

ISSUER PRESENTATION

\$15,700,000 General Obligation Bonds,
Tax-Exempt Series 2020A*

July 20, 2020

*Preliminary subject to change



Lakeville
MINNESOTA

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Information Included

1. Overview of Series 2020A Bonds
2. City Response to COVID-19
3. Economy and Tax Base
4. Finances, Management & Debt



Part 1: Overview of Series 2020A Bonds

Overview of Series 2020A Bonds

\$15,700,000 General Obligation Bonds, Tax-Exempt, Series 2020A

■ Security

- Bonds will be a full faith and credit general obligation of the City, with pledge of special assessments, net water revenues, and an abatement levy
 - \$11,550,000 for street improvement projects
 - \$3,380,000 for water projects
 - \$770,000 for Ames Arena parking lot

■ Purpose

- Proceeds from the Bonds will be used to finance the 2020 street improvement projects, water projects, a parking lot project at Ames Arena, and to pay the costs associated with the issuance of the Bonds

■ Authority

- The Bonds will be issued pursuant to the authority of Minnesota Statutes, Sections 469.1812 through 469.1815 and Chapters 429, 444, and 475

Overview of Series 2020A Bonds (continued)

\$15,700,000 General Obligation Bonds, Tax-Exempt, Series 2020A

■ **Term**

- Bonds will mature annually each February 1 in the years 2021 through 2031

■ **Tax Status**

- Tax-exempt, not bank qualified

■ **Sale Date**

- Underwriter bids due on Monday, July 20 at 10:00 a.m. Central

■ **Rating**

- Moody's Aa1

■ **Closing Date:**

- On or about August 13



Part 2: City Response to COVID-19

COVID-19 Virus – City Response

- From public safety to home permit inspections, all aspects of City services have continued
- City Council, Planning Commission and other Committees have been meeting electronically with information published on the City website as usual
- City is focused on common goal—to move forward with appropriate public health safety measures, while at the same time ensuring economic success as a community

COVID-19 Virus – City Response

- City is preparing for both immediate and longer-term financial impact
- City is well positioned to respond due to its very strong financial management practices and reserves



Part 2: Economy and Tax Base

Lakeville is a Growing and Thriving Community

- The City is located in southern Dakota County, approximately 20 miles south of downtown Minneapolis and Saint Paul
- City encompasses an area of approximately 38 square miles
- City anticipates (budgets) for 350 new housing units annually

