

REPORT / RECOMMENDATION



To: MAYOR AND COUNCIL

Agenda Item #: VI. B.

From: John Wallin, Finance Director

Action

Discussion

Date: August 5, 2013

Information

Subject: PUBLIC HEARING – Consider Issuance of General Obligation Capital Improvement Plan Bonds & Modification Of The Capital Improvement Plan, Resolution No. 2013-63

Action Requested:

Hold public hearing and adopt Resolution No. 2013-63 Adopting a Modification to the Five-Year Capital Improvement Plan and Approving the Issuance of General Obligation Bonds.

Information / Background:

Attached is the draft resolution and 2013 through 2018 Modification to the Five-Year Capital Improvement Plan for Capital Improvement Plan Financing Purposes as drafted by the City's Financial Advisor Ehlers and reviewed by the City's Bond Counsel Dorsey & Whitney. The purpose of this public hearing is to allow the City to issue General Obligation Capital Improvement Plan bonds to refinance the outstanding portion of the Housing and Redevelopment Authority's \$6,125,000 Public Project Revenue Bonds, Series 2009B, originally issued to finance a portion of the Public Works facility. The 2009B Bonds were issued as Build America Bonds to be reimbursed in part from the United States Treasury. The bonds become callable if the United States Treasury fails to make a cash subsidy payment to which the City is entitled and such failure is not caused by any action or inaction by the City. The IRS notified the City that the reimbursement for the August 1 bond payment would be reduced by the amount affected by sequester unless Congressional action changes the sequestration rate. The payment received from the United States Treasury for the August 1 reimbursement was reduced from the required amount.

Pursuant to Minnesota Statutes, Section 475.521 the City may issue bonds to finance capital expenditures under its capital improvement plan without election provided that, among other things, prior to issuing the bonds the City adopts the Plan after a public hearing thereon and publishes a notice of its intention to issue the bonds and the date and time of a hearing to obtain public comment on the matter. Other requirements of the CIP Bond process are included in the modified CIP document which is attached to this report. The notice of public hearing was published in the Edina Sun Current on July 18th.

The City has utilized CIP Bonds to refund the City Hall/Police Facility debt, to issue debt for the Fire Station and for \$14,000,000 of the Public Works facility.

Interest rates have become more volatile since this was first presented to the City Council. According to the pre-sale report the estimated savings from the refinancing would be about \$10,000 to \$15,000 per year over the remaining life of the bonds or total estimated savings of approximately \$202,000 which is about half of what was initially presented.

Attachment:

Resolution No. 2013-63 Adopting a Modification to the Five-Year Capital Improvement Plan and Approving the Issuance of General Obligation Bonds.

2013 through 2018 Modification to the Five-Year Capital Improvement Plan for Capital Improvement Plan Financing Purposes.

Ehler's Pre-sale Report



RESOLUTION NO. 2013-63

RESOLUTION ADOPTING A MODIFICATION TO THE FIVE-YEAR CAPITAL IMPROVEMENT PLAN AND APPROVING THE ISSUANCE OF GENERAL OBLIGATION BONDS

BE IT RESOLVED by the City Council of the City of Edina as follows:

1. The City Council has previously adopted a capital improvement plan (the "CIP") pursuant to Minnesota Statutes, Section 475.521, and a modification thereto. It has been proposed that the City Council adopt an additional modification to the CIP entitled "Modification to the Five-Year Capital Improvement Plan for the City of Edina, Minnesota Relating to the Acquisition and Renovation of the Public Works Facility" (the "CIP Modification"). The CIP Modification authorizes the issuance of general obligation bonds in the principal amount of up to \$6,000,000 (the "Bonds") to finance the acquisition of the portion of the City's public works and park maintenance facility that is leased by the Edina Housing and Redevelopment Authority (the "HRA") to the City, and the refunding of the HRA's Taxable Public Project Revenue Bonds (City of Edina Annual Appropriation Lease Obligations), Series 2009B. Pursuant to Minnesota Statutes, Section 475.521, the City Council held a public hearing on August 5, 2013 on the CIP Modification and the City's intention to issue the Bonds.

2. The CIP Modification is hereby adopted and the issuance of the Bonds is hereby approved, provided that if a petition requesting a vote on the issuance of the Bonds signed by voters equal to five percent of the votes cast in the City in the last general election is filed with the City Clerk within 30 days after the date hereof, the City may only issue the Bonds after obtaining the approval of a majority of the voters voting on the question of issuance of the Bonds.

Passed and adopted by the City Council on August 5, 2013.

ATTEST: _____

Debra A. Mangen, City Clerk

James B. Hovland, Mayor

STATE OF MINNESOTA)
COUNTY OF HENNEPIN)SS
CITY OF EDINA)

CERTIFICATE OF CITY CLERK

I, the undersigned duly appointed and acting City Clerk for the City of Edina do hereby certify that the attached and foregoing Resolution was duly adopted by the Edina City Council at its Regular Meeting of August 5, 2013, and as recorded in the Minutes of said Regular Meeting.

WITNESS my hand and seal of said City this ____ day of _____, 20__.

City Clerk



2013 through 2018

**Modification to the
Five-Year Capital Improvement Plan for Capital
Improvement Plan Financing Purposes**

City of Edina, Minnesota

Draft updated July 31, 2013

Prepared by:



City of Edina Staff

And

Ehlers & Associates, Inc.
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EHLERS
LEADERS IN PUBLIC FINANCE

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City of Edina

Modification to the Five-Year Capital Improvement Plan

2013 through 2018

I. INTRODUCTION

In 2003, the Minnesota State Legislature adopted a statute (Section 475.521, referred to herein as the “CIP Act”) that allows cities to issue municipal bonds under a capital improvement plan without the usual referendum requirement (except for the so-called “reverse referendum” described below). The CIP Act applies to capital improvements consisting of city halls, public works, and public safety facilities. The 2005 Legislature added towns to the meaning of a municipality and town halls and libraries to the meaning of a capital improvement under the CIP Act.

