



## **MAYOR & COUNCIL COMMUNICATION**

**DATE:** 05/03/2016  
**REGULAR** \$\$  
**ITEM #** 13

**AGENDA ITEM:** 2016 Capital Improvement Financing Plan; Presentation of Financing Plan of G.O. Bonds, Series 2016A; Approval of the issuance of G.O. Bonds, Series 2016A

**SUBMITTED BY:** Cathy Bendel, Finance Director

**THROUGH:** Tammy Omdal, Senior Vice President, Northland Securities

**REVIEWED BY:** Kristina Handt, City Administrator  
Finance Committee

### **SUGGESTED ORDER OF BUSINESS:**

- Questions from Council to Staff ..... Mayor Facilitates
- Report/Presentations.....City Staff, Northland Securities
- Questions from Council to Staff.....Mayor Facilitates
- Public Input, if Appropriate.....Mayor Facilitates
- Call for Motion ..... Mayor & City Council
- Discussion ..... Mayor & City Council
- Action on Motion..... Mayor Facilitates

**POLICY RECOMMENDER:** Finance Committee

### **FISCAL IMPACT:**

City responsibility for the debt service on the issuance of \$9,860,000 of new debt as presented in the Financing Plan.

### **SUMMARY AND ACTION REQUESTED:**

Throughout 2015 and early 2016, various projects have been brought to City Council and have been approved to move forward. The updated 2016 CIP listing was reviewed in detail by the Finance Committee on April 12, 2016 resulting in the 2016A bonding recommendation. This Financing Plan represents the financing needs based on those approved projects and recommendations.

**STAFF REPORT:** Tammy Omdal, Senior Vice President with Northland Securities will present the report and respond to inquiries.

**RECOMMENDATION:**

It is recommended that the City Council approve Resolution 2016-28 authorizing the issuance and sale of \$9,860,000 in General Obligation Bonds, Series 2016A.

***“Move to approve Resolution 2016-28 authorizing the issuance and sale of General Obligation Bonds, Series 2016A in the amount of \$9,860,000”***

**ATTACHMENT(S):**

1. Northland Securities Finance Plan Summary for G.O. Bonds, Series 2016A
2. Certificate of Minutes and Resolution 2016-28 Authorizing the Issuance and Sale of G.O. Bonds, Series 2016A
3. Municipal Advisors Services Agreement with Northland Services, Inc. for services related to the 2016A bond issuance

# FINANCE PLAN SUMMARY

FOR

**CITY OF LAKE ELMO, MINNESOTA**

**\$9,860,000**

**GENERAL OBLIGATION BONDS, SERIES 2016A**

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

**April 19, 2016**

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**City of Lake Elmo, Minnesota**  
**\$9,860,000**  
**General Obligation Bonds, Series 2016A**

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### **Financing Overview**

The Bonds will be issued pursuant to Minnesota Statutes, Chapter 444, 429, and 475 to finance the following projects:

- Street improvements to the Kirkwood, Stonegate, and Kelvin Ave. Projects
- Water, sewer and storm water utility improvements
- Street improvements to Lake Elmo Avenue/Downtown area

Information on the project costs to be financed was provided by City staff. The net financing requirement for these projects is \$9,860,000 inclusive of all project and financing costs. A detailed illustration of the sources and uses of funds is presented in Appendix A.

The Bonds will be a general obligation of the City. However, the City anticipates paying debt service from a combination of special assessment revenue, water, sewer, storm water utility revenues, and a debt service tax levy. The assumptions on special assessments and utility contributions were provided by the City staff. Northland has not conducted a review or evaluation of these assumptions.

The total principal and interest estimate assumes an average coupon of 1.88% and is shown in Exhibit B.

The debt service fund and cash flow projection for each of the portions (or purposes) is illustrated in Exhibits C1 through C8.

### **Structure and Security**

#### *Improvement Portion (Kirkwood, Stonegate, and Kelvin Ave. Street Projects)*

The Street Improvement Portion assumes \$1,142,080 in project costs and is expected to be paid from special assessment revenues filed in 2016 for first collection in 2017 in the amount of \$533,880 for a term of 10 years at a rate 2.00% over the bond rate.

#### *Water Utility Portion*

The Water Utility Portion assumes \$3,256,328 in project costs and is expected to be paid entirely from water utility revenues.

#### *Storm Water Utility Portion*

The Storm Water Utility Portion assumes \$2,796,107 in project costs and is expected to be paid entirely from storm water utility revenues.

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### *Lake Elmo Avenue/Downtown Area Street Improvement Portion*

The Downtown Improvement Portion assumes \$1,611,432 in project costs and is expected to be paid from special assessment revenues filed in 2016 for first collection in 2017 in the amount of \$470,394 for a term of 10 years at a rate 2.00% over the bond rate.

### *Sewer Utility Portion*

The Sewer Utility Portion assumes \$870,649 in project costs and is expected to be paid from sewer utility revenues. Special assessments will be used to reduce pledged sewer revenues for debt service. Special assessments have been filed in 2016 for first collection in 2017 in the amount of \$592,066 for a term of 20 years at a rate 2.00% over the bond rate. The debt attributable to this portion will be amortized over 15 years.

### **Related Considerations**

- *Bank Qualified* - because total tax-exempt debt issued by the City in calendar year 2016 is expected to be less than \$10 million, the Bonds will be designated as “bank qualified” obligations pursuant to Federal Tax Law. The impact of this designation may result in slightly lower interest rates since banking institutions will be interested in purchasing the Bonds. 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. However, there are exemptions available if the City meets certain criteria. The rebate exemption the City expects to qualify for is the 24 Month Expenditure Exemption.
  - Debt Service Fund – The City must maintain a bona fide debt service fund for the bonds 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 bond issue. The Resolution explains the requirements in greater detail. We are also available to assist the City in meeting these requirements.

