

October 11, 2022

PRE-SALE REPORT FOR

City of Ramsey, Minnesota

**\$12,075,000 General Obligation
Street Reconstruction Bonds, Series 2022A**



Prepared by:

Ehlers
3060 Centre Pointe Drive
Roseville, MN 55113

Advisors:

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Jason Aarsvold, Senior Municipal Advisor
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BUILDING COMMUNITIES. IT'S WHAT WE DO.

EXECUTIVE SUMMARY OF PROPOSED DEBT

Proposed Issue:

\$12,075,000 General Obligation Street Reconstruction Bonds, Series 2022A

Purposes:

The proposed issue includes financing for the 2023 - 2025 street reconstruction projects in the City. Debt service will be paid from ad valorem property taxes.

Authority:

The Bonds are being issued pursuant to Minnesota Statutes, Chapter(s):

- 475
- 475.58 3b

The Bonds count against the Net Debt Limit of 3% of the estimated market value of taxable property in the City. The City's Pay 2022 EMV is \$3,345,686,400. Therefore, the total amount of outstanding debt cannot exceed \$100,370,592. As of October 1, 2022, the City has \$23,195,000 subject to the legal debt limit.

The City held the required public hearing on its 5-year street reconstruction plan on October 11, 2022. The Bonds will be general obligations of the City for which its full faith, credit and taxing powers are pledged.

Term/Call Feature:

The Bonds are being issued for a term of 15 years. Principal on the Bonds will be due on December 15 in the years 2023 through 2037. Interest is payable every six months beginning December 15, 2023.

The Bonds will be subject to prepayment at the discretion of the City on December 15, 2032 or any date thereafter.

Bank Qualification:

Because the City is issuing, or expects to issue, more than \$10,000,000 in tax-exempt obligations during the calendar year, the City will be not able to designate the Bonds as "bank qualified" obligations.

Rating:

The City's most recent bond issues were rated by S&P Global Ratings. The current rating on those bonds is "AA+". The City will request a new rating for the Bonds.

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.

Basis for Recommendation:

Based on your request to issue Bonds and your objectives, financial situation and need, risk tolerance, liquidity needs, experience with the issuance of Bonds and long-term financial capacity, as well as the tax status considerations related to the Bonds and the structure, timing and other similar matters related to the Bonds, we are recommending the issuance of Bonds as a suitable option.

Method of Sale/Placement:

We are recommending the Bonds be issued as municipal securities and offered through a competitive underwriting process. We will solicit competitive bids for the purchase of the Bonds from underwriters and banks.

We will include an allowance for discount bidding in the terms 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.

If the Bonds are purchased at a price greater than the minimum bid amount (maximum discount), the unused allowance may be used to reduce your borrowing amount.

Premium Pricing:

In some cases, 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." The underwriter of the bonds will retain a portion of this reoffering premium as their compensation (or "discount") but will pay the remainder of the premium to the City. 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.

For this issue of Bonds we have been directed to use the net premium to reduce the size of the issue the net proceeds for the project. The resulting adjustments may slightly change the true interest cost of the issue, either up or down.

The amount of premium can be restricted in the bid specifications. Restrictions on premium may result in fewer bids, but may also eliminate large adjustments on the day of sale and unintended impacts with respect to debt service payment. Ehlers will identify appropriate premium restrictions for the Bonds intended to achieve the City's objectives for this financing.

Review of Existing Debt:

We have reviewed all outstanding indebtedness for the City and find that there are no refunding opportunities at this time.

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.

Continuing Disclosure:

Because the City has more than \$10,000,000 in outstanding debt (including this issue) and this issue is over \$1,000,000, 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.

Arbitrage Monitoring:

The City must ensure compliance with certain sections of the Internal Revenue Code and Treasury Regulations ("Arbitrage Rules") throughout the life of the issue to maintain the tax-exempt status of the Bonds. These Arbitrage Rules apply to amounts held in construction, escrow, reserve, debt service account(s), etc., along with related investment income on each fund/account.

