July 19, 2016

Pre-Sale Report for

City of Northfield, Minnesota

$2,720,000 General Obligation Bonds, Series 2016A

Prepared by:

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And

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Executive Summary of Proposed Debt

Proposed Issue:	$2,720,000 General Obligation Bonds, Series 2016A (the "Bonds")
Purposes:	The proposed issue includes financing for the City's 2016 capital projects to include the Woodley Street Reconstruction Project, Wastewater Treatment Plant improvements, and Northfield Area Fire and Rescue Service capital equipment acquisition. Inclusive of cost of issuance estimates, the financing components and repayment sources include: • $830,000 in Improvement Bonds (429) to finance portions of the Woodley Street Reconstruction. Debt service will be paid from a combination of special assessments and ad valorem taxes levied for collection 2017 to 2026. • $1,120,000 in Wastewater Revenue Bonds (444) to finance waste water improvements related to the Woodley project and Wastewater Treatment Plant UV Disinfection Process improvements. Debt service will be paid over a ten year period from utility revenues. • $110,000 in Storm Water Revenue Bonds (444) to finance storm water improvements related to the Woodley project. Debt service will be paid over a five year period from utility revenues. • $660,000 in Equipment Certificates (412) to finance the City's share of the NAFRS pumper and ladder truck purchases. Debt service will be paid from ad valorem property taxes levied for collection 2017 to 2021.
Authority:	The Bonds are being issued pursuant to Minnesota Statutes, Chapters 412, 429, and 444. The Bonds will be general obligations of the City for which its full faith, credit and taxing powers are pledged. Under Chapter 429, because the City is assessing at least 20% of the project costs financing the street improvements, the Bonds can be a general obligation without a referendum and will not count against the City's debt limit. Chapter 444 allows cities to issue general obligation debt for utility improvements without limitation as long as debt service is expected to be paid from utility revenues. Under Chapter 412, because the amount of equipment certificates issued is less than .25% of the City's market value, a public hearing and reverse referendum are not required. The Equipment Certificate portion of the Bonds count against the City's General Obligation Debt Capacity Limit of 3% of market value. It is estimated that the City has $30 million in its statutory debt limit capacity remaining after this issuance.
Term/Call Feature:	In total, the Bonds are being issued for a 10.5 year term. Principal on the Bonds will be due on February 1 in the years 2018 through 2027 to allow for tax and assessment collections. Interest is payable every six months beginning August 1, 2017.

	The Bonds maturing on and after February 1, 2026 will be subject to prepayment at the discretion of the City on February 1, 2025 or any date thereafter.
Bank Qualification:	Inclusive of the potential Hospital financing, because the City is expecting to issue no more than $10,000,000 in new 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 "AA" by Standard & Poor's. The City will request a new rating for the Bonds. If the winning bidder on the Bonds elects to purchase bond insurance, the rating for the issue may be higher than the City's bond rating in the event that the bond rating of the insurer is higher than that of the City.
Basis for Recommendation:	We have based this pre-sale recommendation on our understanding of the City's fiscal condition, its project funding requirements, and its desire to reduce future interest costs when possible. We believe the proposed financing is the most efficient way to achieve these objectives, while maintaining future flexibility for future prepayment and/or refinancing.
Method of Sale/Placement:	In order to obtain the lowest interest cost to the City, we will competitively bid the purchase of the Bonds from local and national underwriters/banks. We have included an allowance for discount bidding equal to 1.20% of the principal amount 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 will be used to lower the borrowing amount. **Premium Bids:** Under current market conditions, most 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 amount of the premium varies, but it is not uncommon to see premiums for new issues in the range of 2.0% to 10.0% 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 allow premium bidding but include a limit in the bid specifications. We do not feel this limit will result in fewer bids and it is intended to preserve the value of the City's call feature and match the structure of the financing with the assessments. The City will use any premium within the winning bid to reduce the final bond size.

