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August 21, 2023

PRE-SALE REPORT FOR

City of Maple Grove, Minnesota

**\$6,960,000 General Obligation
Improvement Bonds, Series 2023A**



Prepared by:

Ehlers
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Advisors:

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BUILDING COMMUNITIES. IT'S WHAT WE DO.

EXECUTIVE SUMMARY OF PROPOSED DEBT

Proposed Issue:

\$6,960,000 General Obligation Improvement Bonds, Series 2023A

Purposes:

To finance the 2023 road and utility reconstruction projects including (i) Buena Vista Terrace and Eagle Lake Trails Area, and (ii) Copper Marsh and Hidden Meadows Area. Debt service will be paid from special assessments and property taxes.

Authority.

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

- 429
- 475

Because the City is assessing at least 20% of the project costs, the Bonds can be a general obligation without a referendum and will not count against the City's debt limit. The City intends to levy a total of \$3,420,300 in special assessments to benefitting property owners. The special assessments are levied over a 20-year term and will be collected in years 2024 to 2044 at a rate of 5.25%. Annual assessments will be paid on an equal principal and interest basis.

The collection of special assessments extends beyond the final maturity of the Bonds. Any remaining unpaid special assessments after the final payment on the Bonds will be deposited into the City's Road Reconstruction Fund, consistent with City policy. 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 16 years (15 years of principal payments). Principal on the Bonds will be due on February 1 in the years 2025 through 2039. Interest is payable every six months beginning August 1, 2024.

The Bonds will be subject to prepayment at the discretion of the City on February 1, 2031 or any date thereafter.

Bank Qualification:

Because the City is expecting to issue no more than \$10,000,000 in tax exempt debt during the calendar year, the City will be able to designate the Bonds as "bank qualified" obligations.

Bank qualified status broadens the market for the Bonds, which can result in lower interest rates.

Rating:

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

Basis for Recommendation:

Based on 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. You will solicit competitive bids, which we will compile on your behalf, for the purchase of the Bonds from underwriters and banks.

An allowance for discount bidding will be incorporated 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 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.

An Ehlers arbitrage expert will contact the City within 30 days after the sale date to review the City's specific responsibilities for the Bonds. The City is currently receiving arbitrage services from Ehlers in relation to the Bonds.

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 and needed to redeem the refunded obligations.

Risk Factors:

Special Assessments: We have not assumed any pre-paid special assessments and we have assumed that assessments will be levied as projected. If the City receives a significant amount of pre-paid assessments or does not levy the assessments, it may need to increase the levy portion of the debt service to make up for lower interest earnings than the expected assessment interest rate.

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:	August 21, 2023
Distribute Official Statement:	Week of September 4, 2023
Conference with Rating Agency and Due Diligence Call to Review Official Statement:	Week of September 11th
City Council Meeting to Award Sale of the Bonds:	September 18, 2023
Estimated Closing Date:	October 10, 2023

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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City of Maple Grove, Minnesota

\$6,960,000 General Obligation Improvement Bonds, Series 2023A
Assuming Current GO BQ "AAA" Market Rates + 50 Bps
15 Years

Sources & Uses

Dated 10/05/2023 | Delivered 10/05/2023

Sources Of Funds

Par Amount of Bonds	\$6,960,000.00
Cash Contribution	5,776,993.00
Total Sources	\$12,736,993.00

Uses Of Funds

Total Underwriter's Discount (1.250%)	87,000.00
Costs of Issuance	74,700.00
Deposit to Project Construction Fund	12,573,957.00
Rounding Amount	1,336.00
Total Uses	\$12,736,993.00