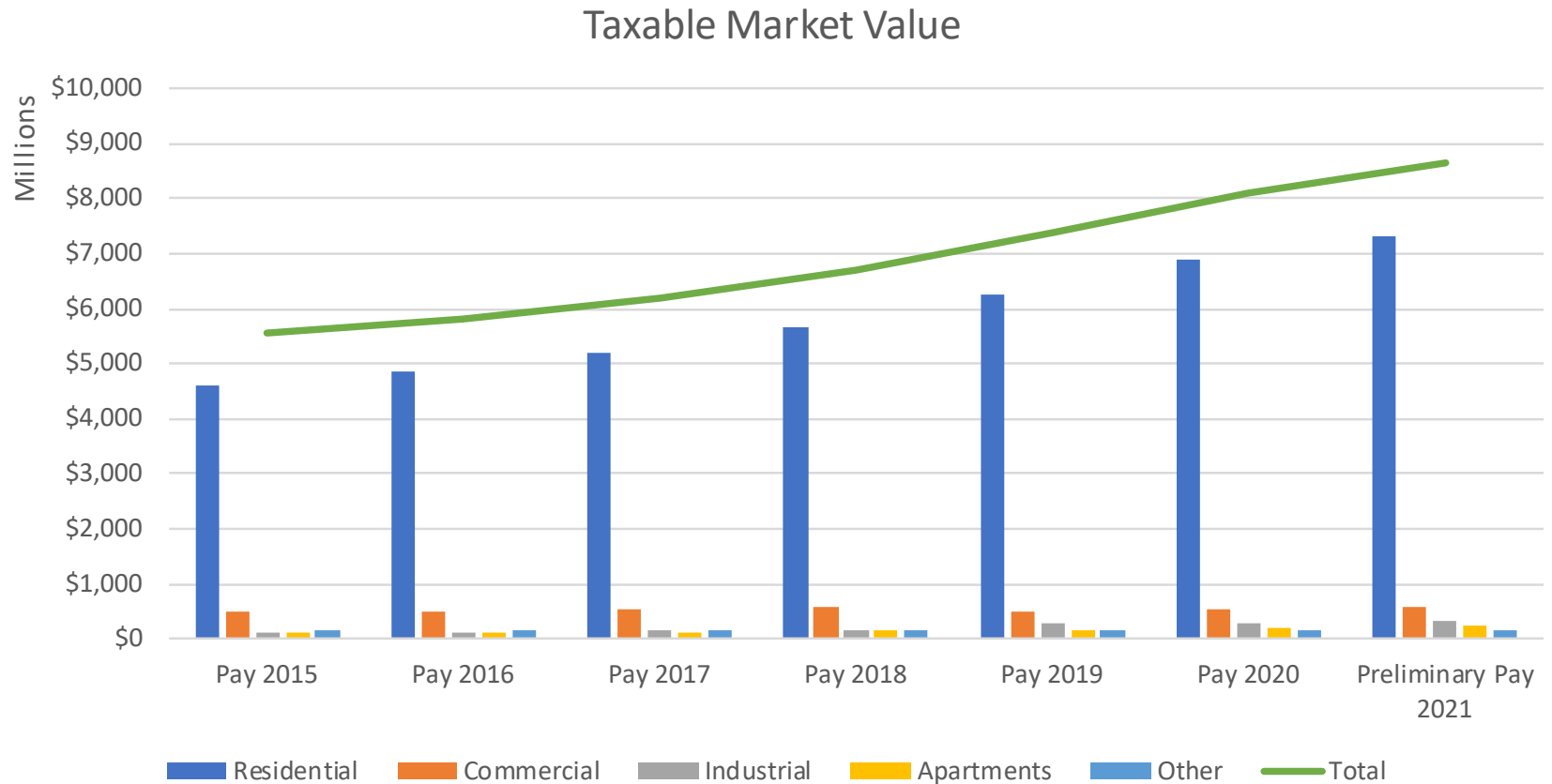


Economy / Tax Base

- Developable land with supporting infrastructure
- Positive economic impact of quality schools
- Engaged community, civic and City leadership
- Growing and diverse business community
- City sets strategic priorities
 - FY 2020-2023 Strategic Plan and Summary Report to the Lakeville Economic Development Commission:

Source: City of Lakeville Website: <https://lakevillemn.gov/DocumentCenter/View/7522/2020-2023-Strategic-Plan-for-Economic-Development-PDF>