In 2007, the City of Edina, Minnesota (the “City”) issued \$5,910,000 G.O. Capital Improvement Plan Bonds to finance a new City fire station under the CIP Act. In 2009, the City issued \$14,000,000 G.O. Capital Improvement Plan Bonds to provide a portion of the financing for a new City public works building. In 2010, the City issued \$8,285,000 G.O. Capital Improvement Plan Bonds to acquire the City’s existing public City Hall/police facility originally constructed in 2002. This capital improvement plan is intended to supersede the previous plans for the City fire station, public works facility, and public City Hall/police facility.

Throughout this plan, the term “capital improvement” refers only to those improvements identified in the CIP Act, as summarized above. Capital expenditures for other public improvements in the City will be financed through other means, and are not governed by this plan.

II. PURPOSE

A capital improvement is a major expenditure of municipal funds for the acquisition or betterment to public lands, buildings, or other improvements used as a city hall, town hall, library, public safety, or public works facility, which has a useful life of 5 years or more. For the purposes of the CIP Act, capital improvements do not include light rail transit or related activities, parks, road/bridges, administrative buildings other than city or town hall, or land for those facilities. In meeting the requirements of the State CIP Act, the Capital Improvement Plan (“CIP”) is a document designed to anticipate capital improvement expenditures and schedule them over a five-year period so that they may be purchased in the most efficient and cost effective method possible. A CIP allows the

matching of expenditures with anticipated income. As potential expenditures are reviewed, the municipality considers the benefits, costs, alternatives and impact on operating expenditures.

The City believes the capital improvement process is an important element of responsible fiscal management. Major capital expenditures can be anticipated and coordinated so as to minimize potentially adverse financial impacts caused by the timing and magnitude of capital outlays. This coordination of capital expenditures is important to the City in achieving its goals of adequate physical assets and sound fiscal management. In these financially difficult times good planning is essential for the wise use of limited financial resources.

III. THE CAPITAL IMPROVEMENT PLANNING PROCESS

The process begins with analysis of the City's five-year capital improvement needs and funding sources. The City may solicit input from citizens and other governmental units at an early stage, if desired.

The City Council then directs staff or consultants to prepare a plan that sets forth the estimated schedule, timing and details of specific capital improvements by year, together with the estimated cost, the need for the improvement, and the sources of revenue for the improvement. The City Council then holds a public hearing on the CIP, with notice published not more than 30 days and not less than seven days for the hearing (except as described below). The Council may either approve the CIP immediately after the hearing, or based on input may make revisions and approve the CIP at a later meeting.

If the CIP calls for general obligation bonds to finance certain improvements, the City Council must follow an additional set of procedures. The Council must hold a public hearing regarding issuance of the bonds. Notice of such hearing must be published in the official newspaper of the municipality at least 14, but not more than 28 days prior to the date of the public hearing. In addition, the notice may be posted on the City's official web site. (The public hearings on the CIP and the bonds may be combined into a single hearing, in which case the notice requirements for bonds must be followed.)

The Council must approve the sale of CIP bonds by a 3/5ths vote of its membership. However, the bonds are subject to a so-called "reverse referendum:" if a petition signed by voters equal to at least five percent of the votes cast in the City in last general election is filed with the City Clerk within 30 days after the public hearing regarding the bonds, the bonds may not be issued unless approved by the voters (by a majority of those voting on the question). Further, the maximum debt service in any year on all outstanding CIP Bonds is .16% of the taxable market value of property in the City, using the market value for the taxes-payable year in which the bonds are issued.

After the CIP has been approved and bonds have been authorized, the City works with its financial advisor to prepare a bond sale and repayment schedule. Assuming no

petition for a referendum is filed, the bonds are sold, and when proceeds from the sale of the bonds (and any other identified revenue sources) become available, the expenditures for specified capital improvements can be made.

In subsequent years, the process is repeated as expenditures are completed and as new needs arise. Capital improvement planning looks five or more years into the future from the date of the CIP.

IV. PROJECT SUMMARY

The only capital improvement contemplated in this modification to the five-year plan (2013 through 2018) is the acquisition of a portion of the public works facility (the "Building"). The acquisition will occur through issuance of refunding bonds (referred to as the "CIP Bonds"). The Edina Housing and Redevelopment Authority ("HRA") issued its \$6,125,000 Taxable Public Project Revenue Bonds (City of Edina Annual Appropriation Lease Obligations), Series 2009B, (the "Series 2009B Bonds") to provide a portion of the financing to construct the Building. The City leases the Building from the HRA, paying lease payments equal to debt service on the Series 2009B Bonds.

The City has now determined to exercise its purchase option under the lease agreement with the HRA in order to acquire fee title to the Building and refund the Series 2009B Bonds. The City proposes to finance the acquisition through issuance of CIP Bonds under the CIP Act and this CIP. The proposed CIP Bonds would be issued in 2013, in a principal amount not to exceed \$6,000,000.

The expenditures to be undertaken with this CIP are limited to those listed above. All other foreseeable capital expenditures within the municipal government will come through other means.

