

City of Blaine, Minnesota

Recommendations for Issuance of Bonds

\$10,880,000 General Obligation Bonds, Series 2016A

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”), (ii) two street reconstruction projects, supported primarily by tax levies (the “Street Reconstruction Portion”), (iii) capital equipment (the “Equipment Portion”), and (iv) the refunding of an outstanding general obligation issue of the City (the “Refunding 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.

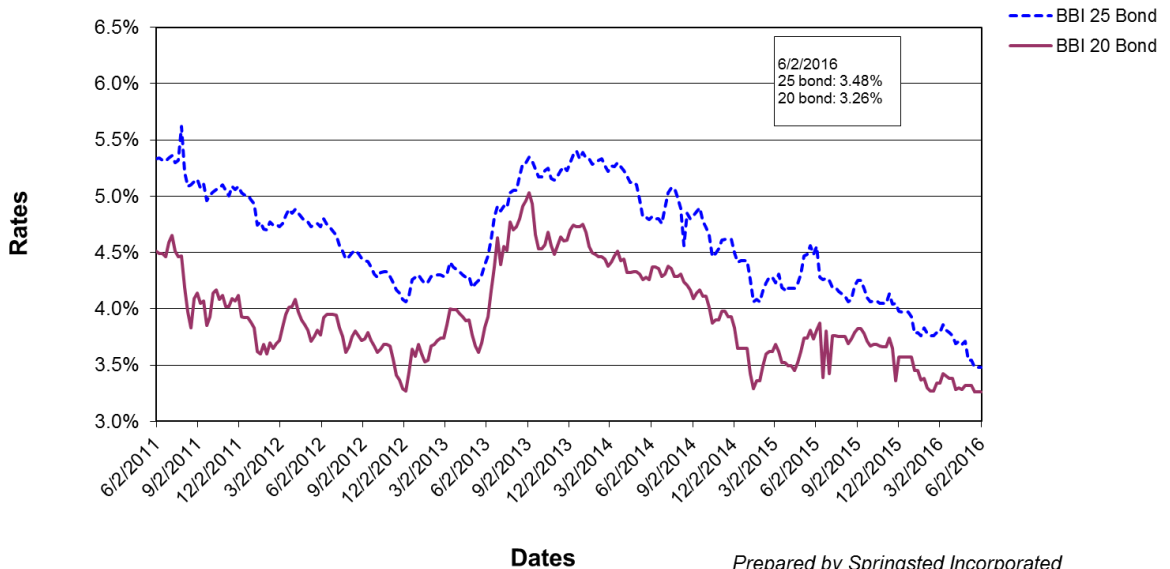
KEY EVENTS: The following summary schedule includes the timing of some of the key events that will occur relative to the bond issuance.

June 16, 2016	Council set sale date and terms
Week of June 27, 2016	Rating conference conducted
July 12, 2016	Receipt of rating (est.)
July 14, 2016, 10:00 a.m.	Competitive proposals are received
July 14 2016, 7:30 p.m.	Council considers award of bonds
August 17, 2016	Proceeds are received

RATING: An application will be made to S&P Global Ratings (“S&P”) for a rating on the Bonds. The City’s general obligation debt is currently rated “AA+” by S&P.

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 6/2/2016



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 the Bonds have been structured. Post-issuance compliance responsibilities for your tax-exempt issues include both rebate and yield restriction provisions of the IRS Code. In 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. Under certain circumstances any “excess earnings” will need to be paid to the IRS to maintain the tax-exempt status of the Bonds. Any interest earnings on gross bond proceeds or debt service funds should not be spent until it has been determined based on actual facts that they are not “excess earnings” as defined by the IRS Code.

The arbitrage rules provide spend-down exceptions for proceeds that are spent within either a 6-month, 18-month or 24-month period in accordance with certain spending criteria. Proceeds that qualify for an exception will be exempt from rebate. These exceptions are based on actual expenditures and not based on reasonable expectations, and expenditures, including any investment proceeds will have to meet the spending criteria to qualify for the exclusion. The City expectations for the Bonds are as follows:

- *Special Assessment and Street Reconstruction Portions* – the City expects to meet the 18-month spending exception.
- *Equipment Portion* - the City expects to meet the 6-month spending exception.
- *Refunding Portion* – is being conducted as an advance refunding and as such is only eligible for a spending exception if all proceeds are expended within six months of closing. Since the proceeds will be placed into an escrow account until the call date of the Prior Bonds (February 1, 2018), which is outside the six month period, the Refunding Portion of the Bonds does not qualify for a spending exception. However, investments in the escrow account are not permitted to exceed the yield on the Bonds; therefore, no excess arbitrage will be earned on the original proceeds.