- *Book Entry* - The Bonds will be *global book entry with a bank designated as the paying agent*. As “paperless” certificates, you will avoid the cost of bond printing and annual registrar charges. The Paying Agent will invoice you for the interest semiannually and on an annual basis for the principal coming due.
- *Continuing Disclosure* - Because the City’s outstanding debt exceeds \$10 million, it is subject to the Securities and Exchange Commission’s continuing disclosure requirements. Northland Securities is prepared to assist the City in this capacity

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## Summary of Recommended Terms

- |                          |  |
|--------------------------|--|
| 1. Type of Bond Sale     | Public Sale – Competitive Bids   |
| 2. Public Sale Date      | Tuesday, May 17, 2016 at 10:30 A.M.  |
| 3. Council Consideration | Tuesday, May 17, 2016 at 7:00 P.M.   |
| 4. Statutory Authority   | The Bonds are being issued pursuant to Minnesota Statutes, Chapters 475, 429 and 444.  |
| 5. Repayment Term        | The Bonds will mature annually each January 15, 2018 - 2032. Interest on the Bonds will be payable on January 15, 2017 and semiannually thereafter on each January 15 and July 15.                                   |
| 6. Security              | General Obligation pledge of the City. In addition the City will pledge special assessments from benefitted properties, water, sewer and storm water utility revenues and tax levies to the payment of the Bonds.    |
| 7. Prepayment Option     | The Bonds due on or after January 15, 2025 will be subject to redemption on January 15, 2024 and any date thereafter at price of par.  |
| 8. Tax Status            | Dorsey & Whitney, LLP, Minneapolis, will provide a tax-exempt legal opinion on the Bonds.  |
| 9. Credit Enhancement    | The City's general obligation bonds are currently rated "Aa2" by Moody's Investors Service (Moody's). We believe a credit rating on these bonds will be cost beneficial and recommend seeking a rating from Moody's. |

# EXHIBIT A

## Sources and Uses

	Improvement Portion	Water Portion	Storm Water Portion
<b>Sources Of Funds</b>			
Par Amount of Bonds	\$1,175,000.00	\$3,310,000.00	\$2,840,000.00
<b>Total Sources</b>	<b>\$1,175,000.00</b>	<b>\$3,310,000.00</b>	<b>\$2,840,000.00</b>
<b>Uses Of Funds</b>			
Total Underwriter's Discount (1.000%)	11,750.00	33,100.00	28,400.00
Costs of Issuance	6,924.86	19,507.51	16,737.57
Deposit to Capitalized Interest (CIF) Fund	10,451.78	-	-
Deposit to Project Construction Fund	1,142,080.00	3,256,328.00	2,796,107.00
Rounding Amount	3,793.36	1,064.49	(1,244.57)
<b>Total Uses</b>	<b>\$1,175,000.00</b>	<b>\$3,310,000.00</b>	<b>\$2,840,000.00</b>

	DT/Street Improvement	Sewer Portion	Issue Summary
<b>Sources Of Funds</b>			
Par Amount of Bonds	\$1,650,000.00	\$885,000.00	\$9,860,000.00
<b>Total Sources</b>	<b>\$1,650,000.00</b>	<b>\$885,000.00</b>	<b>\$9,860,000.00</b>
<b>Uses Of Funds</b>			
Total Underwriter's Discount (1.000%)	16,500.00	8,850.00	98,600.00
Costs of Issuance	9,724.30	5,215.76	58,110.00
Deposit to Capitalized Interest (CIF) Fund	14,676.67	-	25,128.45
Deposit to Project Construction Fund	1,611,432.00	870,649.00	9,676,596.00
Rounding Amount	(2,332.97)	285.24	1,565.55
<b>Total Uses</b>	<b>\$1,650,000.00</b>	<b>\$885,000.00</b>	<b>\$9,860,000.00</b>

## EXHIBIT B

### Total Debt Service

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
06/01/2016	-	-	-	-	-
01/15/2017	-	-	100,745.56	100,745.56	100,745.56
07/15/2017	-	-	80,956.25	80,956.25	-
01/15/2018	690,000.00	0.850%	80,956.25	770,956.25	851,912.50
07/15/2018	-	-	78,023.75	78,023.75	-
01/15/2019	695,000.00	1.000%	78,023.75	773,023.75	851,047.50
07/15/2019	-	-	74,548.75	74,548.75	-
01/15/2020	710,000.00	1.150%	74,548.75	784,548.75	859,097.50
07/15/2020	-	-	70,466.25	70,466.25	-
01/15/2021	710,000.00	1.250%	70,466.25	780,466.25	850,932.50
07/15/2021	-	-	66,028.75	66,028.75	-
01/15/2022	725,000.00	1.350%	66,028.75	791,028.75	857,057.50
07/15/2022	-	-	61,135.00	61,135.00	-
01/15/2023	730,000.00	1.450%	61,135.00	791,135.00	852,270.00
07/15/2023	-	-	55,842.50	55,842.50	-
01/15/2024	745,000.00	1.600%	55,842.50	800,842.50	856,685.00
07/15/2024	-	-	49,882.50	49,882.50	-
01/15/2025	755,000.00	1.700%	49,882.50	804,882.50	854,765.00
07/15/2025	-	-	43,465.00	43,465.00	-
01/15/2026	770,000.00	1.850%	43,465.00	813,465.00	856,930.00
07/15/2026	-	-	36,342.50	36,342.50	-
01/15/2027	780,000.00	1.950%	36,342.50	816,342.50	852,685.00
07/15/2027	-	-	28,737.50	28,737.50	-
01/15/2028	490,000.00	2.050%	28,737.50	518,737.50	547,475.00
07/15/2028	-	-	23,715.00	23,715.00	-
01/15/2029	500,000.00	2.150%	23,715.00	523,715.00	547,430.00
07/15/2029	-	-	18,340.00	18,340.00	-
01/15/2030	510,000.00	2.250%	18,340.00	528,340.00	546,680.00
07/15/2030	-	-	12,602.50	12,602.50	-
01/15/2031	520,000.00	2.350%	12,602.50	532,602.50	545,205.00
07/15/2031	-	-	6,492.50	6,492.50	-
01/15/2032	530,000.00	2.450%	6,492.50	536,492.50	542,985.00
<b>Total</b>	<b>\$9,860,000.00</b>	<b>-</b>	<b>\$1,513,903.06</b>	<b>\$11,373,903.06</b>	<b>-</b>