The CIP Act requires the City Council to consider eight factors in preparing the CIP:

1. Condition of the City's existing infrastructure, including projected need for repair or replacement
2. Likely demand for the improvement
3. Estimated cost of the improvement
4. Available public resources
5. Level of overlapping debt in the City
6. Relative benefits and costs of alternative uses of funds
7. Operating costs of the proposed improvements

8. Alternatives for providing services most efficiently through shared facilities with other cities or local governments

The City has considered the eight points as they relate to the acquisition of the Building through issuance of CIP Bonds. The findings are as follows:

Conditions of City Infrastructure and Need for the Project

The Building currently exists, but the City has determined that it is financially prudent to acquire the facility from the HRA. Other than such acquisition, the City does not anticipate further repair or replacement of the Building in the 2013 through 2018 period.

Demand for Project

As noted above, the Building currently exists. Acquisition of the existing leased facility is prudent in order reduce City borrowing costs.

Estimated Cost of the Project

By issuing CIP Bonds that will refund the Series 2009B Bonds, the City expects to enjoy a net present value savings of 4% of the refunded debt service.

Availability of Public Resource

The CIP Bonds for acquisition of the Building would be paid with ad valorem taxes, as are the lease payments that currently secure the Series 2009B Bonds. However, the CIP Bonds will be additionally secured by the City's full faith and credit, which is expected to produce lower interest rates on the CIP Bonds compared to the Series 2009B Bonds.

Level of Overlapping Debt

| Taxing District | 2012/13 Taxable Net Tax Capacity | % in City | Total GO Debt | City's Proportionate Share |
|---|----------------------------------|-----------|----------------|----------------------------|
| Hennepin County | \$ 1,369,968,893 | 7.0033% | \$ 702,040,000 | \$ 49,165,967 |
| ISD No. 270 (Hopkins) | \$ 92,236,810 | 8.1319% | \$ 152,770,000 | \$ 12,423,104 |
| ISD No. 271 (Bloomington) | \$ 101,541,973 | 0.0034% | \$ 12,545,000 | \$ 427 |
| ISD No. 272 (Eden Prairie) | \$ 87,530,550 | 0.9885% | \$ 102,552,486 | \$ 1,013,731 |
| ISD No. 273 (Edina) | \$ 81,955,161 | 98.6867% | \$ 65,020,000 | \$ 64,166,092 |
| ISD No. 280 (Richfield) | \$ 34,868,448 | 19.2665% | \$ 50,925,000 | \$ 9,811,465 |
| ISD No. 283 (St. Louis Park) | \$ 50,597,172 | 0.0142% | \$ 41,165,000 | \$ 5,845 |
| Metropolitan Council | \$ 2,964,890,691 | 3.1692% | \$ 189,450,000 | \$ 6,004,049 |
| Three Rivers Park District | \$ 996,253,340 | 9.5400% | \$ 55,115,000 | \$ 5,257,971 |
| City's Share Total of Overlapping Debt | \$ | | | 147,848,652 |

Issuance of the CIP Bonds is not expected to affect the City's overall debt in any significant way, other than through lowering debt service costs.

Relative Costs and Benefits of Alternative Uses of the Funds

Refunding of the Series 2009B Bonds is expected to produce cost savings, which may free up revenues for alternative uses.

Operating Costs of the Proposed Improvements

The proposed refunding of the Series 2009B Bonds would reduce operating costs of the Building, to the extent current lease payments are converted to lower CIP Bond debt service payments. In other respects, no changes to operating costs are expected under this CIP.

Options for Shared Facilities with Other Cities or Local Government

The Building must meet the infrastructure maintenance needs of the entire community. In its current state, no excess capacity is available and serving other communities would necessitate an expansion which is not financially viable at this time. The City has contemplated options for sharing use with other local units of government, and will continue to explore possibilities as they arise.

V. FINANCING THE CAPITAL IMPROVEMENT PLAN

The total principal amount of requested expenditures under this Capital Improvement Plan is \$6,000,000. This amount represents the maximum principal amount of CIP Bonds that may be issued to refund the Series 2009B Bonds. Principal and interest on the CIP Bonds will be paid through a tax levy over the term of the CIP Bonds, further described in Appendix A.

In the financing of the Capital Improvement Plan, two significant statutory limitations apply.

1. Under Chapter 475, with few exceptions, municipalities cannot incur debt in excess of 3% of the assessor's estimated market value for the municipality. In the City, the estimated market value is \$8,955,431,000. Therefore, the total amount of applicable outstanding debt cannot exceed \$268,662,930. These values are for 2012/13 tax year. Including the proposed issue, the City has \$37,715,000 subject to the legal debt limit. As such, issuance of the CIP Bonds will be within the overall statutory debt limit for the City.
2. A separate limitation under the CIP Act is that, without referendum, the total amount of principal and interest in any one year on all CIP Bonds issued by the City debt cannot exceed 0.16% of the total estimated market value in the municipality. In the City, that maximum annual debt service amount is \$14,328,689.60 for the 2012/13 tax year ($\$8,955,431,000 \times .0016$). The annual principal and interest payment on the CIP Bonds proposed to be issued under this CIP plus the existing G.O. Capital Improvement Plan Bonds will average

approximately \$2,767,334. As such, debt service on the CIP Bonds will be well within the annual limits under the CIP Act.

Details regarding the proposed terms of the CIP Bonds under this CIP are shown in Appendix A. A schedule of events for approval of the CIP and issuance of the CIP Bonds is shown in Appendix B.

Continuation of the Capital Improvement Plan

This Capital Improvement Plan should be reviewed annually by the City Council using the process outlined in this Plan. It should review proposed expenditures, make priority decisions, and seek funding for those expenditures it deems necessary for the City. If deemed appropriate, the Council should prepare an update to this Plan.