Regardless of whether an issue qualifies for an exemption from the rebate provisions, yield restriction provisions will apply to the debt service fund under certain conditions and any unspent bond proceeds remaining after three years. These funds should be monitored throughout the life of the Bonds.

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

Springsted currently provides both arbitrage and continuing disclosure services to the City for their outstanding issues. Springsted, with City staff, will amend the existing Agreement for Municipal Advisor Services to add the Bonds for compliance purposes.

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.

Levy projections for the both the Special Assessment and Street Reconstruction Portions shown in the attached schedules are in part based on the estimated assessment income. If actual assessment collections are different than projected, the resulting levy requirement could differ significantly than what is shown in these schedules.

SCHEDULES ATTACHED:

Schedules attached for the Bonds include:

- Project and refunding summary
- Estimated debt service schedules for the Bonds as a whole and by purpose, given the current interest rate environment
- Projected assessment income for the Special Assessment and Street Reconstruction Portions
- Debt service comparison (savings) for the Refunding Portion

SALE TERMS AND MARKETING:

Variability of Issue Size: A specific provision in the sale terms permits modifications to the issue size and/or maturity structure to customize the issue once the price and interest rates are set on the day of sale.

Prepayment Provisions: The Bonds maturing on or after February 1, 2026 may be prepaid at a price of par plus accrued interest on or after February 1, 2025.

Bank Qualification: The City expects 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 not be designated as bank qualified.

\$1,935,000 Special Assessment Portion

Description of Purpose

PURPOSE:

The proceeds of the Special Assessment Portion, along with \$67,569 of prepayments of assessments and \$10,010 of City utility funds, 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. The street projects being financed under this statute meet that requirement.

SECURITY AND SOURCE OF PAYMENT:

The Special Assessment Portion will be a general obligation of the City, secured by its full faith and credit and taxing power. In addition the City will pledge special assessments filed against benefited properties.

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

Project	Assessment Amount	Term (Years)	First Year of Collection	Assessment Rate
14-13 93rd Lane Ind Pk - P4	\$ 86,777.12	10	2017	4.50%
15-01 2015 Overlay*	59,628.46	5	2017	4.50%
15-07 2015 Reconstruction	25,383.40	10	2017	4.50%
16-07 2016 Reconstruction	324,510.17	10	2017	4.50%

* Reflects remaining assessments after receipt of \$67,568.80 of prepayments.

The City will make its first levy for the Special Assessment Portion in 2016 for first collection in 2017. 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. The annual tax levy requirement on the Special Assessment Portion is projected to average approximately \$160,442.

\$1,550,000 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 less than 20% 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 19, 2016 and the 30 day reverse referendum period will expire on June 18, 2016. The Plan and the bond issuance must be approved following the hearing by a vote of all council members present.

SECURITY AND SOURCE OF PAYMENT:

The Street Reconstruction Portion will be a general obligation 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 expects to pay a portion of the debt service from special assessments filed against benefitted properties. 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
15-20 91st Ave Jeff to Polk	\$ 56,808.00	10	2017	4.50%
15-22 Hastings 85th to cul-de-sac	130,155.00	10	2017	4.50%

The City will make its first levy for the Street Reconstruction Portion in 2016 for first collection in 2017. 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 \$178,222, which is anticipated to be reduced by the collection of special assessments.

\$1,220,000 Equipment Portion

Description of Purpose

PURPOSE: Proceeds of the Equipment Portion will be used to finance the acquisition of the capital equipment for various City departments including City Clerk, Finance, Public Safety (police and fire), Community Service (inspections), Public Services and Community Development.

AUTHORITY: Statutory Authority: The Equipment Portion is being issued pursuant to Minnesota Statutes, Chapter 475 and Section 412.301.