#### Date And Term Structure

Dated	6/01/2016
Delivery Date	6/01/2016
First Coupon Date	1/15/2017
First available call date	1/15/2024
Average Coupon	1.8823761%
Net Interest Cost (NIC)	2.0049746%
True Interest Cost (TIC)	2.0032044%

## EXHIBIT C1

### Improvement Portion (Kirkwood, Stonegate, and Kelvin Street Projects) Debt Service

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
06/01/2016	-	-	-	-	-
01/15/2017	-	-	10,451.78	10,451.78	10,451.78
07/15/2017	-	-	8,398.75	8,398.75	-
01/15/2018	110,000.00	0.850%	8,398.75	118,398.75	126,797.50
07/15/2018	-	-	7,931.25	7,931.25	-
01/15/2019	110,000.00	1.000%	7,931.25	117,931.25	125,862.50
07/15/2019	-	-	7,381.25	7,381.25	-
01/15/2020	115,000.00	1.150%	7,381.25	122,381.25	129,762.50
07/15/2020	-	-	6,720.00	6,720.00	-
01/15/2021	115,000.00	1.250%	6,720.00	121,720.00	128,440.00
07/15/2021	-	-	6,001.25	6,001.25	-
01/15/2022	115,000.00	1.350%	6,001.25	121,001.25	127,002.50
07/15/2022	-	-	5,225.00	5,225.00	-
01/15/2023	120,000.00	1.450%	5,225.00	125,225.00	130,450.00
07/15/2023	-	-	4,355.00	4,355.00	-
01/15/2024	120,000.00	1.600%	4,355.00	124,355.00	128,710.00
07/15/2024	-	-	3,395.00	3,395.00	-
01/15/2025	120,000.00	1.700%	3,395.00	123,395.00	126,790.00
07/15/2025	-	-	2,375.00	2,375.00	-
01/15/2026	125,000.00	1.850%	2,375.00	127,375.00	129,750.00
07/15/2026	-	-	1,218.75	1,218.75	-
01/15/2027	125,000.00	1.950%	1,218.75	126,218.75	127,437.50
<b>Total</b>	<b>\$1,175,000.00</b>	<b>-</b>	<b>\$116,454.28</b>	<b>\$1,291,454.28</b>	<b>-</b>

## EXHIBIT C2

### Improvement Portion (Kirkwood, Stonegate, and Kelvin Street Projects) Revenue vs Debt Service

Date	Total P+I	CIF	105% Levy	Special Assessment Revenue*	City Net Levy	Levy Year	Collection Year
01/15/2017	10,451.78	(10,451.78)	-	-	-		
01/15/2018	126,797.50	-	133,137.38	64,471.84	68,665.54	2016	2017
01/15/2019	125,862.50	-	132,155.63	64,471.85	67,683.78	2017	2018
01/15/2020	129,762.50	-	136,250.63	64,471.84	71,778.79	2018	2019
01/15/2021	128,440.00	-	134,862.00	64,471.85	70,390.15	2019	2020
01/15/2022	127,002.50	-	133,352.63	64,471.85	68,880.78	2020	2021
01/15/2023	130,450.00	-	136,972.50	64,471.84	72,500.66	2021	2022
01/15/2024	128,710.00	-	135,145.50	64,471.85	70,673.65	2022	2023
01/15/2025	126,790.00	-	133,129.50	64,471.85	68,657.65	2023	2024
01/15/2026	129,750.00	-	136,237.50	64,471.84	71,765.66	2024	2025
01/15/2027	127,437.50	-	133,809.38	64,471.84	69,337.54	2025	2026
<b>Total</b>	<b>\$1,291,454.28</b>	<b>(10,451.78)</b>	<b>\$1,345,052.63</b>	<b>\$644,718.45</b>	<b>\$700,334.18</b>		

\*Special Assessments total \$533,880 spread in even payments over 10 years at 3.50% (2.00% above bond rate).

**EXHIBIT C3**  
**Water Utility Portion**  
**Debt Service**

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
06/01/2016	-	-	-	-	-
01/15/2017	-	-	35,583.33	35,583.33	35,583.33
07/15/2017	-	-	28,593.75	28,593.75	-
01/15/2018	200,000.00	0.850%	28,593.75	228,593.75	257,187.50
07/15/2018	-	-	27,743.75	27,743.75	-
01/15/2019	200,000.00	1.000%	27,743.75	227,743.75	255,487.50
07/15/2019	-	-	26,743.75	26,743.75	-
01/15/2020	205,000.00	1.150%	26,743.75	231,743.75	258,487.50
07/15/2020	-	-	25,565.00	25,565.00	-
01/15/2021	205,000.00	1.250%	25,565.00	230,565.00	256,130.00
07/15/2021	-	-	24,283.75	24,283.75	-
01/15/2022	210,000.00	1.350%	24,283.75	234,283.75	258,567.50
07/15/2022	-	-	22,866.25	22,866.25	-
01/15/2023	210,000.00	1.450%	22,866.25	232,866.25	255,732.50
07/15/2023	-	-	21,343.75	21,343.75	-
01/15/2024	215,000.00	1.600%	21,343.75	236,343.75	257,687.50
07/15/2024	-	-	19,623.75	19,623.75	-
01/15/2025	220,000.00	1.700%	19,623.75	239,623.75	259,247.50
07/15/2025	-	-	17,753.75	17,753.75	-
01/15/2026	220,000.00	1.850%	17,753.75	237,753.75	255,507.50
07/15/2026	-	-	15,718.75	15,718.75	-
01/15/2027	225,000.00	1.950%	15,718.75	240,718.75	256,437.50
07/15/2027	-	-	13,525.00	13,525.00	-
01/15/2028	230,000.00	2.050%	13,525.00	243,525.00	257,050.00
07/15/2028	-	-	11,167.50	11,167.50	-
01/15/2029	235,000.00	2.150%	11,167.50	246,167.50	257,335.00
07/15/2029	-	-	8,641.25	8,641.25	-
01/15/2030	240,000.00	2.250%	8,641.25	248,641.25	257,282.50
07/15/2030	-	-	5,941.25	5,941.25	-
01/15/2031	245,000.00	2.350%	5,941.25	250,941.25	256,882.50
07/15/2031	-	-	3,062.50	3,062.50	-
01/15/2032	250,000.00	2.450%	3,062.50	253,062.50	256,125.00
<b>Total</b>	<b>\$3,310,000.00</b>	<b>-</b>	<b>\$580,730.83</b>	<b>\$3,890,730.83</b>	<b>-</b>