Valuation History for City

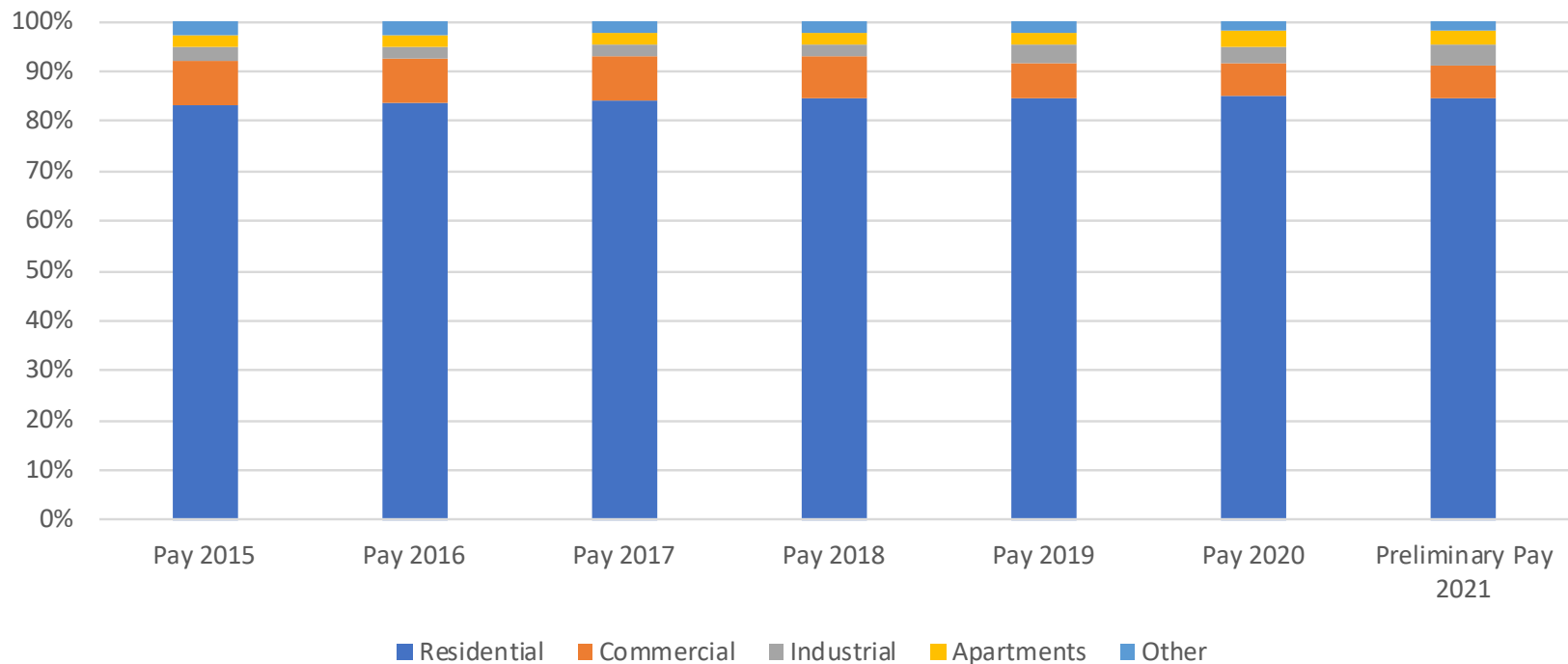


Source: Dakota County Website:

<https://www.co.dakota.mn.us/HomeProperty/TaxDistricts/Pages/default.aspx>

Valuation History for City

Taxable Market Value by Classification as Percent of Total

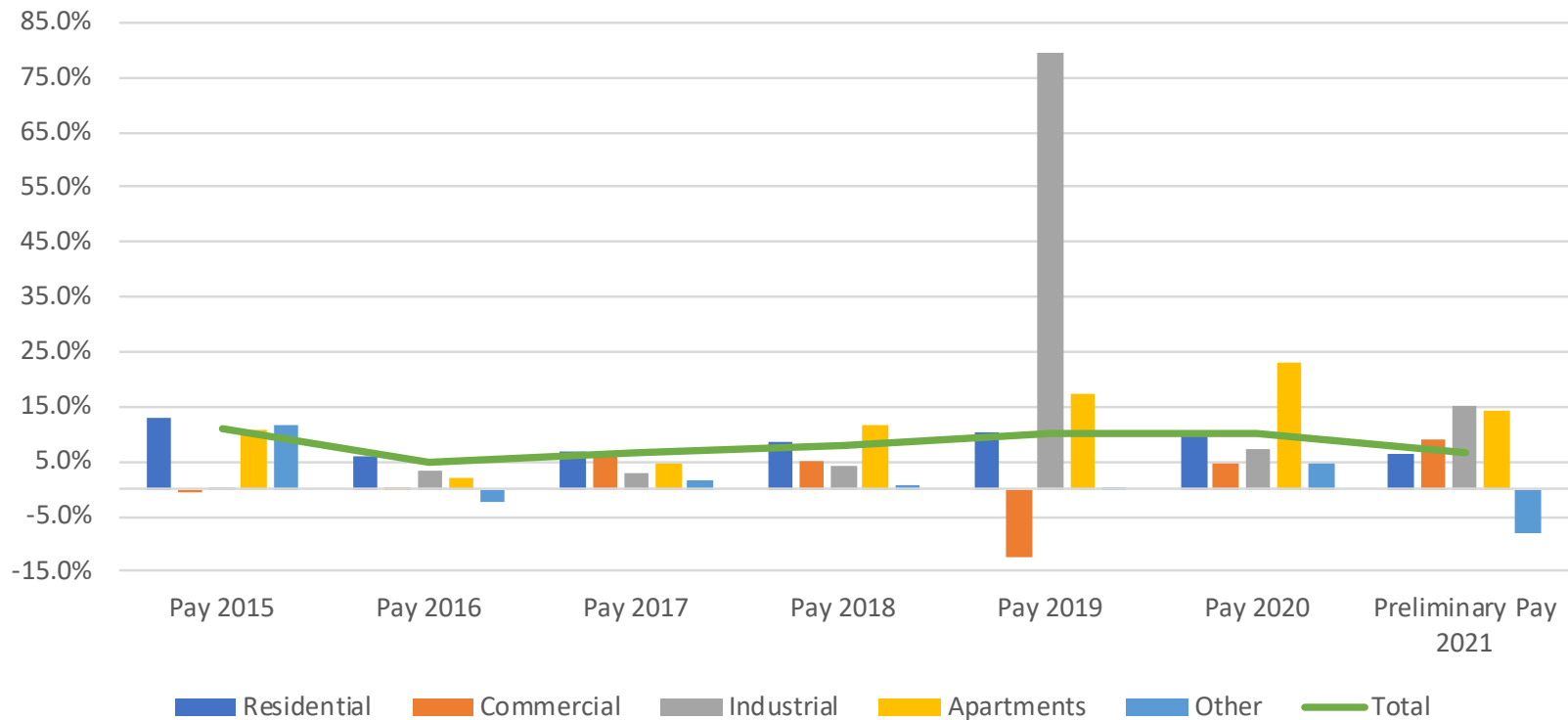


Source: Dakota County Website:

