

City of Blaine, Minnesota

Recommendations for Issuance of Bonds

\$ 3,420,000 General Obligation Bonds, Series 2014A

The Council has under consideration the issuance of bonds to finance (i) four street improvement projects, supported in part with special assessments (the "Special Assessment Portion") and (ii) two street reconstruction projects, supported primarily by tax levies (the "Street Reconstruction Portion"). The Bonds have been structured to reflect the specific objectives and statutory authority of each purpose. This document provides information relative to the proposed issuance. Complete bidder information will be provided in a separate document.

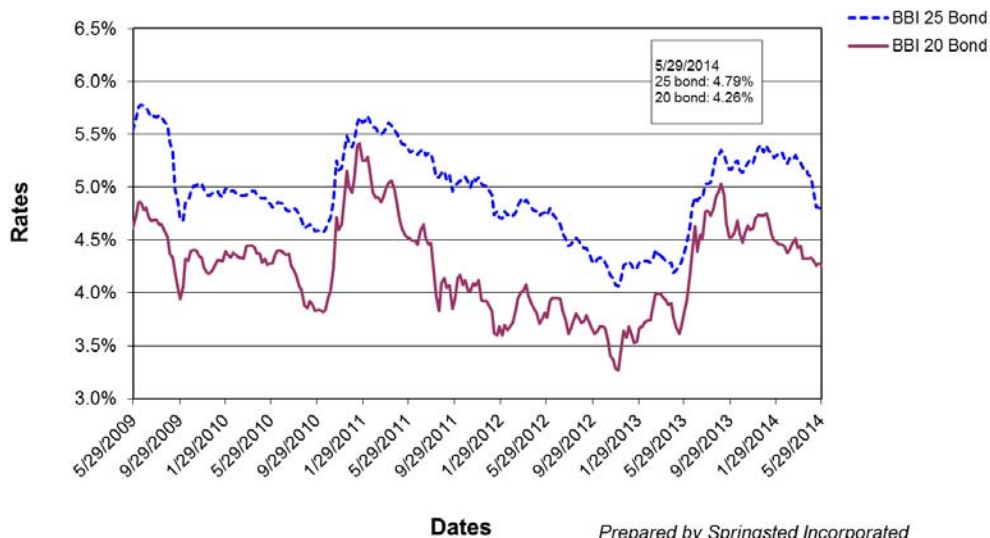
KEY EVENTS: The following summary schedule includes the timing of some of the key events that will occur relative to the bond issuance.

June 5, 2014	Council set sale date and terms
Week of June 30, 2014	Rating conference conducted
July 10, 2014, 10:00 a.m.	Competitive proposals are received
July 10, 2014, 7:30 p.m.	Council considers award of bonds
Early August 2014	Proceeds are received

RATING: The City's general obligation debt is currently rated "Aa1" by Moody's Investors Service. The City has not yet determined if it will request a rating on the Bonds from Moody's or Standard and Poor's.

THE MARKET: Performance of the tax-exempt market is often measured by the Bond Buyer's Index ("BBI") which measures the yield of high grade municipal bonds in the 20th maturity year for general obligation bonds and the 25th maturity year for revenue bonds. The following chart illustrates these two indices over the past five years.

BBI 25-bond (Revenue) and 20-bond (G.O.) Rates for 5 Years Ending 5/29/2014



Prepared by Springsted Incorporated

POST ISSUANCE COMPLIANCE:

The issuance of the Bonds will result in post-issuance compliance responsibilities. The responsibilities are in two primary areas: i) compliance with federal arbitrage requirements and ii) compliance with secondary disclosure requirements.

Federal arbitrage requirements include a wide range of implications that have been taken into account as your issue has been structured. Post-issuance compliance responsibilities for your tax-exempt issue include both rebate and yield restriction provisions of the IRS Code. In very general terms the arbitrage requirements control the earnings on unexpended bond proceeds, including investment earnings, moneys held for debt service payments (which are considered to be proceeds under the IRS regulations), and/or reserves. There is an exemption from rebate for a municipality that issues \$5 million or less of tax-exempt obligations in a calendar year. Since the City does not expect to issue more than \$5 million of tax-exempt obligations in 2014, this issue will be exempt from rebate. Yield restriction provisions will still apply to the debt service fund and any proceeds that remain unspent after three years and these funds should be monitored throughout the life of the issue.

Secondary disclosure requirements result from an SEC requirement that underwriters provide ongoing disclosure information to investors. To meet this requirement, the underwriter will require the City to commit to providing the information needed to comply under a continuing disclosure agreement.

Springsted currently provides arbitrage and continuing disclosure compliance services to the City under separate contracts. Contract amendments adding this issue will be provided to City staff.