Statutory Requirements: Minnesota Statutes, Section 412.301, specifies that the City may issue certificates of indebtedness without exposure to a petition requirement calling for a referendum if the total amount of the issue does not exceed ¼ of 1% of the estimated market value in the City. Based on the City's 2015/16 estimated market value of \$5,514,767,000 this represents a maximum issue size of \$13,786,917. This issuance of \$1,220,000 is within that limitation and is not subject to taxpayer petition for a referendum.

SECURITY AND SOURCE OF PAYMENT:

The Equipment Portion will be a general obligation of the City, secured by its full faith and credit and taxing power and repaid from general ad valorem tax levies.

The City will make its first levy for the Equipment Portion in 2016 for first collection in 2017. Each year's first-half collection 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:

In consultation with City staff, the Equipment Portion has been structured over a term of 5 years with approximately level annual debt service payments. The annual levy for the Equipment Portion is projected to average approximately \$266,570.

\$6,175,000 Refunding Portion

Description of Purpose

PURPOSE:

Proceeds of the Refunding Portion will be used to refund the February 1, 2019 through 2028 maturities of the City's General Obligation Capital Improvement Bonds, Series 2007A, dated November 15, 2007 (the "Prior Bonds"). The maturities to be refunded are currently outstanding in the aggregate principal amount of \$2,455,000. The February 1, 2017 and 2018 maturities are not callable and will not be refunded. The refunding is being undertaken to achieve interest cost savings.

Original proceeds of the Prior Bonds were used to finance various projects included in the City's 2007-2011 Capital Improvement Plan, including (i) building improvements to the City's Public Works Facility, (ii) construction of a garage to house fire trucks, and (iii) construction of a modular police training building.

AUTHORITY:

Statutory Authority: The Refunding Portion is being issued pursuant to Minnesota Statutes, Chapters 475.

Statutory Requirements: For advance refunding issues, a Minnesota state statutory test exists which establishes a minimum present value interest cost savings of 3% of the present value of refunded debt service. Based on current interest rates, the present estimate of the refunding savings for the Bonds is 8.50%.

SOURCE OF PAYMENT:

The Refunding Portion will be a general obligation of the City, secured by its full faith and credit and taxing power and repaid from general ad valorem tax levies.

The issuance of the Refunding Portion is being conducted as an advance crossover refunding in which the proceeds of the Refunding Bonds are placed in an escrow account with a major bank and invested in US treasury securities or agencies as required by state statute. These investments and their earnings are structured to pay interest on the Refunding Portion to and including February 1, 2018 (the call date of the Prior Bonds) at which time the escrow account will prepay the remaining principal of the Prior Bonds. The City will continue to pay the originally scheduled debt service payments on the Prior Bonds through February 1, 2018. After February 1, 2018, the City will cross over and begin making debt service payments on the Refunding Portion taking advantage of the lower interest rates.

The City will make its first levy for the Refunding Portion in 2017 for collection in 2018. Each year's collection of taxes will be used to make the August 1 interest payment due in the collection year and the February 1 principal and interest payment due in the following year.

**STRUCTURING
SUMMARY:**

In consultation with City staff, the Refunding Portion has been structured to provide approximately even annual savings with a term matching that of the Prior Bonds.

Based on current interest rate estimates, the refunding is projected to result in the City realizing an average cash flow savings of approximately \$62,889 per year. This results in future value savings of approximately \$627,849, and a net present value benefit to the City of approximately \$564,234. These estimates are net of all costs associated with the refunding. Actual results will be determined by market conditions at the time of the sale.

**FEDERAL
CONSIDERATIONS
AND/OR
REQUIREMENTS:**

The Refunding Portion is an advance refunding under federal tax law and may not be advance refunded using tax exempt bonds. If market conditions permit, a current refunding of the Refunding Portion could be done at or after the first optional call date on the Bonds.

Tax-exempt advance refunding transactions have federal arbitrage limitations that pertain specifically to the investment of the escrow account. At the time of the sale of the Bonds, a verification agent will be retained on behalf of the City to confirm that the adequacy of the refunding escrow satisfies all cash flow requirements of the Refunding Portion and that it is in compliance with federal yield restrictions.

