

City of Shakopee, Minnesota

Pre-Sale Summary for Issuance of Bonds

\$10,000,000 General Obligation Bonds, Series 2022A

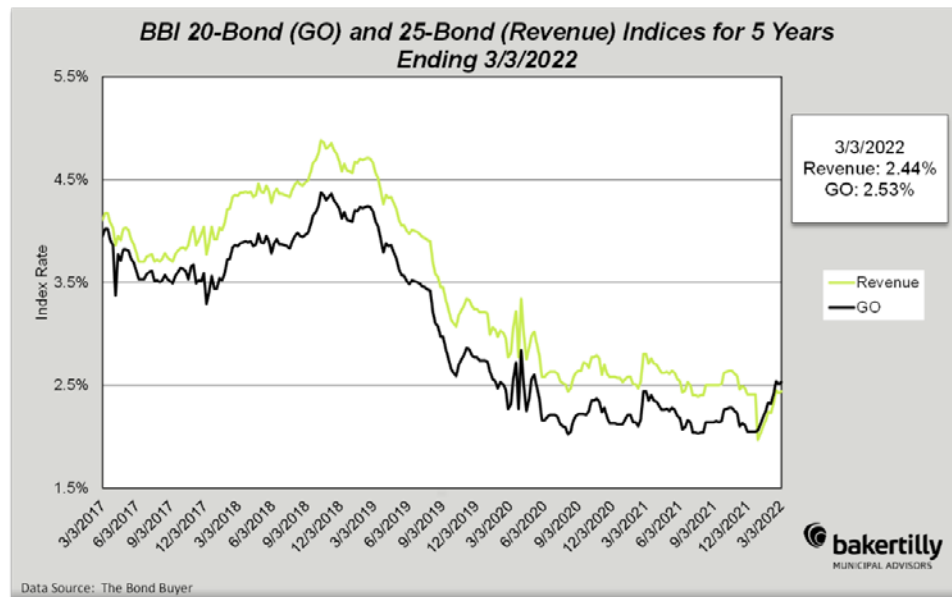
The Council has under consideration the issuance of bonds (the "Bonds") to fund (i) various public improvements within the City's Tax Increment Financing (Redevelopment) District No. 18 (the "TIF Portion") and (ii) various street improvements within the City (the "Improvement Portion"). This document provides information relative to the proposed issuance.

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

March 15, 2022	Council sets sale date and terms
Week of March 28, 2022	Rating conference is conducted
April 19, 2022, 10:30 a.m.	Competitive proposals are received
April 19, 2022, 7:00 p.m.	Council considers award of the Bonds
May 19, 2022	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 year for general obligation bonds rated Aa2 by Moody's or AA by S&P (the BBI 20-Bond GO Index) and the 30th year for revenue bonds rated A1 by Moody's or A+ by S&P (the BBI 25-Bond Revenue Index). The following chart illustrates these two indices over the past five years:



SCHEDULES ATTACHED: Schedules attached include (i) a sources and uses of funds, (ii) estimated debt service requirements for the Bonds as a whole and by purpose, given the current interest rate environment, (iii) and estimated assessment collections.

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: Bonds maturing on or after February 1, 2032 may be prepaid at a price of par plus accrued interest on or after February 1, 2031.

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

\$5,910,000 TIF Portion

Description of Purpose

PURPOSE: Proceeds of the TIF Portion will be used to finance various public improvements within the Tax Increment Financing District No. 18 (the "TIF District") including, but not limited to, various street, facility, and land improvements.

AUTHORITY: Statutory Authority: The TIF Portion of the Bonds is being issued pursuant to Minnesota Statutes, Chapters 469 and 475.

Statutory Requirements: In order to issue tax increment supported debt under Minnesota Statutes, Chapter 469, the debt service for projects must be paid, in the aggregate, with at least 20% tax increment revenue. The project being financed is expected to pay at least 20% of the debt service on the TIF Portion of the Bonds.