SUPPLEMENTAL INFORMATION AND BOND RECORD:

Supplementary information will be available to staff including detailed terms and conditions of sale, comprehensive structuring schedules and information to assist in meeting post-issuance compliance responsibilities.

Upon completion of the financing, a bond record will be provided that contains pertinent documents and final debt service calculations for the transaction.

RISKS/SPECIAL CONSIDERATIONS:

The outcome of this financing will rely on the market conditions at the time of the sale. Any projections included herein are estimates based on current market conditions.

SCHEDULES ATTACHED:

Schedules attached for the Bonds include sources and uses of funds, estimated net levy requirements for the Bonds as a whole and by purpose, given the current interest rate environment, and details of the projected future assessment income streams.

SALE TERMS AND MARKETING:

Variability of Issue Size: A specific provision in the sale terms permits modifications to the issue sizes and/or maturity structure to customize the issue once the price and interest rates are set on the day of sale. Any excess premium and/or unused underwriter discount received on the day of sale will be used to reduce the principal amount of the Bonds.

Prepayment Provisions: The Bonds maturing on or after February 1, 2023 may be prepaid at a price of par plus accrued interest on or after February 1, 2022.

Bank Qualification: The City does not expect to issue more than \$10 million in tax-exempt obligations that count against its \$10 million limit for this calendar year; therefore, the Bonds will be designated as bank qualified.

\$2,420,000 Special Assessment Portion

Description of Purpose

PURPOSE: The proceeds of the Special Assessment Portion, along with \$175,080 of prepayments of assessments, will be used to finance the construction of four street projects, whereby more than 20% of the project costs will be assessed to benefitted properties.

AUTHORITY: Statutory Authority: The Special Assessment Portion is being issued pursuant to Minnesota Statutes, Chapters 429 and 475.

Statutory Requirements: In order to issue debt under Minnesota Statutes, Chapters 429, the projects must be at least 20% assessed.

SECURITY AND SOURCE OF PAYMENT: The Special Assessment Portion will be general obligations of the City, secured by its full faith and credit and taxing power. In addition the City will pledge special assessments filed against benefitted properties.

Special assessments have or are expected to be filed with equal annual payments of principal as follows:

Project	Assessment Amount	Term (Years)	First Year of Collection	Assessment Rate
12-19 93rd Lane Ind Park-P2	\$ 402,658.40	10	2015	4.50%
13-24 93rd Lane Ind Park-P3	269,378.85	10	2015	4.50%
13-01 2013 Overlay*	227,922.50	5	2014	4.50%
14-01 2014 Overlay	152,835.74	5	2015	4.50%

** Reflects remaining assessments after receipt of \$175,080 of prepayments.*

The City will make its first levy for the Special Assessment Portion in 2014 for first collection in 2015. Each year's first-half collection of assessments and taxes will be used to pay the August 1 interest payment in the year of collection. Second-half collections and any funds collected but not applied on August 1 will be used to pay the February 1 principal and interest payment in the following year.

STRUCTURING SUMMARY: The Special Assessment Portion is structured around the projected future income stream from special assessments to achieve an even annual levy requirement by project. The annual tax levy requirement on the Special Assessment Portion is projected to average approximately \$207,600 for the first five years and approximately \$91,900 thereafter.

\$1,000,000 Street Reconstruction Portion

Description of Purpose

PURPOSE: The proceeds of the Street Reconstruction Portion will be used to finance the construction of two road reconstruction projects that are assessed approximately 20% or less to benefitted properties.

AUTHORITY: Statutory Authority: The Street Reconstruction Portion Bonds are being issued pursuant to Minnesota Statutes, Chapter 475.

Statutory Requirements: The City must have an adopted 5-year Street Reconstruction Plan and comply with the public hearing requirements outlined in Minnesota Statutes, Section 475.58 (subd. 3b). The public hearing was held on May 15, 2014 and the 30 day reverse referendum will expire on June 15, 2014.

SECURITY AND SOURCE OF PAYMENT: The Street Reconstruction Portion will be general obligations of the City, secured by its full faith and credit and taxing power. The Street Reconstruction Portion will be payable from ad valorem property tax levies.

In addition, the City will pledge special assessments to pay a portion of the debt service. Special assessments have been or will be filed with equal annual payments of principal as follows:

Project	Assessment Amount	Term (Years)	First Year of Collection	Assessment Rate
13-20 E Central Ave Service Road	\$ 56,808.00	10	2015	4.50%
14-07 2014 Reconstructions	130,155.00	10	2015	4.50%

The City will make its first levy for the Street Reconstruction Portion in 2014 for first collection in 2015. Each year's first-half collection of taxes and assessments will be used to pay the August 1 interest payment in the year of collection. Second-half collections and any funds collected but not applied on August 1 will be used to pay the February 1 principal and interest payment in the following year.