\$10,880,000

City of Blaine, Minnesota
General Obligation Bonds, Series 2016A
Issue Summary

Refunding Summary

Dated 08/17/2016 | Delivered 08/17/2016

	Special Assessment Portion	Street Reconstruction Portion	Equipment Portion	Refunding Portion	Issue Summary
Sources Of Funds					
Par Amount of Bonds.....	\$1,935,000.00	\$1,550,000.00	\$1,220,000.00	\$6,175,000.00	\$10,880,000.00
City Utility Funds.....	10,010.00	699,975.00	-	-	709,985.00
Prepaid Assessments.....	67,568.80	-	-	-	67,568.80
Total Sources.....	\$2,012,578.80	\$2,249,975.00	\$1,220,000.00	\$6,175,000.00	\$11,657,553.80
Uses Of Funds					
Deposit to Crossover Escrow Fund.....	-	-	-	6,078,761.68	6,078,761.68
Deposit to Project Construction Fund.....	1,967,828.60	2,234,925.00	1,193,500.00	-	5,396,253.60
Costs of Issuance.....	26,525.00	4,437.73	13,092.93	47,879.34	91,935.00
Total Underwriter's Discount (0.800%).....	15,480.00	12,400.00	9,760.00	49,400.00	87,040.00
Rounding Amount.....	2,745.20	(1,787.73)	3,647.07	(1,041.02)	3,563.52
Total Uses.....	\$2,012,578.80	\$2,249,975.00	\$1,220,000.00	\$6,175,000.00	\$11,657,553.80
PV Analysis Summary (Net to Net)					
Net PV Cashflow Savings.....	-	-	-	565,274.81	-
Contingency or Rounding Amount.....	-	-	-	(1,041.02)	-
Net Present Value Benefit.....	-	-	-	\$564,233.79	-
Net PV Benefit / - Refunded Principal.....	-	-	-	9.388%	-
Net PV Benefit / - Refunding Principal.....	-	-	-	9.137%	-
Bond Statistics					
Average Life.....	5.913 Years	6.010 Years	3.488 Years	7.109 Years	6.334 Years
Average Coupon.....	1.5717233%	1.5817887%	1.1603468%	1.7034128%	1.6315676%
Net Interest Cost (NIC).....	1.7070202%	1.7148914%	1.3896821%	1.8159463%	1.7578746%
Bond Yield for Arbitrage Purposes.....	1.6228693%	1.6228693%	1.6228693%	1.6228693%	1.6228693%
True Interest Cost (TIC).....	1.7081618%	1.7160834%	1.3949119%	1.8160015%	1.7577437%
All Inclusive Cost (AIC).....	1.9581975%	1.7671273%	1.7159081%	1.9345334%	1.9017858%

\$10,880,000

City of Blaine, Minnesota
General Obligation Bonds, Series 2016A
Issue Summary

NET DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I	105% of Total	Assessment	Levy
02/01/2018	570,000.00	0.900%	230,214.30	800,214.30	840,225.02	138,225.20	701,999.82
02/01/2019	1,165,000.00	1.000%	153,032.50	1,318,032.50	1,383,934.13	127,549.34	1,256,384.79
02/01/2020	1,180,000.00	1.100%	141,382.50	1,321,382.50	1,387,451.63	123,378.18	1,264,073.45
02/01/2021	1,195,000.00	1.200%	128,402.50	1,323,402.50	1,389,572.63	119,207.03	1,270,365.60
02/01/2022	1,205,000.00	1.300%	114,062.50	1,319,062.50	1,385,015.63	115,035.87	1,269,979.76
02/01/2023	945,000.00	1.400%	98,397.50	1,043,397.50	1,095,567.38	98,939.04	996,628.34
02/01/2024	965,000.00	1.550%	85,167.50	1,050,167.50	1,102,675.88	95,304.54	1,007,371.34
02/01/2025	975,000.00	1.700%	70,210.00	1,045,210.00	1,097,470.50	91,670.06	1,005,800.44
02/01/2026	990,000.00	1.850%	53,635.00	1,043,635.00	1,095,816.75	88,035.56	1,007,781.19
02/01/2027	1,015,000.00	2.050%	35,320.00	1,050,320.00	1,102,836.00	84,401.05	1,018,434.95
02/01/2028	675,000.00	2.150%	14,512.50	689,512.50	723,988.13	-	723,988.13
Total	\$10,880,000.00	-	\$1,124,336.80	\$12,004,336.80	\$12,604,553.64	\$1,081,745.87	\$11,522,807.77