APPENDIX A
PROPOSED CIP BOND ISSUE
Amount of issue size and annual debt service will vary:

| City of Edina, MN | |
|--|-----------------------|
| \$5,900,000 G.O. CIP Bonds, Dated: September 1, 2013 | |
| Proposed Current Refunding Tax Public Proj Rev Bonds (BABs), 2009A | |
| Assuming Current G.O. BQ "AAA" Market Rates | |
| Sources & Uses | |
| Dated 09/01/2013 Delivered 09/01/2013 | |
| Sources Of Funds | |
| Par Amount of Bonds | \$5,900,000.00 |
| Total Sources: | \$5,900,000.00 |
| Uses Of Funds | |
| Total Underwriter's Discount (1.000%) | 59,000.00 |
| Costs of Issuance | 55,000.00 |
| Deposit to Current Refunding Fund | 5,782,087.04 |
| Rounding Amount | 3,912.96 |
| Total Uses: | \$5,900,000.00 |

| Debt Service Schedule | | | | | |
|-----------------------------------|-----------------------|----------|-----------------------|-----------------------|--------------|
| Date | Principal | Coupon | Interest | Total P+I | Fiscal Total |
| 09/01/2013 | - | - | - | - | - |
| 02/01/2014 | 295,000.00 | 0.450% | 46,085.42 | 341,085.42 | 341,085.42 |
| 08/01/2014 | - | - | 54,638.75 | 54,638.75 | - |
| 02/01/2015 | 315,000.00 | 0.500% | 54,638.75 | 369,638.75 | 424,277.50 |
| 08/01/2015 | - | - | 53,851.25 | 53,851.25 | - |
| 02/01/2016 | 315,000.00 | 0.600% | 53,851.25 | 368,851.25 | 422,702.50 |
| 08/01/2016 | - | - | 52,906.25 | 52,906.25 | - |
| 02/01/2017 | 315,000.00 | 0.650% | 52,906.25 | 367,906.25 | 420,812.50 |
| 08/01/2017 | - | - | 51,567.50 | 51,567.50 | - |
| 02/01/2018 | 320,000.00 | 1.050% | 51,567.50 | 371,567.50 | 423,135.00 |
| 08/01/2018 | - | - | 49,887.50 | 49,887.50 | - |
| 02/01/2019 | 325,000.00 | 1.300% | 49,887.50 | 374,887.50 | 424,775.00 |
| 08/01/2019 | - | - | 47,775.00 | 47,775.00 | - |
| 02/01/2020 | 330,000.00 | 1.500% | 47,775.00 | 377,775.00 | 425,550.00 |
| 08/01/2020 | - | - | 45,300.00 | 45,300.00 | - |
| 02/01/2021 | 335,000.00 | 1.600% | 45,300.00 | 380,300.00 | 425,600.00 |
| 08/01/2021 | - | - | 42,285.00 | 42,285.00 | - |
| 02/01/2022 | 340,000.00 | 2.000% | 42,285.00 | 382,285.00 | 424,570.00 |
| 08/01/2022 | - | - | 38,885.00 | 38,885.00 | - |
| 02/01/2023 | 345,000.00 | 2.150% | 38,885.00 | 383,885.00 | 422,770.00 |
| 08/01/2023 | - | - | 35,176.25 | 35,176.25 | - |
| 02/01/2024 | 355,000.00 | 2.250% | 35,176.25 | 390,176.25 | 425,352.50 |
| 08/01/2024 | - | - | 31,182.50 | 31,182.50 | - |
| 02/01/2025 | 360,000.00 | 2.400% | 31,182.50 | 391,182.50 | 422,365.00 |
| 08/01/2025 | - | - | 26,862.50 | 26,862.50 | - |
| 02/01/2026 | 370,000.00 | 2.550% | 26,862.50 | 396,862.50 | 423,725.00 |
| 08/01/2026 | - | - | 22,145.00 | 22,145.00 | - |
| 02/01/2027 | 380,000.00 | 2.650% | 22,145.00 | 402,145.00 | 424,290.00 |
| 08/01/2027 | - | - | 17,110.00 | 17,110.00 | - |
| 02/01/2028 | 390,000.00 | 2.750% | 17,110.00 | 407,110.00 | 424,220.00 |
| 08/01/2028 | - | - | 11,747.50 | 11,747.50 | - |
| 02/01/2029 | 400,000.00 | 2.850% | 11,747.50 | 411,747.50 | 423,495.00 |
| 08/01/2029 | - | - | 6,047.50 | 6,047.50 | - |
| 02/01/2030 | 410,000.00 | 2.950% | 6,047.50 | 416,047.50 | 422,095.00 |
| Total | \$5,900,000.00 | - | \$1,220,820.42 | \$7,120,820.42 | - |
| Yield Statistics | | | | | |
| Bond Year Dollars | | | | | 552,313.33 |
| Average Life | | | | | 8.867 Years |
| Average Coupon | | | | | 2.3336697% |
| Net Interest Cost (NIC) | | | | | 2.4464517% |
| True Interest Cost (TIC) | | | | | 2.4360256% |
| Bond Yield for Arbitrage Purposes | | | | | 4.1809771% |
| All Inclusive Cost (AIC) | | | | | 2.5575357% |
| IRS Form 8038 | | | | | |
| Net Interest Cost | | | | | 2.3336697% |
| Weighted Average Maturity | | | | | 8.867 Years |

APPENDIX B

Pre-Sale Schedule dated July 31, 2013- SUBJECT TO CHANGE 5-Year City Capital Improvement Plan Bond Issuance and Refinancing of the HRA's Taxable Public Project Revenue Bonds, Series 2009B City of Edina, Minnesota

The City Council must take the following actions before Bonds can be issued:

- City Council directs completion of the 5-Year Capital Improvement Plan related to Chapter 475.
- City Council conducts a Public Hearing on issuance of General Obligation (G.O.) Capital Improvement Plan (CIP) Bonds and Capital Improvement Plan.
- City Council approves G.O. CIP Bonds and amended Capital Improvement Plan by at least a 3/5ths vote of the governing body membership.