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:	Because the Bonds are tax-exempt obligations, the City must ensure compliance with certain Internal Revenue Service (IRS) rules throughout the life of the issue. These rules apply to all gross proceeds of the issue, including initial bond proceeds and investment earnings in construction, escrow, debt service, and any reserve funds. How issuers spend bond proceeds and how they track interest earnings on funds (arbitrage/yield restriction compliance) are common subjects of IRS inquiries. Your specific responsibilities will be detailed in the Tax Certificate prepared by your Bond Attorney and provided at closing. We recommend that you regularly monitor compliance with these rules and/or retain the services of a qualified firm to assist you. You have retained Ehlers to assist you with compliance with these rules.
Risk Factors:	**Special Assessments:** We have assumed a total of $339,220 in special assessments levied for collection from 2017 to 2026 with 20% pre-paid. If the City does not levy the full amount or receives a significant increase in prepays, 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. **Utility Revenue:** The City expects to pay the utility portions of the Bonds debt service with utility funds. If utility future revenue is inadequate, the City may have to levy taxes to pay debt service on the Bonds.
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. 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, so their 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 Attorney:** Kennedy & Graven, Chartered **Paying Agent:** Bond Trust Services Corporation **Rating Agency:** Standard & Poor's

This presale report summarizes our understanding of the City's objectives for the structure and terms of this financing as of this date. As additional facts become known or capital markets conditions change, we may need to modify the structure and/or terms of this financing to achieve results consistent with the City's objectives.

Proposed Debt Issuance Schedule

Pre-Sale Review by City Council:	July 19, 2016
Distribute Official Statement:	Week of August 1, 2016
Conference with Rating Agency:	Week of August 1, 2016
City Council Meeting to Award Sale of the Bonds:	August 16, 2016
Estimated Closing Date:	September 15, 2016

Attachments

Sources and Uses of Funds

Proposed Debt Service Schedule

Resolution Authorizing Ehlers to Proceed With Bond Sale

Ehlers Contacts

Municipal Advisors:	Nick Anhut	(651) 697-8507
	Rebecca Kurtz	(651) 697-8516
Disclosure Coordinator:	Elizabeth Greiter	(651) 697-8550
Financial Analyst:	Alicia Gage	(651) 697-8551

The Official Statement for this financing will be sent to the City Council at their home or e-mail address for review prior to the sale date.

City of Northfield, Minnesota

$2,720,000 General Obligation Bonds, Series 2016A
Issue Summary
Assumes Current Market BQ AA Rates plus 35bps

Total Issue Sources And Uses

Dated 09/15/2016 | Delivered 09/15/2016

	Improvement (429)	Waste Water Revenue (444)	Storm Water (444)	Equipment Certificates	Water Revenue (444)	Issue Summary
Sources Of Funds						
Par Amount of Bonds	$830,000.00	$1,120,000.00	$110,000.00	$660,000.00	-	$2,720,000.00
Planned Issuer Equity contribution	-	-	-	-	527,156.00	527,156.00
Prepaid Assessments	67,844.00	-	-	-	-	67,844.00
Total Sources	**$897,844.00**	**$1,120,000.00**	**$110,000.00**	**$660,000.00**	**$527,156.00**	**$3,315,000.00**
Uses Of Funds						
Total Underwriter's Discount (1.200%)	9,960.00	13,440.00	1,320.00	7,920.00	-	32,640.00
Costs of Issuance	15,867.64	21,411.77	2,102.94	12,617.65	-	52,000.00
Deposit to Project Construction Fund	870,196.00	1,084,847.00	107,936.00	636,041.00	527,156.00	3,226,176.00
Rounding Amount	1,820.36	301.23	(1,358.94)	3,421.35	-	4,184.00
Total Uses	**$897,844.00**	**$1,120,000.00**	**$110,000.00**	**$660,000.00**	**$527,156.00**	**$3,315,000.00**

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City of Northfield, Minnesota