**EXHIBIT C4**  
**Storm Water Utility Portion**  
**Debt Service**

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
06/01/2016	-	-	-	-	-
01/15/2017	-	-	30,534.00	30,534.00	30,534.00
07/15/2017	-	-	24,536.25	24,536.25	-
01/15/2018	170,000.00	0.850%	24,536.25	194,536.25	219,072.50
07/15/2018	-	-	23,813.75	23,813.75	-
01/15/2019	175,000.00	1.000%	23,813.75	198,813.75	222,627.50
07/15/2019	-	-	22,938.75	22,938.75	-
01/15/2020	175,000.00	1.150%	22,938.75	197,938.75	220,877.50
07/15/2020	-	-	21,932.50	21,932.50	-
01/15/2021	175,000.00	1.250%	21,932.50	196,932.50	218,865.00
07/15/2021	-	-	20,838.75	20,838.75	-
01/15/2022	180,000.00	1.350%	20,838.75	200,838.75	221,677.50
07/15/2022	-	-	19,623.75	19,623.75	-
01/15/2023	180,000.00	1.450%	19,623.75	199,623.75	219,247.50
07/15/2023	-	-	18,318.75	18,318.75	-
01/15/2024	185,000.00	1.600%	18,318.75	203,318.75	221,637.50
07/15/2024	-	-	16,838.75	16,838.75	-
01/15/2025	185,000.00	1.700%	16,838.75	201,838.75	218,677.50
07/15/2025	-	-	15,266.25	15,266.25	-
01/15/2026	190,000.00	1.850%	15,266.25	205,266.25	220,532.50
07/15/2026	-	-	13,508.75	13,508.75	-
01/15/2027	195,000.00	1.950%	13,508.75	208,508.75	222,017.50
07/15/2027	-	-	11,607.50	11,607.50	-
01/15/2028	200,000.00	2.050%	11,607.50	211,607.50	223,215.00
07/15/2028	-	-	9,557.50	9,557.50	-
01/15/2029	200,000.00	2.150%	9,557.50	209,557.50	219,115.00
07/15/2029	-	-	7,407.50	7,407.50	-
01/15/2030	205,000.00	2.250%	7,407.50	212,407.50	219,815.00
07/15/2030	-	-	5,101.25	5,101.25	-
01/15/2031	210,000.00	2.350%	5,101.25	215,101.25	220,202.50
07/15/2031	-	-	2,633.75	2,633.75	-
01/15/2032	215,000.00	2.450%	2,633.75	217,633.75	220,267.50
<b>Total</b>	<b>\$2,840,000.00</b>	<b>-</b>	<b>\$498,381.50</b>	<b>\$3,338,381.50</b>	<b>-</b>

**EXHIBIT C5**  
**Lake Elmo Avenue/Downtown Street Improvement Portion**  
**Debt Service**

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
06/01/2016	-	-	-	-	-
01/15/2017	-	-	14,676.67	14,676.67	14,676.67
07/15/2017	-	-	11,793.75	11,793.75	-
01/15/2018	155,000.00	0.850%	11,793.75	166,793.75	178,587.50
07/15/2018	-	-	11,135.00	11,135.00	-
01/15/2019	155,000.00	1.000%	11,135.00	166,135.00	177,270.00
07/15/2019	-	-	10,360.00	10,360.00	-
01/15/2020	160,000.00	1.150%	10,360.00	170,360.00	180,720.00
07/15/2020	-	-	9,440.00	9,440.00	-
01/15/2021	160,000.00	1.250%	9,440.00	169,440.00	178,880.00
07/15/2021	-	-	8,440.00	8,440.00	-
01/15/2022	165,000.00	1.350%	8,440.00	173,440.00	181,880.00
07/15/2022	-	-	7,326.25	7,326.25	-
01/15/2023	165,000.00	1.450%	7,326.25	172,326.25	179,652.50
07/15/2023	-	-	6,130.00	6,130.00	-
01/15/2024	170,000.00	1.600%	6,130.00	176,130.00	182,260.00
07/15/2024	-	-	4,770.00	4,770.00	-
01/15/2025	170,000.00	1.700%	4,770.00	174,770.00	179,540.00
07/15/2025	-	-	3,325.00	3,325.00	-
01/15/2026	175,000.00	1.850%	3,325.00	178,325.00	181,650.00
07/15/2026	-	-	1,706.25	1,706.25	-
01/15/2027	175,000.00	1.950%	1,706.25	176,706.25	178,412.50
<b>Total</b>	<b>\$1,650,000.00</b>	<b>-</b>	<b>\$163,529.17</b>	<b>\$1,813,529.17</b>	<b>-</b>