SECURITY AND SOURCE OF PAYMENT: The TIF Portion will be a general obligation of the City, secured by its full faith and credit and taxing power. The City will pledge tax increment revenues from the TIF District to the payment of the TIF Portion, which revenues are also pledged to the City's General Obligation Tax Increment Revenue Bonds, Series 2019A, dated October 17, 2019 (the "Series 2019A Bonds") and the City's General Obligation Tax Increment Revenue Bonds, Series 2020A, dated July 2, 2020 (the "Series 2020A Bonds" and the Series 2019A Bonds, referred to herein as the "Existing TIF Bonds").

With the exception noted below, the City anticipates that revenues from the TIF District will be sufficient to make the debt service payments on the TIF Portion of the Bonds and the Existing TIF Bonds, and the City will not be required to levy taxes for repayment of the TIF Portion of the Bonds. Tax Increment projections were prepared by Baker Tilly Municipal Advisors.

The February 1, 2023 interest payment due on the TIF Portion is due prior to a full anticipated collection of TIF District revenues, and will be paid from available City funds included in the principal amount of the TIF Portion. Thereafter, each year's collection of tax increment revenues is expected to be sufficient to pay the interest due on August 1 in the year of collection and the principal and interest due February 1 in the following year.

STRUCTURING SUMMARY: In consultation with the City, the TIF Portion has a term of eighteen principal payments structured to result in approximately even annual debt service, including the Existing TIF Bonds.

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.

Numerous events, including legislative action, can impact the generation of tax increment revenues. In the event tax increment revenues are negatively impacted, the actual tax increment revenues received may not be sufficient to cover 100% of the debt service on the TIF Portion. In such event, the City would be required to cover the shortfall in tax increment revenues with other available City funds or tax levies.

\$4,090,000 Improvement Portion

Description of Purpose

PURPOSE: The proceeds of the Improvement Portion will be used, along with various City funds and prepaid assessments, to finance various street improvements within the City.

AUTHORITY: Statutory Authority: The Improvement Portion of the Bonds is being issued pursuant to Minnesota Statutes, Chapters 429 and 475.

Statutory Requirements: Under Minnesota Statutes, Chapter 429, at least 20% of the City's share of project costs must be assessed to benefited properties. The assessments for the street projects being financed is greater than 20%.

SECURITY AND SOURCE OF PAYMENT: The Improvement Portion will be a general obligation of the City, secured by its full faith and credit and taxing power. The Improvement Portion of the Bonds will be repaid with a combination of special assessments filed against benefited properties and general ad valorem tax levies.

Special Assessments in the principal amount of \$617,988 attributable to certain portions of the projects being financed were filed in 2020 with first collection in 2021. The assessments will be collected over a term of ten years with equal annual payments of principal. Interest on the unpaid balance is charged at a rate of 5.00%. Of the amounts assessed, to-date, the City has collected \$306,799.50 in assessments. The amount remaining will be collected over the 9 years remaining of the original 10-year assessment term.

Special Assessments in the principal amount of \$1,070,175 are expected to be filed in the fall of 2022 for first collection in 2023. The assessments will be collected over a term of ten years with equal annual payments of principal. Interest on the unpaid balance will be charged at a rate of 2.0% over the true interest rate of the Improvement Portion, rounded to the nearest 0.25%; currently estimated to be 4.25%.

The City will be required to levy taxes to pay a portion of the debt service on the Improvement Portion. The City will make their first levy in 2022 for collection in 2023. Each year's collection of taxes and assessments will be used to make the interest payment due on August 1 of the collection year and the February 1 principal and interest payment due the following year. The City plans to use available funds or assessment collections greater

than shown in these schedules to make the February 1, 2023 interest payment on the Improvement Portion.

**STRUCTURING
SUMMARY:**

In consultation with the City, the Improvement Portion is structured over a term of ten years to match anticipated assessment collections to result in an approximately equal annual levy requirement.

**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.

Principal payments have been structured around projected future assessment collections. If actual assessment collections are different than projected (lower annual collections due to delinquencies or prepayments), any levy requirement may differ from what is shown in this summary.

Post Issuance Compliance

**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 this issue has been structured. Post-issuance compliance responsibilities for this tax-exempt issue 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 for spend-down exceptions for proceeds that are spent within either a 6-month, 18-month or, for certain construction issues, a 24-month period each 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 expects to meet the 18-month spending exception.