Dated..... 8/17/2016
Delivery Date..... 8/17/2016
First Coupon Date..... 8/01/2017

Yield Statistics

Bond Year Dollars..... \$68,911.44
Average Life..... 6.334 Years
Average Coupon..... 1.6315676%
Net Interest Cost (NIC)..... 1.7578746%
True Interest Cost (TIC)..... 1.7577437%
Bond Yield for Arbitrage Purposes..... 1.6228693%
All Inclusive Cost (AIC)..... 1.9017858%

IRS Form 8038

Net Interest Cost..... 1.6315676%
Weighted Average Maturity..... 6.334 Years

\$1,935,000

City of Blaine, Minnesota
General Obligation Bonds, Series 2016A
Special Assessment Portion

NET DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I	105% of Total	Assessment	Levy Required
02/01/2017	-	-	-	-	-	-	-
02/01/2018	190,000.00	0.900%	39,423.72	229,423.72	240,894.91	81,648.47	159,246.44
02/01/2019	200,000.00	1.000%	25,375.00	225,375.00	236,643.75	75,424.54	161,219.21
02/01/2020	200,000.00	1.100%	23,375.00	223,375.00	234,543.75	72,922.86	161,620.89
02/01/2021	200,000.00	1.200%	21,175.00	221,175.00	232,233.75	70,421.20	161,812.55
02/01/2022	200,000.00	1.300%	18,775.00	218,775.00	229,713.75	67,919.52	161,794.23
02/01/2023	185,000.00	1.400%	16,175.00	201,175.00	211,233.75	53,492.17	157,741.58
02/01/2024	190,000.00	1.550%	13,585.00	203,585.00	213,764.25	51,527.15	162,237.10
02/01/2025	190,000.00	1.700%	10,640.00	200,640.00	210,672.00	49,562.13	161,109.87
02/01/2026	190,000.00	1.850%	7,410.00	197,410.00	207,280.50	47,597.11	159,683.39
02/01/2027	190,000.00	2.050%	3,895.00	193,895.00	203,589.75	45,632.08	157,957.67
Total	\$1,935,000.00	-	\$179,828.72	\$2,114,828.72	\$2,220,570.16	\$616,147.23	\$1,604,422.93

Dated..... 8/17/2016
Delivery Date..... 8/17/2016
First Coupon Date..... 8/01/2017

Yield Statistics

Bond Year Dollars..... \$11,441.50
Average Life..... 5.913 Years
Average Coupon..... 1.5717233%
Net Interest Cost (NIC)..... 1.7070202%
True Interest Cost (TIC)..... 1.7081618%
Bond Yield for Arbitrage Purposes..... 1.6228693%
All Inclusive Cost (AIC)..... 1.9581975%

IRS Form 8038

Net Interest Cost..... 1.5717233%
Weighted Average Maturity..... 5.913 Years

\$1,550,000

City of Blaine, Minnesota
General Obligation Bonds, Series 2016A
Street Reconstruction Portion

NET DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I	105% Levy	Assessment	Net Levy
02/01/2017	-	-	-	-	-	-	-
02/01/2018	145,000.00	0.900%	31,851.19	176,851.19	185,693.75	56,576.73	129,117.02
02/01/2019	155,000.00	1.000%	20,577.50	175,577.50	184,356.38	52,124.80	132,231.58
02/01/2020	155,000.00	1.100%	19,027.50	174,027.50	182,728.88	50,455.32	132,273.56
02/01/2021	155,000.00	1.200%	17,322.50	172,322.50	180,938.63	48,785.83	132,152.80
02/01/2022	155,000.00	1.300%	15,462.50	170,462.50	178,985.63	47,116.35	131,869.28
02/01/2023	155,000.00	1.400%	13,447.50	168,447.50	176,869.88	45,446.87	131,423.01
02/01/2024	155,000.00	1.550%	11,277.50	166,277.50	174,591.38	43,777.39	130,813.99
02/01/2025	155,000.00	1.700%	8,875.00	163,875.00	172,068.75	42,107.93	129,960.82
02/01/2026	160,000.00	1.850%	6,240.00	166,240.00	174,552.00	40,438.45	134,113.55
02/01/2027	160,000.00	2.050%	3,280.00	163,280.00	171,444.00	38,768.97	132,675.03
Total	\$1,550,000.00	-	\$147,361.19	\$1,697,361.19	\$1,782,229.25	\$465,598.64	\$1,316,630.61