STRUCTURING SUMMARY: The Street Reconstruction Portion is structured around the projected future income stream from special assessments to achieve an even annual levy requirement. The annual tax levy requirement on the Street Reconstruction Portion is projected to average approximately \$94,050.

\$3,420,000
City of Blaine, Minnesota
 General Obligation Bonds, Series 2014A

Total Issue Sources And Uses

Dated 08/01/2014 | Delivered 08/01/2014

	<i>Special Assessment Portion</i>		<i>Street Reconstruction Portion</i>	Issue Summary
	10 Yr Term	5 Yr Term	10 Yr Term	
Sources Of Funds				
Par Amount of Bonds.....	\$1,505,000.00	\$915,000.00	\$1,000,000.00	\$3,420,000.00
Prepaid Assessments.....	-	175,080.00	-	175,080.00
Total Sources.....	\$1,505,000.00	\$1,090,080.00	\$1,000,000.00	\$3,595,080.00
Uses Of Funds				
Deposit to Project Construction Fund.....	1,474,870.00	1,070,626.00	977,930.00	3,523,426.00
Costs of Issuance.....	19,480.58	11,843.68	12,625.74	43,950.00
Total Underwriter's Discount (0.600%).....	9,030.00	5,490.00	6,000.00	20,520.00
Rounding Amount.....	1,619.42	2,120.32	3,444.26	7,184.00
Total Uses.....	\$1,505,000.00	\$1,090,080.00	\$1,000,000.00	\$3,595,080.00

\$3,420,000
City of Blaine, Minnesota
General Obligation Bonds, Series 2014A

ISSUE SUMMARY

NET DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I	105% of Total	Assessment	Levy Required
02/01/2015	-	-	-	-	-	-	-
02/01/2016	430,000.00	0.600%	76,811.25	506,811.25	532,151.81	229,236.95	302,914.86
02/01/2017	450,000.00	0.850%	48,627.50	498,627.50	523,558.88	221,431.77	302,127.11
02/01/2018	450,000.00	1.100%	44,802.50	494,802.50	519,542.63	213,626.62	305,916.01
02/01/2019	445,000.00	1.450%	39,852.50	484,852.50	509,095.13	205,821.48	303,273.65
02/01/2020	385,000.00	1.600%	33,400.00	418,400.00	439,320.00	141,035.69	298,284.31
02/01/2021	250,000.00	1.850%	27,240.00	277,240.00	291,102.00	105,227.52	185,874.48
02/01/2022	250,000.00	2.050%	22,615.00	272,615.00	286,245.75	101,362.02	184,883.73
02/01/2023	250,000.00	2.100%	17,490.00	267,490.00	280,864.50	97,496.52	183,367.98
02/01/2024	255,000.00	2.250%	12,240.00	267,240.00	280,602.00	93,631.02	186,970.98
02/01/2025	255,000.00	2.550%	6,502.50	261,502.50	274,577.63	89,765.52	184,812.11
Total	\$3,420,000.00	-	\$329,581.25	\$3,749,581.25	\$3,937,060.31	\$1,498,635.11	\$2,438,425.20

Dated..... 8/01/2014
 Delivery Date..... 8/01/2014
 First Coupon Date..... 8/01/2015

Yield Statistics

Bond Year Dollars..... \$18,190.00
 Average Life..... 5.319 Years
 Average Coupon..... 1.8118815%

Net Interest Cost (NIC)..... 1.9246908%
 True Interest Cost (TIC)..... 1.9177305%
 Bond Yield for Arbitrage Purposes..... 1.7978364%
 All Inclusive Cost (AIC)..... 2.1779650%

IRS Form 8038

Net Interest Cost..... 1.8118815%
 Weighted Average Maturity..... 5.319 Years

\$2,420,000
City of Blaine, Minnesota
General Obligation Bonds, Series 2014A
Special Assessment Portion

NET DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I	105% of Total	Assessment	Levy Required
02/01/2015	-	-	-	-	-	-	-
02/01/2016	340,000.00	0.600%	51,941.25	391,941.25	411,538.31	202,127.31	209,411.00
02/01/2017	350,000.00	0.850%	32,587.50	382,587.50	401,716.88	195,163.47	206,553.41
02/01/2018	350,000.00	1.100%	29,612.50	379,612.50	398,593.13	188,199.66	210,393.47
02/01/2019	345,000.00	1.450%	25,762.50	370,762.50	389,300.63	181,235.84	208,064.79
02/01/2020	285,000.00	1.600%	20,760.00	305,760.00	321,048.00	117,291.39	203,756.61
02/01/2021	150,000.00	1.850%	16,200.00	166,200.00	174,510.00	82,324.56	92,185.44
02/01/2022	150,000.00	2.050%	13,425.00	163,425.00	171,596.25	79,300.38	92,295.87
02/01/2023	150,000.00	2.100%	10,350.00	160,350.00	168,367.50	76,276.22	92,091.28
02/01/2024	150,000.00	2.250%	7,200.00	157,200.00	165,060.00	73,252.06	91,807.94
02/01/2025	150,000.00	2.550%	3,825.00	153,825.00	161,516.25	70,227.88	91,288.37
Total	\$2,420,000.00	-	\$211,663.75	\$2,631,663.75	\$2,763,246.94	\$1,265,398.77	\$1,497,848.17