$2,720,000 General Obligation Bonds, Series 2016A

Issue Summary

Assumes Current Market BQ AA Rates plus 35bps

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	105% of Total	Assessments	Waste Water Rev	Storm Water Rev	Levy/ (Surplus)
02/01/2017	-	-	-	-	-	-	-	-	-
02/01/2018	325,000.00	1.000%	52,941.11	377,941.11	396,838.17	37,585.58	129,137.63	22,963.85	207,151.11
02/01/2019	335,000.00	1.150%	35,175.00	370,175.00	388,683.75	36,540.78	126,719.25	22,215.38	203,208.35
02/01/2020	345,000.00	1.200%	31,322.50	376,322.50	395,138.63	35,495.98	130,701.38	21,973.88	206,967.40
02/01/2021	350,000.00	1.300%	27,182.50	377,182.50	396,041.63	34,451.18	129,315.38	26,971.88	205,303.20
02/01/2022	355,000.00	1.450%	22,632.50	377,632.50	396,514.13	33,406.38	127,813.88	26,630.63	208,663.25
02/01/2023	200,000.00	1.550%	17,485.00	217,485.00	228,359.25	32,361.58	131,389.13	-	64,608.55
02/01/2024	200,000.00	1.650%	14,385.00	214,385.00	225,104.25	31,316.80	129,517.50	-	64,269.95
02/01/2025	200,000.00	1.750%	11,085.00	211,085.00	221,639.25	30,272.00	127,525.13	-	63,842.13
02/01/2026	205,000.00	1.800%	7,585.00	212,585.00	223,214.25	29,227.20	130,662.00	-	63,325.05
02/01/2027	205,000.00	1.900%	3,895.00	208,895.00	219,339.75	28,182.40	128,394.00	-	62,763.35
Total	**$2,720,000.00**	**-**	**$223,688.61**	**$2,943,688.61**	**$3,090,873.04**	**$328,839.88**	**$1,291,175.26**	**$120,755.60**	**$1,350,102.31**

Significant Dates

Dated	9/15/2016
First Coupon Date	8/01/2017

Yield Statistics

Bond Year Dollars	$14,327.56
Average Life	5.267 Years
Average Coupon	1.5612475%
Net Interest Cost (NIC)	1.7890603%
True Interest Cost (TIC)	1.7971716%
Bond Yield for Arbitrage Purposes	1.5552661%
All Inclusive Cost (AIC)	2.1911959%

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City of Northfield, Minnesota

$830,000 General Obligation Bonds, Series 2016A
Improvement (429)
Assumes Current Market BQ AA Rates plus 35bps

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
09/15/2016	-	-	-	-	-
08/01/2017	-	-	10,801.06	10,801.06	-
02/01/2018	80,000.00	1.000%	6,152.50	86,152.50	96,953.56
08/01/2018	-	-	5,752.50	5,752.50	-
02/01/2019	80,000.00	1.150%	5,752.50	85,752.50	91,505.00
08/01/2019	-	-	5,292.50	5,292.50	-
02/01/2020	80,000.00	1.200%	5,292.50	85,292.50	90,585.00
08/01/2020	-	-	4,812.50	4,812.50	-
02/01/2021	80,000.00	1.300%	4,812.50	84,812.50	89,625.00
08/01/2021	-	-	4,292.50	4,292.50	-
02/01/2022	85,000.00	1.450%	4,292.50	89,292.50	93,585.00
08/01/2022	-	-	3,676.25	3,676.25	-
02/01/2023	85,000.00	1.550%	3,676.25	88,676.25	92,352.50
08/01/2023	-	-	3,017.50	3,017.50	-
02/01/2024	85,000.00	1.650%	3,017.50	88,017.50	91,035.00
08/01/2024	-	-	2,316.25	2,316.25	-
02/01/2025	85,000.00	1.750%	2,316.25	87,316.25	89,632.50
08/01/2025	-	-	1,572.50	1,572.50	-
02/01/2026	85,000.00	1.800%	1,572.50	86,572.50	88,145.00
08/01/2026	-	-	807.50	807.50	-
02/01/2027	85,000.00	1.900%	807.50	85,807.50	86,615.00
Total	**$830,000.00**	**-**	**$80,033.56**	**$910,033.56**	**-**

Yield Statistics

Bond Year Dollars	$4,938.56
Average Life	5.950 Years
Average Coupon	1.6205864%
Net Interest Cost (NIC)	1.8222648%
True Interest Cost (TIC)	1.8307519%
Bond Yield for Arbitrage Purposes	1.5552661%
All Inclusive Cost (AIC)	2.1816923%

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Net Interest Cost	1.6205864%
Weighted Average Maturity	5.950 Years