Dated..... 8/17/2016
Delivery Date..... 8/17/2016
First Coupon Date..... 8/01/2017

Yield Statistics

Bond Year Dollars..... \$9,316.11
Average Life..... 6.010 Years
Average Coupon..... 1.5817887%

Net Interest Cost (NIC)..... 1.7148914%
True Interest Cost (TIC)..... 1.7160834%
Bond Yield for Arbitrage Purposes..... 1.6228693%
All Inclusive Cost (AIC)..... 1.7671273%

IRS Form 8038

Net Interest Cost..... 1.5817887%
Weighted Average Maturity..... 6.010 Years

\$1,220,000

City of Blaine, Minnesota
General Obligation Bonds, Series 2016A
Equipment Portion

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I	105% Levy
02/01/2017	-	-	-	-	-
02/01/2018	235,000.00	0.900%	19,591.78	254,591.78	267,321.37
02/01/2019	240,000.00	1.000%	11,345.00	251,345.00	263,912.25
02/01/2020	245,000.00	1.100%	8,945.00	253,945.00	266,642.25
02/01/2021	250,000.00	1.200%	6,250.00	256,250.00	269,062.50
02/01/2022	250,000.00	1.300%	3,250.00	253,250.00	265,912.50
Total	\$1,220,000.00	-	\$49,381.78	\$1,269,381.78	\$1,332,850.87

SIGNIFICANT DATES

Dated.....	8/17/2016
Delivery Date.....	8/17/2016
First Coupon Date.....	8/01/2017

Yield Statistics

Bond Year Dollars.....	\$4,255.78
Average Life.....	3.488 Years
Average Coupon.....	1.1603468%
Net Interest Cost (NIC).....	1.3896821%
True Interest Cost (TIC).....	1.3949119%
Bond Yield for Arbitrage Purposes.....	1.6228693%
All Inclusive Cost (AIC).....	1.7159081%

IRS Form 8038

Net Interest Cost.....	1.1603468%
Weighted Average Maturity.....	3.488 Years

Interest rates are estimates. Changes in rates may cause significant alterations to this schedule. The actual underwriter's discount bid may also vary.

\$6,175,000

City of Blaine, Minnesota

General Obligation CIP Refunding Bonds, Series 2016
Refunding Portion (Crossover Refunding of 2007A Bonds)

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I	105% Levy
02/01/2017	-	-	-	-	-
02/01/2018	-	-	139,347.61	139,347.61	146,314.99 *
02/01/2019	570,000.00	1.000%	95,735.00	665,735.00	699,021.75
02/01/2020	580,000.00	1.100%	90,035.00	670,035.00	703,536.75
02/01/2021	590,000.00	1.200%	83,655.00	673,655.00	707,337.75
02/01/2022	600,000.00	1.300%	76,575.00	676,575.00	710,403.75
02/01/2023	605,000.00	1.400%	68,775.00	673,775.00	707,463.75
02/01/2024	620,000.00	1.550%	60,305.00	680,305.00	714,320.25
02/01/2025	630,000.00	1.700%	50,695.00	680,695.00	714,729.75
02/01/2026	640,000.00	1.850%	39,985.00	679,985.00	713,984.25
02/01/2027	665,000.00	2.050%	28,145.00	693,145.00	727,802.25
02/01/2028	675,000.00	2.150%	14,512.50	689,512.50	723,988.13
Total	\$6,175,000.00	-	\$747,765.11	\$6,922,765.11	\$7,268,903.37

* Paid from escrow account.

SIGNIFICANT DATES

Dated.....	8/17/2016
Delivery Date.....	8/17/2016
First Coupon Date.....	8/01/2017

Yield Statistics

Bond Year Dollars.....	\$43,898.06
Average Life.....	7.109 Years
Average Coupon.....	1.7034128%
Net Interest Cost (NIC).....	1.8159463%
True Interest Cost (TIC).....	1.8160015%
Bond Yield for Arbitrage Purposes.....	1.6228693%
All Inclusive Cost (AIC).....	1.9345334%

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Net Interest Cost.....	1.7034128%
Weighted Average Maturity.....	7.109 Years

Interest rates are estimates. Changes in rates may cause significant alterations to this schedule. The actual underwriter's discount bid may also vary.