Regardless of whether the issue qualifies for an exemption from the rebate provisions, yield restriction provisions will apply to Bond proceeds (including interest earnings) unspent after three years and the debt service fund throughout the term of the Bonds. These moneys should be monitored until the Bonds are retired.

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.

Baker Tilly Municipal Advisors currently provides both arbitrage and continuing disclosure services to the City. Baker Tilly Municipal Advisors will work with the City staff to include the Bonds under the existing Agreement for Municipal Advisor Services.

**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.

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\$10,000,000

City of Shakopee, Minnesota
General Obligation Bonds, Series 2022A
Issue Summary

Total Issue Sources And Uses

Dated 05/19/2022 | Delivered 05/19/2022

	TIF Portion	Improvement Bonds	Issue Summary
Sources Of Funds			
Par Amount of Bonds.....	\$5,910,000.00	\$4,090,000.00	\$10,000,000.00
Planned Issuer Equity contribution.....	-	1,665,000.00	1,665,000.00
Prepaid & Collected Assessments.....	-	306,799.50	306,799.50
Total Sources.....	\$5,910,000.00	\$6,061,799.50	\$11,971,799.50
Uses Of Funds			
Deposit to Project Construction Fund.....	5,800,000.00	-	5,800,000.00
Sewer Utility Extension 21-001.....	-	2,754,000.00	2,754,000.00
2020 Reconstruction CIF 20-004.....	-	2,203,268.00	2,203,268.00
2022 Reconstruction CIF 22-001.....	-	1,033,600.00	1,033,600.00
Total Underwriter's Discount (1.000%).....	59,100.00	40,900.00	100,000.00
Costs of Issuance.....	47,457.30	32,842.70	80,300.00
Rounding Amount.....	3,442.70	(2,811.20)	631.50
Total Uses.....	\$5,910,000.00	\$6,061,799.50	\$11,971,799.50

\$10,000,000

City of Shakopee, Minnesota
General Obligation Bonds, Series 2022A
Issue Summary

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
02/01/2023	-	-	158,236.75	158,236.75
02/01/2024	500,000.00	1.450%	226,052.50	726,052.50
02/01/2025	495,000.00	1.550%	218,802.50	713,802.50
02/01/2026	495,000.00	1.650%	211,130.00	706,130.00
02/01/2027	500,000.00	1.750%	202,962.50	702,962.50
02/01/2028	510,000.00	1.850%	194,212.50	704,212.50
02/01/2029	510,000.00	1.950%	184,777.50	694,777.50
02/01/2030	510,000.00	2.000%	174,832.50	684,832.50
02/01/2031	520,000.00	2.050%	164,632.50	684,632.50
02/01/2032	485,000.00	2.150%	153,972.50	638,972.50
02/01/2033	490,000.00	2.250%	143,545.00	633,545.00
02/01/2034	100,000.00	2.350%	132,520.00	232,520.00
02/01/2035	110,000.00	2.450%	130,170.00	240,170.00
02/01/2036	110,000.00	2.500%	127,475.00	237,475.00
02/01/2037	110,000.00	2.550%	124,725.00	234,725.00
02/01/2038	1,095,000.00	2.600%	121,920.00	1,216,920.00
02/01/2039	1,125,000.00	2.650%	93,450.00	1,218,450.00
02/01/2040	1,150,000.00	2.700%	63,637.50	1,213,637.50
02/01/2041	1,185,000.00	2.750%	32,587.50	1,217,587.50
Total	\$10,000,000.00	-	\$2,859,641.75	\$12,859,641.75

Yield Statistics

Bond Year Dollars.....	\$115,275.00
Average Life.....	11.528 Years
Average Coupon.....	2.4807129%
Net Interest Cost (NIC).....	2.5674619%
True Interest Cost (TIC).....	2.5654845%
Bond Yield for Arbitrage Purposes.....	2.4620814%
All Inclusive Cost (AIC).....	2.6495845%

IRS Form 8038

Net Interest Cost.....	2.4807129%
Weighted Average Maturity.....	11.528 Years

Optional Redemption

02/01/2031.....	@100.000%
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\$5,910,000