\$1,000,000
City of Blaine, Minnesota
General Obligation Bonds, Series 2014A
Street Reconstruction Portion

NET DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I	105% of Total	Assessment	Levy Required
02/01/2015	-	-	-	-	-	-	-
02/01/2016	90,000.00	0.600%	24,870.00	114,870.00	120,613.50	27,109.64	93,503.86
02/01/2017	100,000.00	0.850%	16,040.00	116,040.00	121,842.00	26,268.30	95,573.70
02/01/2018	100,000.00	1.100%	15,190.00	115,190.00	120,949.50	25,426.96	95,522.54
02/01/2019	100,000.00	1.450%	14,090.00	114,090.00	119,794.50	24,585.64	95,208.86
02/01/2020	100,000.00	1.600%	12,640.00	112,640.00	118,272.00	23,744.30	94,527.70
02/01/2021	100,000.00	1.850%	11,040.00	111,040.00	116,592.00	22,902.96	93,689.04
02/01/2022	100,000.00	2.050%	9,190.00	109,190.00	114,649.50	22,061.64	92,587.86
02/01/2023	100,000.00	2.100%	7,140.00	107,140.00	112,497.00	21,220.30	91,276.70
02/01/2024	105,000.00	2.250%	5,040.00	110,040.00	115,542.00	20,378.96	95,163.04
02/01/2025	105,000.00	2.550%	2,677.50	107,677.50	113,061.38	19,537.64	93,523.74
Total	\$1,000,000.00	-	\$117,917.50	\$1,117,917.50	\$1,173,813.38	\$233,236.34	\$940,577.04

Dated..... 8/01/2014
 Delivery Date..... 8/01/2014
 First Coupon Date..... 8/01/2015

Yield Statistics

Bond Year Dollars..... \$6,085.00
 Average Life..... 6.085 Years
 Average Coupon..... 1.9378389%

Net Interest Cost (NIC)..... 2.0364421%
 True Interest Cost (TIC)..... 2.0308023%
 Bond Yield for Arbitrage Purposes..... 1.7978364%
 All Inclusive Cost (AIC)..... 2.2566393%

IRS Form 8038

Net Interest Cost..... 1.9378389%
 Weighted Average Maturity..... 6.085 Years

\$1,239,758

City of Blaine, Minnesota
General Obligation Bonds, Series 2014A

Projected Assessment Income

DATE	Special Assessment 10 Yr Term	Special Assessment 5 Yr Term	Special Assessment 4 Yr Term *	Total Special Assessments 5 Yr and 4 Yr Terms	Street Reconstruction Assessments 10 Yr Term	TOTAL ALL ASSESSMENTS
12/31/2015	97,445.41	37,444.76	67,237.14	104,681.90	27,109.64	229,236.95
12/31/2016	94,421.23	36,069.23	64,673.01	100,742.24	26,268.30	221,431.77
12/31/2017	91,397.07	34,693.71	62,108.88	96,802.59	25,426.96	213,626.62
12/31/2018	88,372.91	33,318.19	59,544.74	92,862.93	24,585.64	205,821.48
12/31/2019	85,348.73	31,942.66	-	31,942.66	23,744.30	141,035.69
12/31/2020	82,324.56	-	-	-	22,902.96	105,227.52
12/31/2021	79,300.38	-	-	-	22,061.64	101,362.02
12/31/2022	76,276.22	-	-	-	21,220.30	97,496.52
12/31/2023	73,252.06	-	-	-	20,378.96	93,631.02
12/31/2024	70,227.88	-	-	-	19,537.64	89,765.52
Total	\$838,366.45	\$173,468.55	\$253,563.77	\$427,032.32	\$233,236.34	\$1,498,635.11

Principal Amounts Of Assessments

Special Assessment Portion 10 Yr Term.....	672,037.25
Special Assessment Portion 5 Yr Term.....	152,835.74
Special Assessment Portion 4 Yr Term*.....	227,922.50
Street Reconstruction 10 Yr Term.....	186,963.00
TOTAL.....	1,239,758.49

* Assessments for Project 13-01 2013 were filed in 2013 for first collection in 2014. The original assessment of \$403,002.50 was reduced by \$175,080 of assessments prepaid and/or collected in 2014.