**EXHIBIT C6**  
**Lake Elmo Avenue/ Downtown Street Improvement Portion**  
**Revenue vs Debt Service**

Date	Total P+I	CIF	105% Levy	Special Assessment Revenue*	City Net Levy	Levy Year	Collection Year
01/15/2017	14,676.67	(14,676.67)	-	-	-	-	-
01/15/2018	178,587.50	-	187,516.88	56,805.22	130,711.66	2016	2017
01/15/2019	177,270.00	-	186,133.50	56,805.21	129,328.29	2017	2018
01/15/2020	180,720.00	-	189,756.00	56,805.22	132,950.78	2018	2019
01/15/2021	178,880.00	-	187,824.00	56,805.20	131,018.80	2019	2020
01/15/2022	181,880.00	-	190,974.00	56,805.22	134,168.78	2020	2021
01/15/2023	179,652.50	-	188,635.13	56,805.21	131,829.92	2021	2022
01/15/2024	182,260.00	-	191,373.00	56,805.22	134,567.78	2022	2023
01/15/2025	179,540.00	-	188,517.00	56,805.21	131,711.79	2023	2024
01/15/2026	181,650.00	-	190,732.50	56,805.22	133,927.28	2024	2025
01/15/2027	178,412.50	-	187,333.13	56,805.21	130,527.92	2025	2026
<b>Total</b>	<b>\$1,813,529.17</b>	<b>(14,676.67)</b>	<b>\$1,888,795.13</b>	<b>\$568,052.14</b>	<b>\$1,320,742.99</b>		

\*Special Assessments total \$470,394 spread in even payments over 10 years at 3.50% (2.00% above bond rate).

**EXHIBIT C7**  
**Sewer Utility Portion**  
**Debt Service**

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
06/01/2016	-	-	-	-	-
01/15/2017	-	-	9,499.78	9,499.78	9,499.78
07/15/2017	-	-	7,633.75	7,633.75	-
01/15/2018	55,000.00	0.850%	7,633.75	62,633.75	70,267.50
07/15/2018	-	-	7,400.00	7,400.00	-
01/15/2019	55,000.00	1.000%	7,400.00	62,400.00	69,800.00
07/15/2019	-	-	7,125.00	7,125.00	-
01/15/2020	55,000.00	1.150%	7,125.00	62,125.00	69,250.00
07/15/2020	-	-	6,808.75	6,808.75	-
01/15/2021	55,000.00	1.250%	6,808.75	61,808.75	68,617.50
07/15/2021	-	-	6,465.00	6,465.00	-
01/15/2022	55,000.00	1.350%	6,465.00	61,465.00	67,930.00
07/15/2022	-	-	6,093.75	6,093.75	-
01/15/2023	55,000.00	1.450%	6,093.75	61,093.75	67,187.50
07/15/2023	-	-	5,695.00	5,695.00	-
01/15/2024	55,000.00	1.600%	5,695.00	60,695.00	66,390.00
07/15/2024	-	-	5,255.00	5,255.00	-
01/15/2025	60,000.00	1.700%	5,255.00	65,255.00	70,510.00
07/15/2025	-	-	4,745.00	4,745.00	-
01/15/2026	60,000.00	1.850%	4,745.00	64,745.00	69,490.00
07/15/2026	-	-	4,190.00	4,190.00	-
01/15/2027	60,000.00	1.950%	4,190.00	64,190.00	68,380.00
07/15/2027	-	-	3,605.00	3,605.00	-
01/15/2028	60,000.00	2.050%	3,605.00	63,605.00	67,210.00
07/15/2028	-	-	2,990.00	2,990.00	-
01/15/2029	65,000.00	2.150%	2,990.00	67,990.00	70,980.00
07/15/2029	-	-	2,291.25	2,291.25	-
01/15/2030	65,000.00	2.250%	2,291.25	67,291.25	69,582.50
07/15/2030	-	-	1,560.00	1,560.00	-
01/15/2031	65,000.00	2.350%	1,560.00	66,560.00	68,120.00
07/15/2031	-	-	796.25	796.25	-
01/15/2032	65,000.00	2.450%	796.25	65,796.25	66,592.50
<b>Total</b>	<b>\$885,000.00</b>	<b>-</b>	<b>\$154,807.28</b>	<b>\$1,039,807.28</b>	<b>-</b>

**EXHIBIT C8**  
**Sewer Utility Portion**  
**Revenue vs Debt Service**

Date	Total P+I	Special	Net Debt	Levy	Collection
		Assessment Revenue*			
			Service	Year	Year
01/15/2017	9,499.78	-	9,974.77		
01/15/2018	70,267.50	43,779.36	30,001.52	2016	2017
01/15/2019	69,800.00	43,779.36	29,510.64	2017	2018
01/15/2020	69,250.00	43,779.36	28,933.14	2018	2019
01/15/2021	68,617.50	43,779.35	28,269.03	2019	2020
01/15/2022	67,930.00	43,779.36	27,547.14	2020	2021
01/15/2023	67,187.50	43,779.36	26,767.52	2021	2022
01/15/2024	66,390.00	43,779.35	25,930.15	2022	2023
01/15/2025	70,510.00	43,779.35	30,256.15	2023	2024
01/15/2026	69,490.00	43,779.36	29,185.14	2024	2025
01/15/2027	68,380.00	43,779.35	28,019.65	2025	2026
01/15/2028	67,210.00	43,779.36	26,791.14	2026	2027
01/15/2029	70,980.00	43,779.35	30,749.65	2027	2028
01/15/2030	69,582.50	43,779.35	29,282.28	2028	2029
01/15/2031	68,120.00	43,779.35	27,746.65	2029	2030
01/15/2032	66,592.50	43,779.36	26,142.77	2030	2031
01/15/2033	-	43,779.36		2031	2032
01/15/2034	-	43,779.36		2032	2033
01/15/2035	-	43,779.35		2033	2034
01/15/2036	-	43,779.35		2034	2035
01/15/2037	-	43,779.35		2035	2036
<b>Total</b>	<b>\$1,039,807.28</b>	<b>\$875,587.10</b>	<b>\$435,107.31</b>		

\* Special Assessments total \$592,066 spread in even payments over 20 years at 4.00% (2.00% above bond rate). Special Assessments have been levied to reduce pledged sewer utility revenues for debt service.

CERTIFICATION OF MINUTES RELATING TO

\$9,860,000 GENERAL OBLIGATION BONDS, SERIES 2016A

Issuer: City of Lake Elmo, Minnesota

Governing Body: City Council

Kind, date, time and place of meeting: A regular meeting held on May 3, 2016 at 7:00 p.m. at the Issuer offices.