City of Maple Grove, Minnesota

\$6,960,000 General Obligation Improvement Bonds, Series 2023A

Assuming Current GO BQ "AAA" Market Rates + 50 Bps

15 Years

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
10/05/2023	-	-	-	-	-
08/01/2024	-	-	201,173.11	201,173.11	-
02/01/2025	290,000.00	3.550%	122,335.00	412,335.00	613,508.11
08/01/2025	-	-	117,187.50	117,187.50	-
02/01/2026	380,000.00	3.500%	117,187.50	497,187.50	614,375.00
08/01/2026	-	-	110,537.50	110,537.50	-
02/01/2027	395,000.00	3.350%	110,537.50	505,537.50	616,075.00
08/01/2027	-	-	103,921.25	103,921.25	-
02/01/2028	405,000.00	3.250%	103,921.25	508,921.25	612,842.50
08/01/2028	-	-	97,340.00	97,340.00	-
02/01/2029	420,000.00	3.250%	97,340.00	517,340.00	614,680.00
08/01/2029	-	-	90,515.00	90,515.00	-
02/01/2030	435,000.00	3.200%	90,515.00	525,515.00	616,030.00
08/01/2030	-	-	83,555.00	83,555.00	-
02/01/2031	450,000.00	3.200%	83,555.00	533,555.00	617,110.00
08/01/2031	-	-	76,355.00	76,355.00	-
02/01/2032	465,000.00	3.200%	76,355.00	541,355.00	617,710.00
08/01/2032	-	-	68,915.00	68,915.00	-
02/01/2033	480,000.00	3.200%	68,915.00	548,915.00	617,830.00
08/01/2033	-	-	61,235.00	61,235.00	-
02/01/2034	495,000.00	3.450%	61,235.00	556,235.00	617,470.00
08/01/2034	-	-	52,696.25	52,696.25	-
02/01/2035	510,000.00	3.550%	52,696.25	562,696.25	615,392.50
08/01/2035	-	-	43,643.75	43,643.75	-
02/01/2036	530,000.00	3.700%	43,643.75	573,643.75	617,287.50
08/01/2036	-	-	33,838.75	33,838.75	-
02/01/2037	545,000.00	3.850%	33,838.75	578,838.75	612,677.50
08/01/2037	-	-	23,347.50	23,347.50	-
02/01/2038	570,000.00	4.000%	23,347.50	593,347.50	616,695.00
08/01/2038	-	-	11,947.50	11,947.50	-
02/01/2039	590,000.00	4.050%	11,947.50	601,947.50	613,895.00
Total	\$6,960,000.00	-	\$2,273,578.11	\$9,233,578.11	-

Yield Statistics

Bond Year Dollars	\$62,832.67
Average Life	9.028 Years
Average Coupon	3.6184651%
Net Interest Cost (NIC)	3.7569281%
True Interest Cost (TIC)	3.7686330%
Bond Yield for Arbitrage Purposes	3.5994501%
All Inclusive Cost (AIC)	3.9162954%

IRS Form 8038

Net Interest Cost	3.6184651%
Weighted Average Maturity	9.028 Years

City of Maple Grove, Minnesota

\$3,420,000 General Obligation Improvement Bonds, Series 2023A

Assessments - 20 years - Fixed Amount

Fixed Rate - Equal Principal & Interest Payments

Assessments

Date	Principal	Coupon	Interest	Total P+I
12/31/2024	100,726.81	5.250%	179,550.00	280,276.81
12/31/2025	106,014.97	5.250%	174,261.84	280,276.81
12/31/2026	111,580.75	5.250%	168,696.06	280,276.81
12/31/2027	117,438.74	5.250%	162,838.07	280,276.81
12/31/2028	123,604.27	5.250%	156,672.53	280,276.80
12/31/2029	130,093.50	5.250%	150,183.31	280,276.81
12/31/2030	136,923.41	5.250%	143,353.40	280,276.81
12/31/2031	144,111.89	5.250%	136,164.92	280,276.81
12/31/2032	151,677.76	5.250%	128,599.05	280,276.81
12/31/2033	159,640.84	5.250%	120,635.96	280,276.80
12/31/2034	168,021.99	5.250%	112,254.82	280,276.81
12/31/2035	176,843.14	5.250%	103,433.67	280,276.81
12/31/2036	186,127.41	5.250%	94,149.40	280,276.81
12/31/2037	195,899.10	5.250%	84,377.71	280,276.81
12/31/2038	206,183.80	5.250%	74,093.01	280,276.81
12/31/2039	217,008.45	5.250%	63,268.36	280,276.81
12/31/2040	228,401.39	5.250%	51,875.42	280,276.81
12/31/2041	240,392.46	5.250%	39,884.34	280,276.80
12/31/2042	253,013.07	5.250%	27,263.74	280,276.81
12/31/2043	266,296.25	5.250%	13,980.55	280,276.80
Total	\$3,420,000.00	-	\$2,185,536.16	\$5,605,536.16

Significant Dates

Filing Date	1/01/2024
First Payment Date	12/31/2024

City of Maple Grove, Minnesota

\$6,960,000 General Obligation Improvement Bonds, Series 2023A
Assuming Current GO BQ "AAA" Market Rates + 50 Bps
15 Years

Detail Costs Of Issuance

Dated 10/05/2023 | Delivered 10/05/2023

COSTS OF ISSUANCE DETAIL

Municipal Advisor	\$34,200.00
Bond Counsel	\$20,000.00
Rating Agency Fee	\$19,500.00
Paying Agent	\$1,000.00
TOTAL	\$74,700.00