</p>	<p>Based on our knowledge of your situation, your objectives communicated to us, our advisory relationship as well as characteristics of various municipal financing options, we are recommending the issuance of General Obligation Street Reconstruction Bonds as a suitable financing option because</p> <ul style="list-style-type: none"> - This is a viable option available to finance this type of project under State law - This is the most overall cost effective option that still maintains future flexibility for the repayment of debt - These projects were anticipated when the City completed their street reconstruction plan in 2015 and held the required public hearing to finance these projects under this authority <p>This coincides with the City’s past practices to finance these types of projects with this type of debt issue.</p>
<p>Method of Sale/Placement:</p>	<p>In order to obtain the lowest interest cost to the City, we will competitively bid the purchase of the Bonds from local and national underwriters/banks.</p> <p>We have included an allowance for discount bidding equal to 1.50% of the principal amount of the issue. The discount is treated as an interest item and provides the underwriter with all or a portion of their compensation in the transaction.</p> <p>If the Bonds are purchased at a price greater than the minimum bid amount (maximum discount), the unused allowance may be used to lower your borrowing amount.</p> <p>Premium Bids: Under current market conditions, most investors in municipal bonds prefer “premium” pricing structures. A premium is achieved when the coupon for any maturity (the interest rate paid by the issuer) exceeds the yield to the investor, resulting in a price paid that is greater than the face value of the bonds. The sum of the amounts paid in excess of face value is considered “reoffering premium.”</p> <p>The amount of the premium varies, but it is not uncommon to see premiums for new issues in the range of 2.00% to 10.00% of the face amount of the issue. This means that an issuer with a \$2,000,000 offering may receive bids that result in proceeds of \$2,040,000 to \$2,200,000.</p> <p>For this issue of Bonds we have been directed to use the premium to increase the net proceeds for the project. The adjustments may slightly change the true interest cost of the original bid, either up or down.</p>



	<p>You have the choice to limit the amount of premium in the bid specifications. This may result in fewer bids, but it may also eliminate large adjustments on the day of sale and other uncertainties.</p>
<p>Review of Existing Debt:</p>	<p>We have reviewed all outstanding indebtedness for the City and find that there are no refunding opportunities at this time.</p> <p>We will continue to monitor the market and the call dates for the City’s outstanding debt and will alert you to any future refunding opportunities.</p>
<p>Continuing Disclosure:</p>	<p>Because the City has more than \$10,000,000 in outstanding debt (including this issue), the City will be agreeing to provide certain updated Annual Financial Information and its Audited Financial Statement annually as well as providing notices of the occurrence of certain reportable events to the Municipal Securities Rulemaking Board (the “MSRB”), as required by rules of the Securities and Exchange Commission (SEC). The City is already obligated to provide such reports for its existing bonds, and has contracted with Ehlers to prepare and file the reports.</p>
<p>Arbitrage Monitoring:</p>	<p>Because the Bonds are tax-exempt obligations/tax credit obligations, the City must ensure compliance with certain Internal Revenue Service (IRS) rules throughout the life of the issue. These rules apply to all gross proceeds of the issue, including initial bond proceeds and investment earnings in construction, escrow, debt service, and any reserve funds. How issuers spend bond proceeds and how they track interest earnings on funds (arbitrage/yield restriction compliance) are common subjects of IRS inquiries. Your specific responsibilities will be detailed in the Nonarbitrage Certificate prepared by your Bond Attorney and provided at closing. You have retained Ehlers to assist you with compliance with these rules.</p>
<p>Risk Factors:</p>	<p>If significant amounts of prepayments of special assessments are received, the levy may need to be increased in future years because the City’s investment earnings on additional prepayments will likely be less than the assessment rate.</p>



Other Service Providers:	<p>This debt issuance will require the engagement of other public finance service providers. This section identifies those other service providers, so Ehlers can coordinate their engagement on your behalf. Where you have previously used a particular firm to provide a service, we have assumed that you will continue that relationship. For services you have not previously required, we have identified a service provider. Fees charged by these service providers will be paid from proceeds of the obligation, unless you notify us that you wish to pay them from other sources. Our pre-sale bond sizing includes a good faith estimate of these fees, so their final fees may vary. If you have any questions pertaining to the identified service providers or their role, or if you would like to use a different service provider for any of the listed services please contact us.</p> <p>Bond Attorney: Briggs and Morgan, Professional Association</p> <p>Paying Agent: Bond Trust Services Corporation</p> <p>Rating Agency: Standard & Poor's Global Ratings (S&P)</p>
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This presale report summarizes our understanding of the City’s objectives for the structure and terms of this financing as of this date. As additional facts become known or capital markets conditions change, we may need to modify the structure and/or terms of this financing to achieve results consistent with the City’s objectives.