IRS audits will verify compliance with rebate, yield restriction and records retention requirements within the Arbitrage Rules. The City's specific arbitrage responsibilities will be detailed in the Nonarbitrage Certificate (the "Tax Compliance Document") prepared by your Bond Attorney and provided at closing.

The Bonds may qualify for one or more exception(s) to the Arbitrage Rules by meeting 1) small issuer exception, 2) spend down requirements, 3) bona fide debt service fund limits, 4) reasonable reserve requirements, 5) expenditure within an available period limitations, 6) investments yield restrictions, 7) de minimis rules, or; 8) borrower limited requirements.

We recommend that the City review its specific responsibilities related to the Bonds with an arbitrage expert in order to utilize one or more of the exceptions listed above. You have retained Ehlers to assist you with compliance with these rules.

Investment of Bond Proceeds:

Ehlers can assist the City in developing a strategy to invest your Bond proceeds until the funds are needed to pay project costs.

Other Service Providers:

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, but the 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.

Bond Counsel: Taft Stettinius & Hollister LLP

Paying Agent: Bond Trust Services Corporation

Rating Agency: Standard & Poor's Global Ratings (S&P)

Summary:

The decisions to be made by the City Council are as follows:

- Accept or modify the finance assumptions described in this report
- Adopt the resolution attached to this report.

PROPOSED DEBT ISSUANCE SCHEDULE

Pre-Sale Review by City Council:	October 11, 2022
Distribute Official Statement:	Week of October 31, 2022
Conference with Rating Agency and Due Diligence Call to review Official statement:	November 7, 2022
City Council Meeting to Award Sale of the Bonds:	November 15, 2022
Estimated Closing Date:	December 6, 2022

Attachments

- Estimated Sources and Uses of Funds
- Estimated Proposed Debt Service Schedule
- Resolution Authorizing Ehlers to Proceed with Bond Sale

EHLERS' CONTACTS

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Jason Aarsvold, Senior Municipal Advisor	(651) 697-8512
Keith Dahl, Municipal Advisor	(651) 697-8595
Nate Gilger, Public Finance Analyst	(651) 697-8538
Alicia Gage, Senior Financial Analyst	(651) 697-8551

City of Ramsey, Minnesota

\$12,075,000 General Obligation Street Reconstruction Bonds, Series 2022A

Assumes Current Market Non-BQ AA+ Market Rates + 75bps

Sources & Uses

Dated 12/06/2022 | Delivered 12/06/2022

Sources Of Funds

Par Amount of Bonds	\$12,075,000.00
Total Sources	\$12,075,000.00

Uses Of Funds

Total Underwriter's Discount (0.800%)	96,600.00
Costs of Issuance	75,809.41
Deposit to Project Construction Fund	11,900,000.00
Rounding	2,590.59
Total Uses	\$12,075,000.00