Members present:

Members absent:

Documents Attached:

Minutes of said meeting (pages):

RESOLUTION NO. 2016-28

RESOLUTION AUTHORIZING ISSUANCE AND SALE OF  
\$9,860,000 GENERAL OBLIGATION BONDS, SERIES 2016A

I, the undersigned, being the duly qualified and acting recording officer of the public corporation issuing the bonds referred to in the title of this certificate, certify that the documents attached hereto, as described above, have been carefully compared with the original records of said corporation in my legal custody, from which they have been transcribed; that said documents are a correct and complete transcript of the minutes of a meeting of the governing body of said corporation, and correct and complete copies of all resolutions and other actions taken and of all documents approved by the governing body at said meeting, so far as they relate to said bonds; and that said meeting was duly held by the governing body at the time and place and was attended throughout by the members indicated above, pursuant to call and notice of such meeting given as required by law.

WITNESS my hand officially as such recording officer on the 3rd day of May, 2016.

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City Administrator

Councilmember \_\_\_\_\_ introduced the following resolution and moved its adoption, which motion was seconded by Councilmember \_\_\_\_\_:

RESOLUTION NO. 2016-28

RESOLUTION AUTHORIZING ISSUANCE AND SALE OF  
\$9,860,000 GENERAL OBLIGATION BONDS, SERIES 2016A

BE IT RESOLVED by the City Council of the City of Lake Elmo, Minnesota (the “City”), as follows:

Section 1. Authorization; Purpose. It is hereby determined to be in the best interests of the City to issue its General Obligation Bonds, Series 2016A, in the approximate principal amount of \$9,860,000 (the “Bonds”), as authorized pursuant to Minnesota Statutes, Chapters 475, 444 and 429, for the purpose of (a) financing improvements in the City, (b) financing various water, sewer and storm water improvement in the City, and (c) funding costs of issuance of the Bonds.

Section 2. Notice of Sale. Northland Securities, Inc., municipal advisor to the City, has presented to this Council a form of Notice of Sale for the Bonds which is attached hereto and hereby approved and which shall be placed on file by the City Administrator. Each and all of the provisions of the Notice of Sale are hereby adopted as the terms and conditions of the Bonds and of the sale thereof. Northland Securities, Inc. is hereby authorized to solicit bids for the Bonds on behalf of the City on a competitive basis.

Section 3. Award and Sale. The City Council shall meet at the times and places shown in the Notice of Sale for the purpose of considering sealed bids for the purchase of the Bonds and of taking such action thereon as may be in the best interest of the City.

Upon vote being taken thereon, the following members voted in favor thereof:

and the following members voted against the same:

whereupon the resolution was declared duly passed and adopted.

## **NOTICE OF SALE**

\$9,860,000\*

GENERAL OBLIGATION BONDS, SERIES 2016A

CITY OF LAKE ELMO, MINNESOTA  
(Book-Entry Only)

NOTICE IS HEREBY GIVEN that these Bonds will be offered for sale according to the following terms:

### **TIME AND PLACE:**

Proposals will be opened by the City Finance Director, or designee, on Tuesday, May 17, 2016, at 10:30 A.M., CT, at the offices of Northland Securities, Inc., 45 South 7th Street, Suite 2000, Minneapolis, Minnesota 55402. Consideration of the Proposals for award of the sale will be by the City Council at its meeting at the City Offices beginning Tuesday, May 17, 2016 at 7:00 P.M., CT.

### **SUBMISSION OF PROPOSALS**

Proposals may be:

- a) submitted to the office of Northland Securities, Inc.,
- b) faxed to Northland Securities, Inc. at 612-851-5918,
- c) for proposals submitted prior to the sale, the final price and coupon rates may be submitted to Northland Securities, Inc. by telephone at 612-851-5900 or 612-851-4920, or
- d) submitted electronically.

Notice is hereby given that electronic proposals will be received via PARITY™, or its successor, in the manner described below, until 10:30 A.M., CT, on Tuesday, May 17, 2016. Proposals may be submitted electronically via PARITY™ or its successor, pursuant to this Notice until 10:30 A.M., CT, but no Proposal will be received after the time for receiving Proposals specified above. To the extent any instructions or directions set forth in PARITY™, or its successor, conflict with this Notice, the terms of this Notice shall control. For further information about PARITY™, or its successor, potential bidders may contact Northland Securities, Inc. or i-Deal® at 1359 Broadway, 2<sup>nd</sup> floor, New York, NY 10018, telephone 212-849-5021.

Neither the City nor Northland Securities, Inc. assumes any liability if there is a malfunction of PARITY™ or its successor. All bidders are advised that each Proposal shall be deemed to constitute a contract between the bidder and the City to purchase the Bonds regardless of the manner in which the Proposal is submitted.

### **BOOK-ENTRY SYSTEM**

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\* The City reserves the right to increase or decrease the principal amount of the Bonds. Any such increase or decrease will be made in multiples of \$5,000 and may be made in any maturity. If any maturity is adjusted, the purchase price will also be adjusted to maintain the same gross spread.

The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. The Bonds will be issued in fully registered form and one bond certificate, representing the aggregate principal amount of the Bonds maturing in each year, will be registered in the name of Cede & Co. as nominee of Depository Trust Company (“DTC”), New York, New York, which will act as securities depository of the Bonds.

Individual purchases of the Bonds may be made in the principal amount of \$5,000 or any multiple thereof of a single maturity through book entries made on the books and records of DTC and its participants. Principal and interest are payable by the City through Northland Trust Services, Inc., Minneapolis, Minnesota (the “Paying Agent/Registrar”), to DTC, or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants will be the responsibility of such participants and other nominees of beneficial owners. The successful bidder, as a condition of delivery of the Bonds, will be required to deposit the bond certificates with DTC. The City will pay reasonable and customary charges for the services of the Paying Agent/Registrar.