City of Shakopee, Minnesota
General Obligation Bonds, Series 2022A
TIF Portion

NET DEBT SERVICE vs. REVENUE

Date	Principal	Coupon	Interest	Total P+I	Existing D/S	Net New D/S	105% Overlevy	Revenue	Srpls(Shrtfall)
02/01/2023	-	-	104,930.00	104,930.00	982,662.50	1,087,592.50	1,141,972.13	948,667.00	(193,305.13)
02/01/2024	85,000.00	1.450%	149,900.00	234,900.00	980,262.50	1,215,162.50	1,275,920.63	1,347,149.00	71,228.38
02/01/2025	85,000.00	1.550%	148,667.50	233,667.50	981,762.50	1,215,430.00	1,276,201.50	2,448,051.00	1,171,849.50
02/01/2026	85,000.00	1.650%	147,350.00	232,350.00	981,912.50	1,214,262.50	1,274,975.63	3,205,965.00	1,930,989.38
02/01/2027	90,000.00	1.750%	145,947.50	235,947.50	980,762.50	1,216,710.00	1,277,545.50	3,610,914.00	2,333,368.50
02/01/2028	95,000.00	1.850%	144,372.50	239,372.50	978,262.50	1,217,635.00	1,278,516.75	4,224,787.00	2,946,270.25
02/01/2029	95,000.00	1.950%	142,615.00	237,615.00	980,062.50	1,217,677.50	1,278,561.38	4,590,065.00	3,311,503.63
02/01/2030	95,000.00	2.000%	140,762.50	235,762.50	980,762.50	1,216,525.00	1,277,351.25	4,955,344.00	3,677,992.75
02/01/2031	100,000.00	2.050%	138,862.50	238,862.50	979,062.50	1,217,925.00	1,278,821.25	4,955,344.00	3,676,522.75
02/01/2032	95,000.00	2.150%	136,812.50	231,812.50	982,062.50	1,213,875.00	1,274,568.75	4,955,344.00	3,680,775.25
02/01/2033	100,000.00	2.250%	134,770.00	234,770.00	979,662.50	1,214,432.50	1,275,154.13	4,955,344.00	3,680,189.88
02/01/2034	100,000.00	2.350%	132,520.00	232,520.00	981,568.75	1,214,088.75	1,274,793.19	4,955,344.00	3,680,550.81
02/01/2035	110,000.00	2.450%	130,170.00	240,170.00	978,062.50	1,218,232.50	1,279,144.13	4,955,344.00	3,676,199.88
02/01/2036	110,000.00	2.500%	127,475.00	237,475.00	978,837.50	1,216,312.50	1,277,128.13	4,955,344.00	3,678,215.88
02/01/2037	110,000.00	2.550%	124,725.00	234,725.00	979,200.00	1,213,925.00	1,274,621.25	4,955,344.00	3,680,722.75
02/01/2038	1,095,000.00	2.600%	121,920.00	1,216,920.00	-	1,216,920.00	1,277,766.00	4,955,344.00	3,677,578.00
02/01/2039	1,125,000.00	2.650%	93,450.00	1,218,450.00	-	1,218,450.00	1,279,372.50	4,955,344.00	3,675,971.50
02/01/2040	1,150,000.00	2.700%	63,637.50	1,213,637.50	-	1,213,637.50	1,274,319.38	4,955,344.00	3,681,024.63
02/01/2041	1,185,000.00	2.750%	32,587.50	1,217,587.50	-	1,217,587.50	1,278,466.88	4,955,344.00	3,676,877.13
Total	\$5,910,000.00	-	\$2,361,475.00	\$8,271,475.00	\$14,704,906.25	\$22,976,381.25	\$24,125,200.31	\$79,839,726.00	\$55,714,525.69

\$4,090,000

City of Shakopee, Minnesota
General Obligation Bonds, Series 2022A
Improvement Bonds