The table below lists the steps in the issuing process:

| | |
|------------|---|
| 6/18/2013 | City Council adopts Resolution calling for Public Hearing on the Capital Improvement Plan and the issuance of G.O. CIP Bonds to refund the HRA's 2009B Taxable Public Project Revenue Bonds. |
| 7/11/2013 | Submit notice of public hearing on issuance of G.O. CIP Bonds and on Capital Improvement Plan amendment to Edina Sun Current (required one week prior to publication) |
| 7/18/2013 | Publish notice of public hearing on issuance of G.O. CIP Bonds and on Capital Improvement Plan amendment (publication no more than 28 days and no less than 14 days prior to hearing date). Additionally, notice may be posted on the City's official web site. |
| 8/1/2013 | Scheduled semiannual interest payment for 2009B Taxable Public Project Revenue Bonds. Submit material event notice of the sequester cut. |
| 8/5/2013 | City Council holds Public Hearing at 7:00 p.m. on G.O. CIP Bonds and on Capital Improvement Plan; adopts Resolution giving approval for their issuance and approving Capital Improvement Plan by at least a 3/5ths vote of the governing body membership. |
| 9/4/2013 | Reverse referendum period ends for issuance of G.O. CIP Bonds (30 days after the public hearing). |
| 9/17/2013 | Bond sale held, City Council accepts offer and adopts Resolution approving sale of G.O. CIP Bonds. HRA approves calling of Taxable Public Project Revenue Bonds (City of Edina Annual Appropriation Lease Obligations), Series 2009B. Submit material event notice of the City's intent to redeem 2009B Bonds in full. |
| 10/15/2013 | Receipt of funds occurs on or about this date. |
| 11/1/2013 | Payoff occurs on existing Taxable Public Project Revenue Bonds (City of Edina Annual Appropriation Lease Obligations), Series 2009B. |

City of Edina, MN

\$5,910,000 G.O. CIP Bonds, Dated: October 1, 2013

Proposed Current Refunding Tax Public Proj Rev Bonds (BABs), 2009A

Assuming Current Market BQ "AAA" Market Rates

Sources & Uses

Dated 10/01/2013 | Delivered 10/01/2013

Sources Of Funds

| | |
|---------------------|----------------|
| Par Amount of Bonds | \$5,910,000.00 |
|---------------------|----------------|

| | |
|----------------------|-----------------------|
| Total Sources | \$5,910,000.00 |
|----------------------|-----------------------|

Uses Of Funds

| | |
|---------------------------------------|-----------|
| Total Underwriter's Discount (1.000%) | 59,100.00 |
|---------------------------------------|-----------|

| | |
|-------------------|-----------|
| Costs of Issuance | 55,000.00 |
|-------------------|-----------|

| | |
|-----------------------------------|--------------|
| Deposit to Current Refunding Fund | 5,793,191.24 |
|-----------------------------------|--------------|

| | |
|-----------------|----------|
| Rounding Amount | 2,708.76 |
|-----------------|----------|

| | |
|-------------------|-----------------------|
| Total Uses | \$5,910,000.00 |
|-------------------|-----------------------|