Proposed Debt Issuance Schedule

Pre-Sale Review by City Council:	June 27, 2017
Distribute Official Statement:	Week of July 7, 2017
Conference with Rating Agency:	Week of July 18, 2017
City Council Meeting to Award Sale of the Bonds:	July 25, 2017
Estimated Closing Date:	August 17, 2017

Attachments

Sources and Uses of Funds

Proposed Debt Service Schedule

Resolution Authorizing Ehlers to Proceed With Bond Sale

Ehlers Contacts

Municipal Advisors:	Stacie Kvilvang	(651) 697-8506
	Jason Aarsvold	(651) 697-8512
Disclosure Coordinator:	Jen Chapman	(651) 697-8566
Financial Analyst:	Alicia Gage	(651) 697-8551

The Official Statement for this financing will be mailed to the City Council at their home address or e-mailed for review prior to the sale date.



City of Ramsey, Minnesota

\$895,000 General Obligation Road Reconstruction Bonds, Series 2017A

Issue Summary

Assumes Current Market BQ AA+ Rates plus 25bps

Total Issue Sources And Uses

Dated 08/17/2017 | Delivered 08/17/2017

	Alpine Street	Sunwood Drive	Issue Summary
Sources Of Funds			
Par Amount of Bonds	\$395,000.00	\$500,000.00	\$895,000.00
Prepaid Assessments	-	21,000.00	21,000.00
Total Sources	\$395,000.00	\$521,000.00	\$916,000.00
Uses Of Funds			
Total Underwriter's Discount (1.500%)	5,925.00	7,500.00	13,425.00
Costs of Issuance	14,564.25	18,435.75	33,000.00
Deposit to Project Construction Fund	370,000.00	495,000.00	865,000.00
Rounding Amount	4,510.75	64.25	4,575.00
Total Uses	\$395,000.00	\$521,000.00	\$916,000.00

City of Ramsey, Minnesota

\$895,000 General Obligation Road Reconstruction Bonds, Series 2017A

Issue Summary

Assumes Current Market BQ AA+ Rates plus 25bps

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
08/17/2017	-	-	-	-	-
06/15/2018	-	-	13,747.32	13,747.32	-
12/15/2018	80,000.00	1.250%	8,303.75	88,303.75	102,051.07
06/15/2019	-	-	7,803.75	7,803.75	-
12/15/2019	85,000.00	1.350%	7,803.75	92,803.75	100,607.50
06/15/2020	-	-	7,230.00	7,230.00	-
12/15/2020	90,000.00	1.550%	7,230.00	97,230.00	104,460.00
06/15/2021	-	-	6,532.50	6,532.50	-
12/15/2021	90,000.00	1.650%	6,532.50	96,532.50	103,065.00
06/15/2022	-	-	5,790.00	5,790.00	-
12/15/2022	90,000.00	1.750%	5,790.00	95,790.00	101,580.00
06/15/2023	-	-	5,002.50	5,002.50	-
12/15/2023	90,000.00	1.950%	5,002.50	95,002.50	100,005.00
06/15/2024	-	-	4,125.00	4,125.00	-
12/15/2024	90,000.00	2.050%	4,125.00	94,125.00	98,250.00
06/15/2025	-	-	3,202.50	3,202.50	-
12/15/2025	90,000.00	2.200%	3,202.50	93,202.50	96,405.00
06/15/2026	-	-	2,212.50	2,212.50	-
12/15/2026	90,000.00	2.250%	2,212.50	92,212.50	94,425.00
06/15/2027	-	-	1,200.00	1,200.00	-
12/15/2027	100,000.00	2.400%	1,200.00	101,200.00	102,400.00
Total	\$895,000.00	-	\$108,248.57	\$1,003,248.57	-