NET DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I	105% of Total	Assessment	Levy Required
02/01/2023	-	-	53,306.75	53,306.75	55,972.09	50,135.97	5,836.12
02/01/2024	415,000.00	1.450%	76,152.50	491,152.50	515,710.13	206,718.72	308,991.41
02/01/2025	410,000.00	1.550%	70,135.00	480,135.00	504,141.75	194,630.01	309,511.74
02/01/2026	410,000.00	1.650%	63,780.00	473,780.00	497,469.00	188,352.94	309,116.06
02/01/2027	410,000.00	1.750%	57,015.00	467,015.00	490,365.75	182,075.88	308,289.87
02/01/2028	415,000.00	1.850%	49,840.00	464,840.00	488,082.00	175,798.78	312,283.22
02/01/2029	415,000.00	1.950%	42,162.50	457,162.50	480,020.63	169,521.72	310,498.91
02/01/2030	415,000.00	2.000%	34,070.00	449,070.00	471,523.50	163,244.66	308,278.84
02/01/2031	420,000.00	2.050%	25,770.00	445,770.00	468,058.50	156,967.58	311,090.92
02/01/2032	390,000.00	2.150%	17,160.00	407,160.00	427,518.00	116,113.98	311,404.02
02/01/2033	390,000.00	2.250%	8,775.00	398,775.00	418,713.75	111,565.76	307,147.99
Total	\$4,090,000.00	-	\$498,166.75	\$4,588,166.75	\$4,817,575.09	\$1,715,126.00	\$3,102,449.09

\$311,189

City of Shakopee, Minnesota
General Obligation Bonds, Series 2022A
2020 Reconstruction CIF 20-004 - Certified Assessments

ASSESSMENT INCOME -- Accrual Basis

Calendar Year	Principal	Coupon	Interest	Total P+I
2022	34,576.53	5.000%	15,559.44	50,135.97
2023	34,576.53	5.000%	13,830.60	48,407.13
2024	34,576.53	5.000%	12,101.78	46,678.31
2025	34,576.52	5.000%	10,372.96	44,949.48
2026	34,576.52	5.000%	8,644.14	43,220.66
2027	34,576.52	5.000%	6,915.30	41,491.82
2028	34,576.52	5.000%	5,186.48	39,763.00
2029	34,576.52	5.000%	3,457.66	38,034.18
2030	34,576.52	5.000%	1,728.82	36,305.34
-	\$311,188.71	-	\$77,797.18	\$388,985.89

\$826,200

City of Shakopee, Minnesota
General Obligation Bonds, Series 2022A
Sewer Utility Extension 21-001 - Preliminary Assessments

ASSESSMENT INCOME -- Accrual Basis

Calendar Year	Principal	Coupon	Interest	Total P+I
2022	-	-	-	-
2023	82,620.00	4.250%	39,600.23	122,220.23
2024	82,620.00	4.250%	31,602.16	114,222.16
2025	82,620.00	4.250%	28,090.80	110,710.80
2026	82,620.00	4.250%	24,579.46	107,199.46
2027	82,620.00	4.250%	21,068.10	103,688.10
2028	82,620.00	4.250%	17,556.76	100,176.76
2029	82,620.00	4.250%	14,045.40	96,665.40
2030	82,620.00	4.250%	10,534.06	93,154.06
2031	82,620.00	4.250%	7,022.70	89,642.70
2032	82,620.00	4.250%	3,511.36	86,131.36
-	\$826,200.00	-	\$197,611.03	\$1,023,811.03

\$243,975

City of Shakopee, Minnesota
General Obligation Bonds, Series 2022A
2022 Reconstruction CIF 22-001 - Preliminary Assessments

ASSESSMENT INCOME -- Accrual Basis

Calendar Year	Principal	Coupon	Interest	Total P+I
2022	-	-	-	-
2023	24,397.50	4.250%	11,693.86	36,091.36
2024	24,397.50	4.250%	9,332.04	33,729.54
2025	24,397.50	4.250%	8,295.16	32,692.66
2026	24,397.50	4.250%	7,258.26	31,655.76
2027	24,397.50	4.250%	6,221.36	30,618.86
2028	24,397.50	4.250%	5,184.46	29,581.96
2029	24,397.50	4.250%	4,147.58	28,545.08
2030	24,397.50	4.250%	3,110.68	27,508.18
2031	24,397.50	4.250%	2,073.78	26,471.28
2032	24,397.50	4.250%	1,036.90	25,434.40
-	\$243,975.00	-	\$58,354.08	\$302,329.08