#### **DATE OF ORIGINAL ISSUE OF BONDS**

June 1, 2016

#### **AUTHORITY/PURPOSE/SECURITY**

The Bonds are being issued pursuant to Minnesota Statutes, Chapters 429, 444 and 475, as amended. Proceeds from issuance of the Bonds will be used to finance street, water, sewer and storm water improvement projects and to pay costs associated with issuance of the Bonds. The Bonds are payable from special assessments on benefitted properties, water, sewer and storm water revenues, and general ad valorem taxes on all taxable property within the City. The full faith and credit of the City is pledged to their payment and the City has validly obligated itself to levy ad valorem taxes in the event of any deficiency in the debt service account established for this issue.

#### **INTEREST PAYMENTS**

Interest is due semiannually on each January 15 and July 15, commencing January 15, 2017, to registered owners of the Bonds appearing of record in the Bond Register as of the close of business on the first day (whether or not a business day) of the calendar month of such interest payment date.

#### **MATURITIES**

Principal is due annually on January 15, inclusive, in each of the years and amounts as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2018	\$690,000	2023	\$730,000	2028	\$490,000
2019	695,000	2024	745,000	2029	500,000
2020	710,000	2025	755,000	2030	510,000
2021	710,000	2026	770,000	2031	520,000
2022	725,000	2027	780,000	2032	530,000

Proposals for the Bonds may contain a maturity schedule providing for any combination of serial bonds

and term bonds, subject to mandatory redemption, so long as the amount of principal maturing or subject to mandatory redemption in each year conforms to the maturity schedule set forth above.

### **INTEREST RATES**

All rates must be in integral multiples of 1/20th or 1/8th of 1%. *Rates must be in level or ascending order.* All Bonds of the same maturity must bear a single uniform rate from date of issue to maturity.

### **ADJUSTMENTS TO PRINCIPAL AMOUNT AFTER PROPOSALS**

The City reserves the right to increase or decrease the principal amount of the Bonds. Any such increase or decrease will be made in multiples of \$5,000 and may be made in any maturity. If any maturity is adjusted, the purchase price will also be adjusted to maintain the same gross spread. Such adjustments shall be made promptly after the sale and prior to the award of Proposals by the City and shall be at the sole discretion of the City. The successful bidder may not withdraw or modify its Proposal once submitted to the City for any reason, including post-sale adjustment. Any adjustment shall be conclusive and shall be binding upon the successful bidder.

### **OPTIONAL REDEMPTION**

Bonds maturing on January 15, 2025 through 2032 are subject to redemption and prepayment at the option of the City on January 15, 2024, and any date thereafter, at a price of par plus accrued interest. Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the maturities and principal amounts within each maturity to be redeemed shall be determined by the City and if only part of the Bonds having a common maturity date are called for prepayment, the specific Bonds to be prepaid shall be chosen by lot by the Bond Registrar.

### **CUSIP NUMBERS**

If the Bonds qualify for assignment of CUSIP numbers such numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the successful bidder thereof to accept delivery of and pay for the Bonds in accordance with terms of the purchase contract. The CUSIP Service Bureau charge for the assignment of CUSIP identification numbers shall be paid by the successful bidder.

### **DELIVERY**

Delivery of the Bonds will be within forty days after award, subject to an approving legal opinion by Dorsey & Whitney, LLP. The legal opinion will be paid by the City and delivery will be anywhere in the continental United States without cost to the successful bidder at DTC.

## **TYPE OF PROPOSAL**

Proposals of not less than \$9,761,400 (99.00%) and accrued interest on the principal sum of \$9,860,000 must be filed with the undersigned prior to the time of sale. Proposals must be unconditional except as to legality. Proposals for the Bonds should be delivered to Northland Securities, Inc. and addressed to:

Cathy Bendel, City Finance Director  
3800 Laverne Ave N.  
Lake Elmo, Minnesota 55042

A good faith deposit (the "Deposit") in the amount of \$197,200 in the form of a federal wire transfer (payable to the order of the City) is only required from the apparent winning bidder, and must be received within two hours after the time stated for the receipt of Proposals. The apparent winning bidder will receive notification of the wire instructions from the Municipal Advisor promptly after the sale. If the Deposit is not received from the apparent winning bidder in the time allotted, the City may choose to reject their Proposal and then proceed to offer the Bonds to the next lowest bidder based on the terms of their original proposal, so long as said bidder wires funds for the Deposit amount within two hours of said offer.

The City will retain the Deposit of the successful bidder, the amount of which will be deducted at settlement and no interest will accrue to the successful bidder. In the event the successful bidder fails to comply with the accepted Proposal, said amount will be retained by the City. No Proposal can be withdrawn after the time set for receiving Proposals unless the meeting of the City scheduled for award of the Bonds is adjourned, recessed, or continued to another date without award of the Bonds having been made.

## **AWARD**

The Bonds will be awarded on the basis of the lowest interest rate to be determined on a true interest cost (TIC) basis. The City's computation of the interest rate of each Proposal, in accordance with customary practice, will be controlling. In the event of a tie, the sale of the Bonds will be awarded by lot. The City will reserve the right to: (i) waive non-substantive informalities of any Proposal or of matters relating to the receipt of Proposals and award of the Bonds, (ii) reject all Proposals without cause, and (iii) reject any Proposal which the City determines to have failed to comply with the terms herein.

## **INFORMATION FROM SUCCESSFUL BIDDER**

The successful bidder will be required to provide, in a timely manner, certain information relating to the initial offering price of the Bonds necessary to compute the yield on the Bonds pursuant to the provisions of the Internal Revenue Code of 1986, as amended.

## **OFFICIAL STATEMENT**

By awarding the Bonds to any underwriter or underwriting syndicate submitting a Proposal therefor, the City agrees that, no more than seven business days after the date of such award, it shall provide to the senior managing underwriter of the syndicate to which the Bonds are awarded, the Final Official Statement in an electronic format as prescribed by the Municipal Securities Rulemaking Board (MSRB).