Yield Statistics

Bond Year Dollars	\$5,323.36
Average Life	5.948 Years
Average Coupon	2.0334628%
Net Interest Cost (NIC)	2.2856531%
True Interest Cost (TIC)	2.2989993%
Bond Yield for Arbitrage Purposes	2.0248218%
All Inclusive Cost (AIC)	2.9977870%

IRS Form 8038

Net Interest Cost	2.0334628%
Weighted Average Maturity	5.948 Years

City of Ramsey, Minnesota

\$895,000 General Obligation Road Reconstruction Bonds, Series 2017A

Issue Summary

Assumes Current Market BQ AA+ Rates plus 25bps

Detail Costs Of Issuance

Dated 08/17/2017 | Delivered 08/17/2017

COSTS OF ISSUANCE DETAIL

Municipal Advisor	\$13,000.00
Bond Counsel (Briggs and Morgan)	\$9,500.00
Rating Agency Fee (S&P)	\$9,500.00
Miscellaneous	\$1,000.00
TOTAL	\$33,000.00

City of Ramsey, Minnesota

\$895,000 General Obligation Road Reconstruction Bonds, Series 2017A

Issue Summary

Assumes Current Market BQ AA+ Rates plus 25bps

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	105% of Total	Assessments	Levy/(Surplus)
12/15/2017	-	-	-	-	-	-	-
12/15/2018	80,000.00	1.250%	22,051.07	102,051.07	107,153.62	11,851.47	95,302.15
12/15/2019	85,000.00	1.350%	15,607.50	100,607.50	105,637.88	11,650.80	93,987.08
12/15/2020	90,000.00	1.550%	14,460.00	104,460.00	109,683.00	11,289.60	98,393.40
12/15/2021	90,000.00	1.650%	13,065.00	103,065.00	108,218.25	10,928.40	97,289.85
12/15/2022	90,000.00	1.750%	11,580.00	101,580.00	106,659.00	10,567.20	96,091.80
12/15/2023	90,000.00	1.950%	10,005.00	100,005.00	105,005.25	10,206.00	94,799.25
12/15/2024	90,000.00	2.050%	8,250.00	98,250.00	103,162.50	9,844.80	93,317.70
12/15/2025	90,000.00	2.200%	6,405.00	96,405.00	101,225.25	9,483.60	91,741.65
12/15/2026	90,000.00	2.250%	4,425.00	94,425.00	99,146.25	9,122.40	90,023.85
12/15/2027	100,000.00	2.400%	2,400.00	102,400.00	107,520.00	8,761.20	98,758.80
Total	\$895,000.00	-	\$108,248.57	\$1,003,248.57	\$1,053,411.00	\$103,705.47	\$949,705.53

Significant Dates

Dated	8/17/2017
First Coupon Date	6/15/2018

Yield Statistics

Bond Year Dollars	\$5,323.36
Average Life	5.948 Years
Average Coupon	2.0334628%
Net Interest Cost (NIC)	2.2856531%
True Interest Cost (TIC)	2.2989993%
Bond Yield for Arbitrage Purposes	2.0248218%
All Inclusive Cost (AIC)	2.9977870%



City of Ramsey, Minnesota

\$84,000 General Obligation Road Reconstruction Bonds, Series 2017A

Assessments

2.0% over TIC (round to nearest .25%) - Equal Principal

Assessments

Date	Principal	Coupon	Interest	Total P+I
12/15/2018	8,400.00	4.300%	3,451.47	11,851.47
12/15/2019	8,400.00	4.300%	3,250.80	11,650.80
12/15/2020	8,400.00	4.300%	2,889.60	11,289.60
12/15/2021	8,400.00	4.300%	2,528.40	10,928.40
12/15/2022	8,400.00	4.300%	2,167.20	10,567.20
12/15/2023	8,400.00	4.300%	1,806.00	10,206.00
12/15/2024	8,400.00	4.300%	1,444.80	9,844.80
12/15/2025	8,400.00	4.300%	1,083.60	9,483.60
12/15/2026	8,400.00	4.300%	722.40	9,122.40
12/15/2027	8,400.00	4.300%	361.20	8,761.20
Total	\$84,000.00	-	\$19,705.47	\$103,705.47

Significant Dates

Filing Date	1/01/2018
First Payment Date	12/15/2018