<https://www.co.dakota.mn.us/HomeProperty/TaxDistricts/Pages/default.aspx>

Valuation History for City

Annual % Change in Taxable Market Value



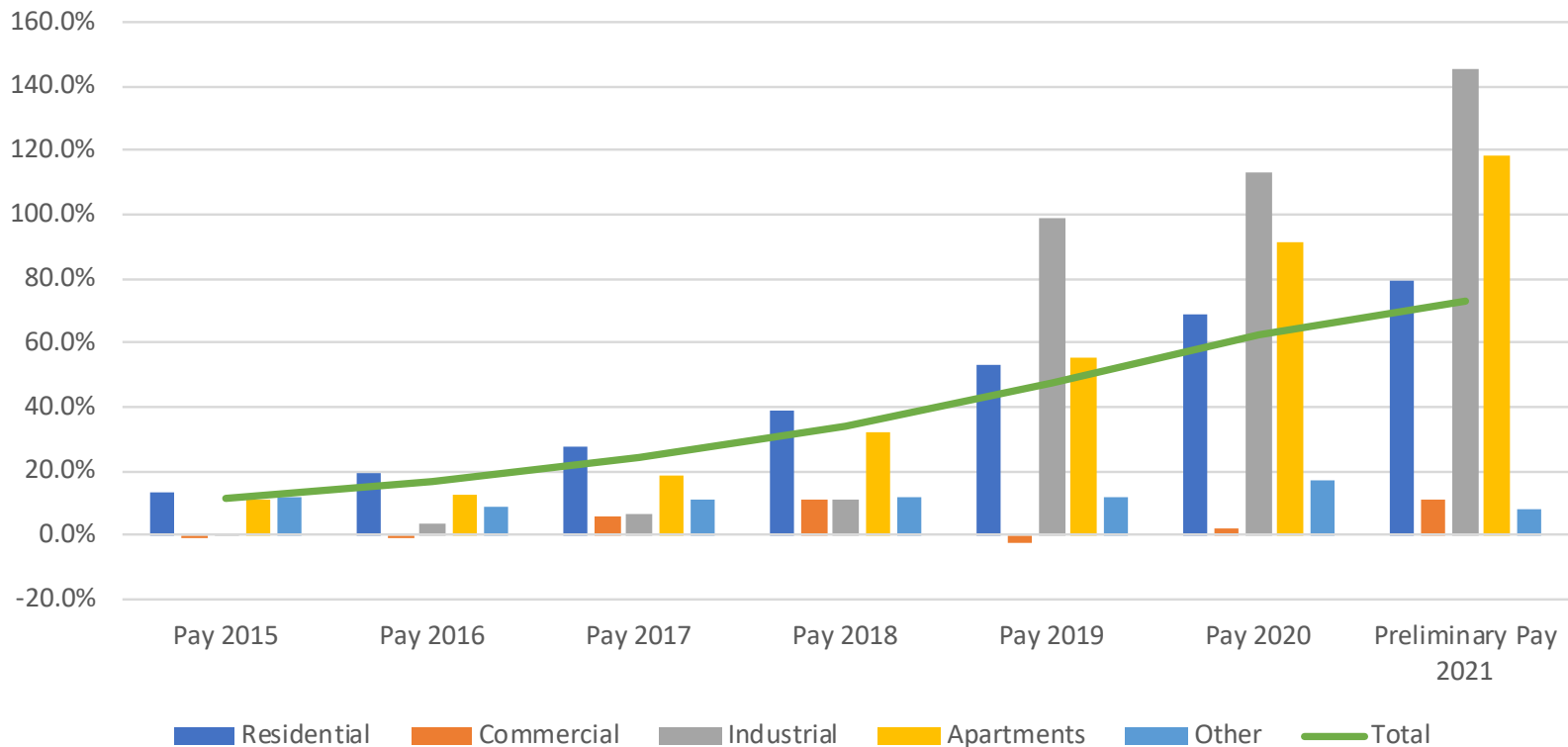
2019 Industrial includes: Launch Park 1st Addn – Menasha – built 2017 – 286,000 SF