## **FULL CONTINUING DISCLOSURE UNDERTAKING**

The City will covenant in the resolution awarding the sale of the Bonds and in a Continuing Disclosure Undertaking to provide, or cause to be provided, annual financial information, including audited financial statements of the City, and notices of certain material events, as required by SEC Rule 15c2-12.

## **BANK QUALIFICATION**

The City will designate the Bonds as qualified tax-exempt obligations for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

## **BOND INSURANCE AT UNDERWRITER'S OPTION**

If the Bonds qualify for issuance of any policy of municipal bond insurance or commitment therefor at the option of the successful bidder, the purchase of any such insurance policy or the issuance of any such commitment shall be at the sole option and expense of the successful bidder of the Bonds. Any increase in the costs of issuance of the Bonds resulting from such purchase of insurance shall be paid by the successful bidder, except that, if the City has requested and received a rating on the Bonds from a rating agency, the City will pay that rating fee. Any other rating agency fees shall be the responsibility of the successful bidder. Failure of the municipal bond insurer to issue the policy after the Bonds have been awarded to the successful bidder shall not constitute cause for failure or refusal by the successful bidder to accept delivery on the Bonds.

The City reserves the right to reject any and all Proposals, to waive informalities and to adjourn the sale.

Dated: May 3, 2016

BY ORDER OF THE CITY COUNCIL

/s/ Cathy Bendel  
City Finance Director

Additional information may be obtained from:

Northland Securities, Inc.

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

Minneapolis, Minnesota 55402

Telephone No.: 612-851-5900

**MUNICIPAL ADVISORY SERVICE AGREEMENT  
BY AND BETWEEN  
THE CITY OF LAKE ELMO, MINNESOTA  
AND  
NORTHLAND SECURITIES, INC.**

This Agreement made and entered into by and between the City of Lake Elmo, Minnesota (hereinafter "City") and Northland Securities, Inc., of Minneapolis, Minnesota (hereinafter "NSI").

**WITNESSETH**

WHEREAS, the City desires to have NSI provide it with advice on the structure, terms, timing and other matters related to the issuance of the General Obligation Bonds, Series 2016A (the "Debt") serving in the role of municipal (financial) advisor, and

WHEREAS, NSI is a registered municipal advisor (registration # 866-00082-00), and

WHEREAS, the City and NSI are entering into this Agreement to define the municipal advisory relationship at the earliest opportunity related to the Debt, and

WHEREAS, NSI desires to furnish services to the City as hereinafter described,

NOW, THEREFORE, it is agreed by and between the parties as follows:

**SERVICES TO BE PROVIDED BY NSI**

NSI shall provide the City with services necessary to analyze, structure, offer for sale and close the Debt as follows:

**Planning and Development**

1. Meet with City officials and others as directed to define the scope and the objectives for the Debt.
2. Investigate and consider reasonably feasible financing alternatives.
3. Prepare materials needed to evaluate the material risks, potential benefits, structure and other characteristics of the recommended plan for the Debt, including issue structure, estimated debt service payments, projected revenues, method of issuance, bond rating, sale timing, and call provisions.
4. Prepare a schedule of events related to the issuance process.
5. Coordinate with bond counsel any actions needed to authorize the issuance of the Debt.
6. Attend meetings of the City Council and other project and bond issue related meetings as needed and as requested.

**Bond Sale**

1. Collect data and prepare preliminary official statement (POS).
2. Provide POS for review and approval by City.
3. Distribute the POS and bid form to prospective bidders.

4. Cause to be published the Official Notice of Sale if required by law.
5. Prepare and submit application for bond rating(s) and assist City with furnishing the rating agency(s) with any additional information required to conduct the rating review. Assist City with preparing and conducting rating call or other presentation.
6. Distribute offering materials to underwriters most likely to serve as syndicate managers to assure that bidding interest is established.
7. Assist the City in receiving the bids, compute the accuracy of the bids received, and recommend to the City the most favorable bid for award.
8. Coordinate with bond counsel the preparation of required contracts and resolutions.

#### **Post Sale Support**

1. Prepare final official statement and provide to underwriter for posting on EMMA.
2. Coordinate the bond issue closing including making all arrangements for bond printing, registration, and delivery.
3. Furnish to the City a complete transcript of the transaction, if not provided by bond counsel.
4. Assist, as requested by the City, with the investment of bond issue proceeds.

### **COMPENSATION**

For providing these services with respect to the Debt, NSI shall be paid a lump sum of \$27,500. The fee due to NSI shall be payable by the City upon the closing of the Bonds.

NSI agrees to pay the following expenses from its fee:

- Out-of-pocket expenses such as travel, long distance phone, and copy costs.
- Production and distribution of material to rating agencies and/or bond insurance companies.
- Preparation of the bond transcript.

The City agrees to pay for all other expenses related to the processing of the bond issue(s) including, but not limited to, the following:

- Engineering and/or architectural fees.
- Publication of legal notices.
- Bond counsel and local attorney fees.
- Fees for various debt certificates.
- The cost of printing Official Statements, if any.
- City staff expenses.
- Airfare and lodging expenses of one NSI official and City officials when and if traveling for rating agency presentations.
- Rating agency fees, if any.
- Bond insurance fees, if any.
- Accounting and other related fees.

It is expressly understood that there is no obligation on the part of the City under the terms of this Agreement to issue the Debt. If the Debt is not issued, NSI agrees to pay its own expenses and receive no fee for any services it has rendered.

**SUCCESSORS OR ASSIGNS**


The terms and provisions of this Agreement are binding upon and inure to the benefit of the City and NSI and their successors or assigns.

**TERM OF THIS AGREEMENT**

This Agreement may be terminated by thirty (30) days written notice by either the City or NSI and it shall terminate sixty (60) days following the closing date related to the issuance of the Debt.

Dated this 19<sup>th</sup> day of April, 2016.

**Northland Securities, Inc.**

By:   
John R. Fifield, Jr. - Senior Vice President

**City of Lake Elmo, Minnesota**

By: \_\_\_\_\_  
Its: \_\_\_\_\_