City of Edina, MN

\$5,910,000 G.O. CIP Bonds, Dated: October 1, 2013

Proposed Current Refunding Tax Public Proj Rev Bonds (BABs), 2009A

Assuming Current Market BQ "AAA" Market Rates

Debt Service Schedule

| Date | Principal | Coupon | Interest | Total P+I | Fiscal Total |
|--------------|-----------------------|----------|-----------------------|-----------------------|--------------|
| 10/01/2013 | - | - | - | - | - |
| 02/01/2014 | 310,000.00 | 0.300% | 44,525.83 | 354,525.83 | 354,525.83 |
| 08/01/2014 | - | - | 66,323.75 | 66,323.75 | - |
| 02/01/2015 | 305,000.00 | 0.450% | 66,323.75 | 371,323.75 | 437,647.50 |
| 08/01/2015 | - | - | 65,637.50 | 65,637.50 | - |
| 02/01/2016 | 310,000.00 | 0.750% | 65,637.50 | 375,637.50 | 441,275.00 |
| 08/01/2016 | - | - | 64,475.00 | 64,475.00 | - |
| 02/01/2017 | 310,000.00 | 1.050% | 64,475.00 | 374,475.00 | 438,950.00 |
| 08/01/2017 | - | - | 62,847.50 | 62,847.50 | - |
| 02/01/2018 | 310,000.00 | 1.300% | 62,847.50 | 372,847.50 | 435,695.00 |
| 08/01/2018 | - | - | 60,832.50 | 60,832.50 | - |
| 02/01/2019 | 320,000.00 | 1.600% | 60,832.50 | 380,832.50 | 441,665.00 |
| 08/01/2019 | - | - | 58,272.50 | 58,272.50 | - |
| 02/01/2020 | 325,000.00 | 1.850% | 58,272.50 | 383,272.50 | 441,545.00 |
| 08/01/2020 | - | - | 55,266.25 | 55,266.25 | - |
| 02/01/2021 | 325,000.00 | 2.150% | 55,266.25 | 380,266.25 | 435,532.50 |
| 08/01/2021 | - | - | 51,772.50 | 51,772.50 | - |
| 02/01/2022 | 335,000.00 | 2.450% | 51,772.50 | 386,772.50 | 438,545.00 |
| 08/01/2022 | - | - | 47,668.75 | 47,668.75 | - |
| 02/01/2023 | 345,000.00 | 2.550% | 47,668.75 | 392,668.75 | 440,337.50 |
| 08/01/2023 | - | - | 43,270.00 | 43,270.00 | - |
| 02/01/2024 | 355,000.00 | 2.750% | 43,270.00 | 398,270.00 | 441,540.00 |
| 08/01/2024 | - | - | 38,388.75 | 38,388.75 | - |
| 02/01/2025 | 365,000.00 | 2.950% | 38,388.75 | 403,388.75 | 441,777.50 |
| 08/01/2025 | - | - | 33,005.00 | 33,005.00 | - |
| 02/01/2026 | 375,000.00 | 3.000% | 33,005.00 | 408,005.00 | 441,010.00 |
| 08/01/2026 | - | - | 27,380.00 | 27,380.00 | - |
| 02/01/2027 | 385,000.00 | 3.150% | 27,380.00 | 412,380.00 | 439,760.00 |
| 08/01/2027 | - | - | 21,316.25 | 21,316.25 | - |
| 02/01/2028 | 400,000.00 | 3.350% | 21,316.25 | 421,316.25 | 442,632.50 |
| 08/01/2028 | - | - | 14,616.25 | 14,616.25 | - |
| 02/01/2029 | 410,000.00 | 3.450% | 14,616.25 | 424,616.25 | 439,232.50 |
| 08/01/2029 | - | - | 7,543.75 | 7,543.75 | - |
| 02/01/2030 | 425,000.00 | 3.550% | 7,543.75 | 432,543.75 | 440,087.50 |
| Total | \$5,910,000.00 | - | \$1,481,758.33 | \$7,391,758.33 | - |

Yield Statistics

| | |
|-----------------------------------|-------------|
| Bond Year Dollars | \$52,295.00 |
| Average Life | 8.849 Years |
| Average Coupon | 2.8334608% |
| Net Interest Cost (NIC) | 2.9464735% |
| True Interest Cost (TIC) | 2.9287287% |
| Bond Yield for Arbitrage Purposes | 4.6737281% |
| All Inclusive Cost (AIC) | 3.0534901% |

IRS Form 8038

| | |
|---------------------------|-------------|
| Net Interest Cost | 2.8334608% |
| Weighted Average Maturity | 8.849 Years |

Proposed CR 2009B BABs as | SINGLE PURPOSE | 7/31/2013 | 8:22 AM

City of Edina, MN

\$5,910,000 G.O. CIP Bonds, Dated: October 1, 2013

Proposed Current Refunding Tax Public Proj Rev Bonds (BABs), 2009A

Assuming Current Market BQ "AAA" Market Rates

Debt Service Comparison

| Date | Total P+I | Net New D/S | Old Net D/S | Savings |
|--------------|-----------------------|-----------------------|-----------------------|---------------------|
| 02/01/2014 | 354,525.83 | 351,817.07 | 362,005.07 | 10,188.00 |
| 02/01/2015 | 437,647.50 | 437,647.50 | 454,008.38 | 16,360.88 |
| 02/01/2016 | 441,275.00 | 441,275.00 | 453,556.50 | 12,281.50 |
| 02/01/2017 | 438,950.00 | 438,950.00 | 451,913.50 | 12,963.50 |
| 02/01/2018 | 435,695.00 | 435,695.00 | 449,503.50 | 13,808.50 |
| 02/01/2019 | 441,665.00 | 441,665.00 | 451,492.26 | 9,827.26 |
| 02/01/2020 | 441,545.00 | 441,545.00 | 452,912.26 | 11,367.26 |
| 02/01/2021 | 435,532.50 | 435,532.50 | 448,341.00 | 12,808.50 |
| 02/01/2022 | 438,545.00 | 438,545.00 | 453,103.50 | 14,558.50 |
| 02/01/2023 | 440,337.50 | 440,337.50 | 452,164.00 | 11,826.50 |
| 02/01/2024 | 441,540.00 | 441,540.00 | 450,672.00 | 9,132.00 |
| 02/01/2025 | 441,777.50 | 441,777.50 | 453,387.00 | 11,609.50 |
| 02/01/2026 | 441,010.00 | 441,010.00 | 450,338.26 | 9,328.26 |
| 02/01/2027 | 439,760.00 | 439,760.00 | 451,688.26 | 11,928.26 |
| 02/01/2028 | 442,632.50 | 442,632.50 | 452,238.76 | 9,606.26 |
| 02/01/2029 | 439,232.50 | 439,232.50 | 452,233.50 | 13,001.00 |
| 02/01/2030 | 440,087.50 | 440,087.50 | 451,399.50 | 11,312.00 |
| Total | \$7,391,758.33 | \$7,389,049.57 | \$7,590,957.25 | \$201,907.68 |

PV Analysis Summary (Net to Net)

| | |
|--|--------------|
| Gross PV Debt Service Savings..... | 907,146.05 |
| Effects of changes in Credit Enhancement Expenses. | (764,162.54) |
| Net PV Cashflow Savings @ 4.674%(Bond Yield)..... | 142,983.51 |
| Contingency or Rounding Amount..... | 2,708.76 |
| Net Present Value Benefit | \$145,692.27 |
| Net PV Benefit / \$6,052,983.51 PV Refunded Debt Service | 2.407% |
| Net PV Benefit / \$5,735,000 Refunded Principal... | 2.540% |
| Net PV Benefit / \$5,910,000 Refunding Principal.. | 2.465% |