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City of Northfield, Minnesota

$830,000 General Obligation Bonds, Series 2016A
Improvement (429)
Assumes Current Market BQ AA Rates plus 35bps

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	105% of Total	Assessments	Levy/(Surplus)
02/01/2017	-	-	-	-	-	-	-
02/01/2018	80,000.00	1.000%	16,953.56	96,953.56	101,801.24	37,585.58	64,215.66
02/01/2019	80,000.00	1.150%	11,505.00	91,505.00	96,080.25	36,540.78	59,539.47
02/01/2020	80,000.00	1.200%	10,585.00	90,585.00	95,114.25	35,495.98	59,618.27
02/01/2021	80,000.00	1.300%	9,625.00	89,625.00	94,106.25	34,451.18	59,655.07
02/01/2022	85,000.00	1.450%	8,585.00	93,585.00	98,264.25	33,406.38	64,857.87
02/01/2023	85,000.00	1.550%	7,352.50	92,352.50	96,970.13	32,361.58	64,608.55
02/01/2024	85,000.00	1.650%	6,035.00	91,035.00	95,586.75	31,316.80	64,269.95
02/01/2025	85,000.00	1.750%	4,632.50	89,632.50	94,114.13	30,272.00	63,842.13
02/01/2026	85,000.00	1.800%	3,145.00	88,145.00	92,552.25	29,227.20	63,325.05
02/01/2027	85,000.00	1.900%	1,615.00	86,615.00	90,945.75	28,182.40	62,763.35
Total	**$830,000.00**	**-**	**$80,033.56**	**$910,033.56**	**$955,535.24**	**$328,839.88**	**$626,695.36**

Significant Dates

Dated	9/15/2016
First Coupon Date	8/01/2017

Yield Statistics

Bond Year Dollars	$4,938.56
Average Life	5.950 Years
Average Coupon	1.6205864%
Net Interest Cost (NIC)	1.8222648%
True Interest Cost (TIC)	1.8307519%
Bond Yield for Arbitrage Purposes	1.5552661%
All Inclusive Cost (AIC)	2.1816923%

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City of Northfield, Minnesota

$271,376 General Obligation Bonds, Series 2016A

Assessments

2.00% over TIC - Equal Principal

Assessments

Date	Principal	Coupon	Interest	Total P+I
12/31/2017	27,137.60	3.850%	10,447.98	37,585.58
12/31/2018	27,137.60	3.850%	9,403.18	36,540.78
12/31/2019	27,137.60	3.850%	8,358.38	35,495.98
12/31/2020	27,137.60	3.850%	7,313.58	34,451.18
12/31/2021	27,137.60	3.850%	6,268.78	33,406.38
12/31/2022	27,137.60	3.850%	5,223.98	32,361.58
12/31/2023	27,137.60	3.850%	4,179.20	31,316.80
12/31/2024	27,137.60	3.850%	3,134.40	30,272.00
12/31/2025	27,137.60	3.850%	2,089.60	29,227.20
12/31/2026	27,137.60	3.850%	1,044.80	28,182.40
Total	**$271,376.00**	**-**	**$57,463.88**	**$328,839.88**

Significant Dates

Filing Date	1/01/2017
First Payment Date	12/31/2017

City of Northfield, Minnesota

$1,120,000 General Obligation Bonds, Series 2016A
Waste Water Revenue (444)
Assumes Current Market BQ AA Rates plus 35bps