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Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
12/06/2022	-	-	-	-	-
12/15/2023	550,000.00	3.900%	538,801.50	1,088,801.50	1,088,801.50
06/15/2024	-	-	252,105.00	252,105.00	-
12/15/2024	620,000.00	3.900%	252,105.00	872,105.00	1,124,210.00
06/15/2025	-	-	240,015.00	240,015.00	-
12/15/2025	645,000.00	4.000%	240,015.00	885,015.00	1,125,030.00
06/15/2026	-	-	227,115.00	227,115.00	-
12/15/2026	670,000.00	4.050%	227,115.00	897,115.00	1,124,230.00
06/15/2027	-	-	213,547.50	213,547.50	-
12/15/2027	700,000.00	4.100%	213,547.50	913,547.50	1,127,095.00
06/15/2028	-	-	199,197.50	199,197.50	-
12/15/2028	730,000.00	4.200%	199,197.50	929,197.50	1,128,395.00
06/15/2029	-	-	183,867.50	183,867.50	-
12/15/2029	760,000.00	4.250%	183,867.50	943,867.50	1,127,735.00
06/15/2030	-	-	167,717.50	167,717.50	-
12/15/2030	790,000.00	4.300%	167,717.50	957,717.50	1,125,435.00
06/15/2031	-	-	150,732.50	150,732.50	-
12/15/2031	825,000.00	4.350%	150,732.50	975,732.50	1,126,465.00
06/15/2032	-	-	132,788.75	132,788.75	-
12/15/2032	860,000.00	4.450%	132,788.75	992,788.75	1,125,577.50
06/15/2033	-	-	113,653.75	113,653.75	-
12/15/2033	900,000.00	4.500%	113,653.75	1,013,653.75	1,127,307.50
06/15/2034	-	-	93,403.75	93,403.75	-
12/15/2034	940,000.00	4.550%	93,403.75	1,033,403.75	1,126,807.50
06/15/2035	-	-	72,018.75	72,018.75	-
12/15/2035	980,000.00	4.600%	72,018.75	1,052,018.75	1,124,037.50
06/15/2036	-	-	49,478.75	49,478.75	-
12/15/2036	1,030,000.00	4.650%	49,478.75	1,079,478.75	1,128,957.50
06/15/2037	-	-	25,531.25	25,531.25	-
12/15/2037	1,075,000.00	4.750%	25,531.25	1,100,531.25	1,126,062.50
Total	\$12,075,000.00	-	\$4,781,146.50	\$16,856,146.50	-

Yield Statistics

Bond Year Dollars	\$106,716.88
Average Life	8.838 Years
Average Coupon	4.4802160%
Net Interest Cost (NIC)	4.5707359%
True Interest Cost (TIC)	4.5724258%
Bond Yield for Arbitrage Purposes	4.4575026%
All Inclusive Cost (AIC)	4.6635471%

IRS Form 8038

Net Interest Cost	4.4802160%
Weighted Average Maturity	8.838 Years

City of Ramsey, Minnesota

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Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	105% Overlevy
12/15/2022	-	-	-	-	-
12/15/2023	550,000.00	3.900%	538,801.50	1,088,801.50	1,143,241.58
12/15/2024	620,000.00	3.900%	504,210.00	1,124,210.00	1,180,420.50
12/15/2025	645,000.00	4.000%	480,030.00	1,125,030.00	1,181,281.50
12/15/2026	670,000.00	4.050%	454,230.00	1,124,230.00	1,180,441.50
12/15/2027	700,000.00	4.100%	427,095.00	1,127,095.00	1,183,449.75
12/15/2028	730,000.00	4.200%	398,395.00	1,128,395.00	1,184,814.75
12/15/2029	760,000.00	4.250%	367,735.00	1,127,735.00	1,184,121.75
12/15/2030	790,000.00	4.300%	335,435.00	1,125,435.00	1,181,706.75
12/15/2031	825,000.00	4.350%	301,465.00	1,126,465.00	1,182,788.25
12/15/2032	860,000.00	4.450%	265,577.50	1,125,577.50	1,181,856.38
12/15/2033	900,000.00	4.500%	227,307.50	1,127,307.50	1,183,672.88
12/15/2034	940,000.00	4.550%	186,807.50	1,126,807.50	1,183,147.88
12/15/2035	980,000.00	4.600%	144,037.50	1,124,037.50	1,180,239.38
12/15/2036	1,030,000.00	4.650%	98,957.50	1,128,957.50	1,185,405.38
12/15/2037	1,075,000.00	4.750%	51,062.50	1,126,062.50	1,182,365.63
Total	\$12,075,000.00	-	\$4,781,146.50	\$16,856,146.50	\$17,698,953.83

Significant Dates

Dated	12/06/2022
First Coupon Date	12/15/2023

Yield Statistics

Bond Year Dollars	\$106,716.88
Average Life	8.838 Years
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Detail Costs Of Issuance

Dated 12/06/2022 | Delivered 12/06/2022

COSTS OF ISSUANCE DETAIL

Municipal Advisor	\$37,350.00
Bond Counsel	\$18,500.00
Rating Agency Fee	\$19,500.00
Miscellaneous	\$459.41
TOTAL	\$75,809.41