Refunding Bond Information

| | |
|-------------------------|------------|
| Refunding Dated Date | 10/01/2013 |
| Refunding Delivery Date | 10/01/2013 |

City of Edina, MN

\$5,910,000 G.O. CIP Bonds, Dated: October 1, 2013

Proposed Current Refunding Tax Public Proj Rev Bonds (BABs), 2009A

Assuming Current Market BQ "AAA" Market Rates

Current Refunding Escrow

| Date | Rate | Receipts | Disbursements | Cash Balance |
|--------------|------|-----------------------|-----------------------|--------------|
| 10/01/2013 | - | 5,793,191.24 | - | 5,793,191.24 |
| 10/15/2013 | - | - | 5,793,191.24 | - |
| Total | - | \$5,793,191.24 | \$5,793,191.24 | - |

Investment Parameters

| | |
|---|----------------|
| Investment Model [PV, GIC, or Securities] | Securities |
| Default investment yield target | Unrestricted |
| Cash Deposit | 5,793,191.24 |
| Total Cost of Investments | \$5,793,191.24 |
| Target Cost of Investments at bond yield | \$5,782,792.25 |
| Actual positive or (negative) arbitrage | (10,398.99) |
| Yield to Receipt | - |
| Yield for Arbitrage Purposes | 4.6737281% |

City of Edina, MN

\$5,735,000 Taxable Lease Revenue Bonds, Series 2009B

Build America Bonds - Direct Payment

Prior Original Debt Service

| Date | Principal | Coupon | Interest | LOC | Total P+I | Fiscal Total |
|--------------|-----------------------|----------|-----------------------|---------------------|-----------------------|--------------|
| 08/01/2013 | - | - | - | - | - | - |
| 02/01/2014 | 270,000.00 | 2.850% | 141,546.25 | (49,541.18) | 362,005.07 | 362,005.07 |
| 08/01/2014 | - | - | 137,698.75 | (48,194.56) | 89,504.19 | - |
| 02/01/2015 | 275,000.00 | 3.050% | 137,698.75 | (48,194.56) | 364,504.19 | 454,008.38 |
| 08/01/2015 | - | - | 133,505.00 | (46,726.75) | 86,778.25 | - |
| 02/01/2016 | 280,000.00 | 3.650% | 133,505.00 | (46,726.75) | 366,778.25 | 453,556.50 |
| 08/01/2016 | - | - | 128,395.00 | (44,938.25) | 83,456.75 | - |
| 02/01/2017 | 285,000.00 | 4.000% | 128,395.00 | (44,938.25) | 368,456.75 | 451,913.50 |
| 08/01/2017 | - | - | 122,695.00 | (42,943.25) | 79,751.75 | - |
| 02/01/2018 | 290,000.00 | 4.250% | 122,695.00 | (42,943.25) | 369,751.75 | 449,503.50 |
| 08/01/2018 | - | - | 116,532.50 | (40,786.37) | 75,746.13 | - |
| 02/01/2019 | 300,000.00 | 4.400% | 116,532.50 | (40,786.37) | 375,746.13 | 451,492.26 |
| 08/01/2019 | - | - | 109,932.50 | (38,476.37) | 71,456.13 | - |
| 02/01/2020 | 310,000.00 | 4.750% | 109,932.50 | (38,476.37) | 381,456.13 | 452,912.26 |
| 08/01/2020 | - | - | 102,570.00 | (35,899.50) | 66,670.50 | - |
| 02/01/2021 | 315,000.00 | 5.000% | 102,570.00 | (35,899.50) | 381,670.50 | 448,341.00 |
| 08/01/2021 | - | - | 94,695.00 | (33,143.25) | 61,551.75 | - |
| 02/01/2022 | 330,000.00 | 5.100% | 94,695.00 | (33,143.25) | 391,551.75 | 453,103.50 |
| 08/01/2022 | - | - | 86,280.00 | (30,198.00) | 56,082.00 | - |
| 02/01/2023 | 340,000.00 | 5.200% | 86,280.00 | (30,198.00) | 396,082.00 | 452,164.00 |
| 08/01/2023 | - | - | 77,440.00 | (27,104.00) | 50,336.00 | - |
| 02/01/2024 | 350,000.00 | 5.400% | 77,440.00 | (27,104.00) | 400,336.00 | 450,672.00 |
| 08/01/2024 | - | - | 67,990.00 | (23,796.50) | 44,193.50 | - |
| 02/01/2025 | 365,000.00 | 5.500% | 67,990.00 | (23,796.50) | 409,193.50 | 453,387.00 |
| 08/01/2025 | - | - | 57,952.50 | (20,283.37) | 37,669.13 | - |
| 02/01/2026 | 375,000.00 | 5.600% | 57,952.50 | (20,283.37) | 412,669.13 | 450,338.26 |
| 08/01/2026 | - | - | 47,452.50 | (16,608.37) | 30,844.13 | - |
| 02/01/2027 | 390,000.00 | 5.700% | 47,452.50 | (16,608.37) | 420,844.13 | 451,688.26 |
| 08/01/2027 | - | - | 36,337.50 | (12,718.12) | 23,619.38 | - |
| 02/01/2028 | 405,000.00 | 5.700% | 36,337.50 | (12,718.12) | 428,619.38 | 452,238.76 |
| 08/01/2028 | - | - | 24,795.00 | (8,678.25) | 16,116.75 | - |
| 02/01/2029 | 420,000.00 | 5.800% | 24,795.00 | (8,678.25) | 436,116.75 | 452,233.50 |
| 08/01/2029 | - | - | 12,615.00 | (4,415.25) | 8,199.75 | - |
| 02/01/2030 | 435,000.00 | 5.800% | 12,615.00 | (4,415.25) | 443,199.75 | 451,399.50 |
| Total | \$5,735,000.00 | - | \$2,855,318.75 | (999,361.50) | \$7,590,957.25 | - |