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
09/15/2016	-	-	-	-	-
08/01/2017	-	-	14,645.72	14,645.72	-
02/01/2018	100,000.00	1.000%	8,342.50	108,342.50	122,988.22
08/01/2018	-	-	7,842.50	7,842.50	-
02/01/2019	105,000.00	1.150%	7,842.50	112,842.50	120,685.00
08/01/2019	-	-	7,238.75	7,238.75	-
02/01/2020	110,000.00	1.200%	7,238.75	117,238.75	124,477.50
08/01/2020	-	-	6,578.75	6,578.75	-
02/01/2021	110,000.00	1.300%	6,578.75	116,578.75	123,157.50
08/01/2021	-	-	5,863.75	5,863.75	-
02/01/2022	110,000.00	1.450%	5,863.75	115,863.75	121,727.50
08/01/2022	-	-	5,066.25	5,066.25	-
02/01/2023	115,000.00	1.550%	5,066.25	120,066.25	125,132.50
08/01/2023	-	-	4,175.00	4,175.00	-
02/01/2024	115,000.00	1.650%	4,175.00	119,175.00	123,350.00
08/01/2024	-	-	3,226.25	3,226.25	-
02/01/2025	115,000.00	1.750%	3,226.25	118,226.25	121,452.50
08/01/2025	-	-	2,220.00	2,220.00	-
02/01/2026	120,000.00	1.800%	2,220.00	122,220.00	124,440.00
08/01/2026	-	-	1,140.00	1,140.00	-
02/01/2027	120,000.00	1.900%	1,140.00	121,140.00	122,280.00
Total	**$1,120,000.00**	**-**	**$109,690.72**	**$1,229,690.72**	**-**

Yield Statistics

Bond Year Dollars	$6,748.11
Average Life	6.025 Years
Average Coupon	1.6255026%
Net Interest Cost (NIC)	1.8246694%
True Interest Cost (TIC)	1.8331366%
Bond Yield for Arbitrage Purposes	1.5552661%
All Inclusive Cost (AIC)	2.1798772%

IRS Form 8038

Net Interest Cost	1.6255026%
Weighted Average Maturity	6.025 Years

City of Northfield, Minnesota

$110,000 General Obligation Bonds, Series 2016A
Storm Water (444)
Assumes Current Market BQ AA Rates plus 35bps

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
09/15/2016	-	-	-	-	-
08/01/2017	-	-	1,191.58	1,191.58	-
02/01/2018	20,000.00	1.000%	678.75	20,678.75	21,870.33
08/01/2018	-	-	578.75	578.75	-
02/01/2019	20,000.00	1.150%	578.75	20,578.75	21,157.50
08/01/2019	-	-	463.75	463.75	-
02/01/2020	20,000.00	1.200%	463.75	20,463.75	20,927.50
08/01/2020	-	-	343.75	343.75	-
02/01/2021	25,000.00	1.300%	343.75	25,343.75	25,687.50
08/01/2021	-	-	181.25	181.25	-
02/01/2022	25,000.00	1.450%	181.25	25,181.25	25,362.50
Total	**$110,000.00**	**-**	**$5,005.33**	**$115,005.33**	**-**

Yield Statistics

Bond Year Dollars	$386.56
Average Life	3.514 Years
Average Coupon	1.2948540%
Net Interest Cost (NIC)	1.6363314%
True Interest Cost (TIC)	1.6469847%
Bond Yield for Arbitrage Purposes	1.5552661%
All Inclusive Cost (AIC)	2.2228276%

IRS Form 8038

Net Interest Cost	1.2948540%
Weighted Average Maturity	3.514 Years

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City of Northfield, Minnesota

$660,000 General Obligation Bonds, Series 2016A
Equipment Certificates
Assumes Current Market BQ AA Rates plus 35bps

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	105% Overlevy
02/01/2017	-	-	-	-	-
02/01/2018	125,000.00	1.000%	11,129.00	136,129.00	142,935.45
02/01/2019	130,000.00	1.150%	6,827.50	136,827.50	143,668.88
02/01/2020	135,000.00	1.200%	5,332.50	140,332.50	147,349.13
02/01/2021	135,000.00	1.300%	3,712.50	138,712.50	145,648.13
02/01/2022	135,000.00	1.450%	1,957.50	136,957.50	143,805.38
Total	**$660,000.00**	**-**	**$28,959.00**	**$688,959.00**	**$723,406.95**

Significant Dates

Dated	9/15/2016
First Coupon Date	8/01/2017

Yield Statistics

Bond Year Dollars	$2,254.33
Average Life	3.416 Years
Average Coupon	1.2845926%
Net Interest Cost (NIC)	1.6359160%
True Interest Cost (TIC)	1.6466102%
Bond Yield for Arbitrage Purposes	1.5552661%
All Inclusive Cost (AIC)	2.2386504%

IRS Form 8038

Net Interest Cost	1.2845926%
Weighted Average Maturity	3.416 Years