\$6,175,000

City of Blaine, Minnesota
General Obligation CIP Refunding Bonds, Series 2016
Refunding Portion (Crossover Refunding of 2007A Bonds)

Debt Service Comparison

Date	Total P+I	PCF	Existing D/S	Net New D/S	Old Net D/S	Savings
02/01/2017	-	-	592,271.25	592,271.25	592,271.25	-
02/01/2018	139,347.61	(6,149,347.61)	6,741,342.50	731,342.50	731,342.50	-
02/01/2019	665,735.00	-	-	665,735.00	727,342.50	61,607.50
02/01/2020	670,035.00	-	-	670,035.00	733,967.50	63,932.50
02/01/2021	673,655.00	-	-	673,655.00	734,397.50	60,742.50
02/01/2022	676,575.00	-	-	676,575.00	738,800.00	62,225.00
02/01/2023	673,775.00	-	-	673,775.00	736,400.00	62,625.00
02/01/2024	680,305.00	-	-	680,305.00	743,200.00	62,895.00
02/01/2025	680,695.00	-	-	680,695.00	743,800.00	63,105.00
02/01/2026	679,985.00	-	-	679,985.00	743,400.00	63,415.00
02/01/2027	693,145.00	-	-	693,145.00	757,000.00	63,855.00
02/01/2028	689,512.50	-	-	689,512.50	754,000.00	64,487.50
Total	\$6,922,765.11	(6,149,347.61)	\$7,333,613.75	\$8,107,031.25	\$8,735,921.25	\$628,890.00

PV Analysis Summary (Net to Net)

Net FV Cashflow Savings.....	628,890.00
Gross PV Debt Service Savings.....	565,274.81
Net PV Cashflow Savings @ 1.623%(Bond Yield).....	565,274.81
Contingency or Rounding Amount.....	(1,041.02)
Net Future Value Benefit.....	\$627,848.98
Net Present Value Benefit.....	\$564,233.79
Net PV Benefit / \$1,287,331.54 PV Refunded Interest.....	43.830%
Net PV Benefit / \$6,633,087.99 PV Refunded Debt Service.....	8.506%
Net PV Benefit / \$6,010,000 Refunded Principal.....	9.388%
Net PV Benefit / \$6,175,000 Refunding Principal.....	9.137%

Refunding Bond Information

Refunding Dated Date.....	8/17/2016
Refunding Delivery Date.....	8/17/2016

\$867,294

City of Blaine, Minnesota
General Obligation Bonds, Series 2016A
Assessments

Projected Assessment Income

DATE	10-Year Assessments Special Assessment Portion	5-Year Assessments Special Assessment Portion	Total Special Assessment Portion	10-Year Assessments Street Reconstruction Portion	TOTAL
12/31/2017	66,592.28	15,056.19	81,648.47	56,576.73	138,225.20
12/31/2018	61,352.23	14,072.31	75,424.54	52,124.80	127,549.34
12/31/2019	59,387.21	13,535.65	72,922.86	50,455.32	123,378.18
12/31/2020	57,422.19	12,999.01	70,421.20	48,785.83	119,207.03
12/31/2021	55,457.17	12,462.35	67,919.52	47,116.35	115,035.87
12/31/2022	53,492.17	-	53,492.17	45,446.87	98,939.04
12/31/2023	51,527.15	-	51,527.15	43,777.39	95,304.54
12/31/2024	49,562.13	-	49,562.13	42,107.93	91,670.06
12/31/2025	47,597.11	-	47,597.11	40,438.45	88,035.56
12/31/2026	45,632.08	-	45,632.08	38,768.97	84,401.05
Total	\$548,021.72	\$68,125.51	\$616,147.23	\$465,598.64	\$1,081,745.87

Par Amounts Of Selected Issues

10-Year Assessments Special Assessment Portion.....	436,670.69
5-Year Assessments Special Assessment Portion.....	59,628.46
10-Year Assessments Street Reconstruction Portion.....	370,994.93
TOTAL.....	867,294.08