Yield Statistics

| | |
|---|-------------|
| Base date for Avg. Life & Avg. Coupon Calculation | 10/01/2013 |
| Average Life | 9.074 Years |
| Average Coupon | 5.3959392% |
| Weighted Average Maturity (Par Basis) | 9.074 Years |

Refunding Bond Information

| | |
|-------------------------|------------|
| Refunding Dated Date | 10/01/2013 |
| Refunding Delivery Date | 10/01/2013 |

City of Edina, MN

\$5,735,000 Taxable Lease Revenue Bonds, Series 2009B

Build America Bonds - Direct Payment

Debt Service To Maturity And To Call

| Date | Refunded Bonds | Refunded Interest | D/S To Call | Principal | Coupon | Interest | Refunded D/S |
|--------------|-----------------------|--------------------|-----------------------|-----------------------|----------|-----------------------|-----------------------|
| 10/01/2013 | - | - | - | - | - | - | - |
| 10/15/2013 | 5,735,000.00 | 58,191.24 | 5,793,191.24 | - | - | - | - |
| 02/01/2014 | - | - | - | 270,000.00 | 2.850% | 141,546.25 | 411,546.25 |
| 08/01/2014 | - | - | - | - | - | 137,698.75 | 137,698.75 |
| 02/01/2015 | - | - | - | 275,000.00 | 3.050% | 137,698.75 | 412,698.75 |
| 08/01/2015 | - | - | - | - | - | 133,505.00 | 133,505.00 |
| 02/01/2016 | - | - | - | 280,000.00 | 3.650% | 133,505.00 | 413,505.00 |
| 08/01/2016 | - | - | - | - | - | 128,395.00 | 128,395.00 |
| 02/01/2017 | - | - | - | 285,000.00 | 4.000% | 128,395.00 | 413,395.00 |
| 08/01/2017 | - | - | - | - | - | 122,695.00 | 122,695.00 |
| 02/01/2018 | - | - | - | 290,000.00 | 4.250% | 122,695.00 | 412,695.00 |
| 08/01/2018 | - | - | - | - | - | 116,532.50 | 116,532.50 |
| 02/01/2019 | - | - | - | 300,000.00 | 4.400% | 116,532.50 | 416,532.50 |
| 08/01/2019 | - | - | - | - | - | 109,932.50 | 109,932.50 |
| 02/01/2020 | - | - | - | 310,000.00 | 4.750% | 109,932.50 | 419,932.50 |
| 08/01/2020 | - | - | - | - | - | 102,570.00 | 102,570.00 |
| 02/01/2021 | - | - | - | 315,000.00 | 5.000% | 102,570.00 | 417,570.00 |
| 08/01/2021 | - | - | - | - | - | 94,695.00 | 94,695.00 |
| 02/01/2022 | - | - | - | 330,000.00 | 5.100% | 94,695.00 | 424,695.00 |
| 08/01/2022 | - | - | - | - | - | 86,280.00 | 86,280.00 |
| 02/01/2023 | - | - | - | 340,000.00 | 5.200% | 86,280.00 | 426,280.00 |
| 08/01/2023 | - | - | - | - | - | 77,440.00 | 77,440.00 |
| 02/01/2024 | - | - | - | 350,000.00 | 5.400% | 77,440.00 | 427,440.00 |
| 08/01/2024 | - | - | - | - | - | 67,990.00 | 67,990.00 |
| 02/01/2025 | - | - | - | 365,000.00 | 5.500% | 67,990.00 | 432,990.00 |
| 08/01/2025 | - | - | - | - | - | 57,952.50 | 57,952.50 |
| 02/01/2026 | - | - | - | 375,000.00 | 5.600% | 57,952.50 | 432,952.50 |
| 08/01/2026 | - | - | - | - | - | 47,452.50 | 47,452.50 |
| 02/01/2027 | - | - | - | 390,000.00 | 5.700% | 47,452.50 | 437,452.50 |
| 08/01/2027 | - | - | - | - | - | 36,337.50 | 36,337.50 |
| 02/01/2028 | - | - | - | 405,000.00 | 5.700% | 36,337.50 | 441,337.50 |
| 08/01/2028 | - | - | - | - | - | 24,795.00 | 24,795.00 |
| 02/01/2029 | - | - | - | 420,000.00 | 5.800% | 24,795.00 | 444,795.00 |
| 08/01/2029 | - | - | - | - | - | 12,615.00 | 12,615.00 |
| 02/01/2030 | - | - | - | 435,000.00 | 5.800% | 12,615.00 | 447,615.00 |
| Total | \$5,735,000.00 | \$58,191.24 | \$5,793,191.24 | \$5,735,000.00 | - | \$2,855,318.75 | \$8,590,318.75 |

Yield Statistics

| | |
|---|-------------|
| Base date for Avg. Life & Avg. Coupon Calculation | 10/01/2013 |
| Average Life | 9.074 Years |
| Average Coupon | 5.4866013% |
| Weighted Average Maturity (Par Basis) | 9.074 Years |

Refunding Bond Information

| | |
|-------------------------|------------|
| Refunding Dated Date | 10/01/2013 |
| Refunding Delivery Date | 10/01/2013 |