Source: Dakota County Website:

<https://www.co.dakota.mn.us/HomeProperty/TaxDistricts/Pages/default.aspx>

Valuation History for City

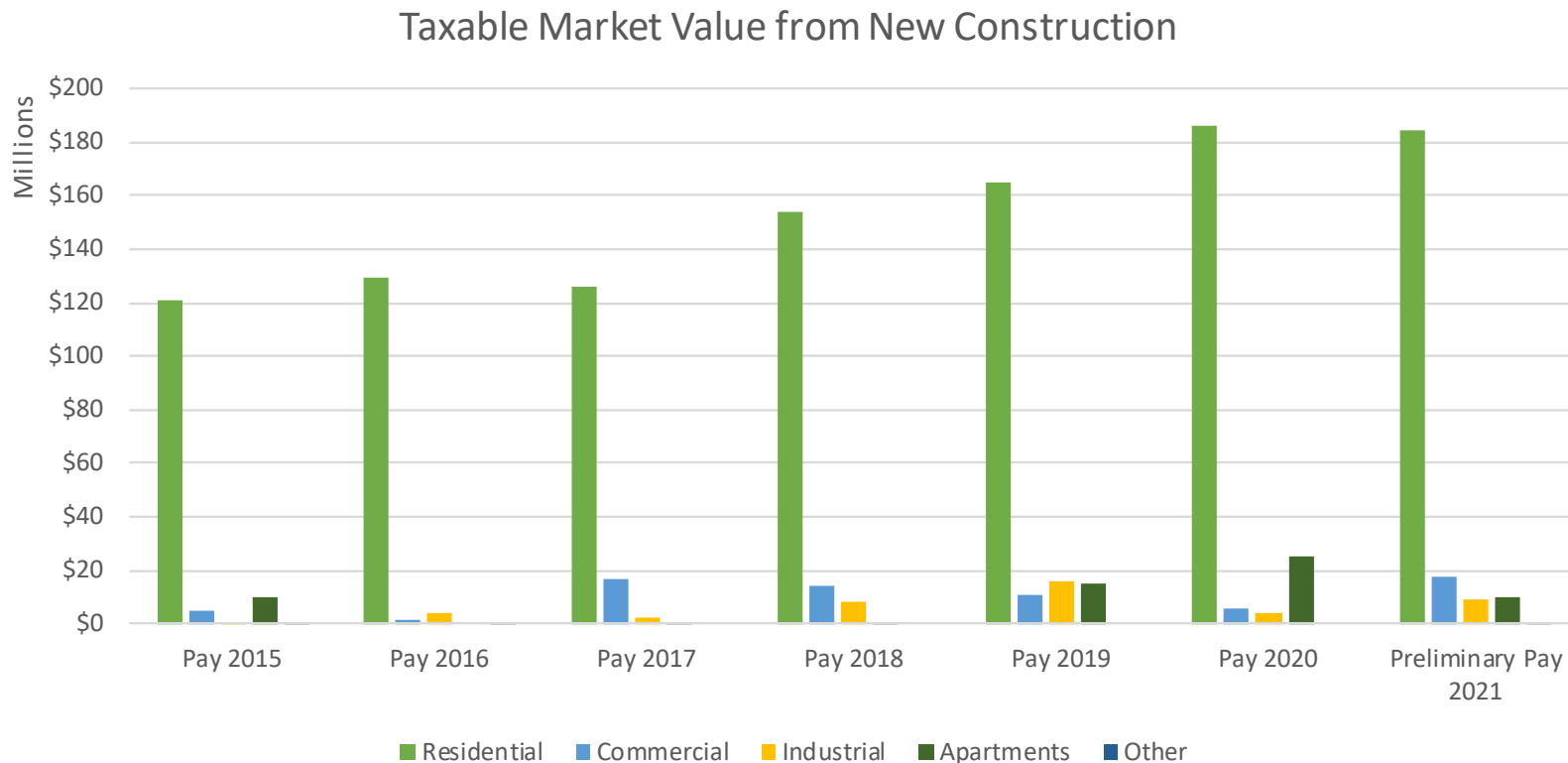
Cumulative % Change in Taxable Market Value from Pay 2014



Source: Dakota County Website:

<https://www.co.dakota.mn.us/HomeProperty/TaxDistricts/Pages/default.aspx>

Valuation History for New Construction in City

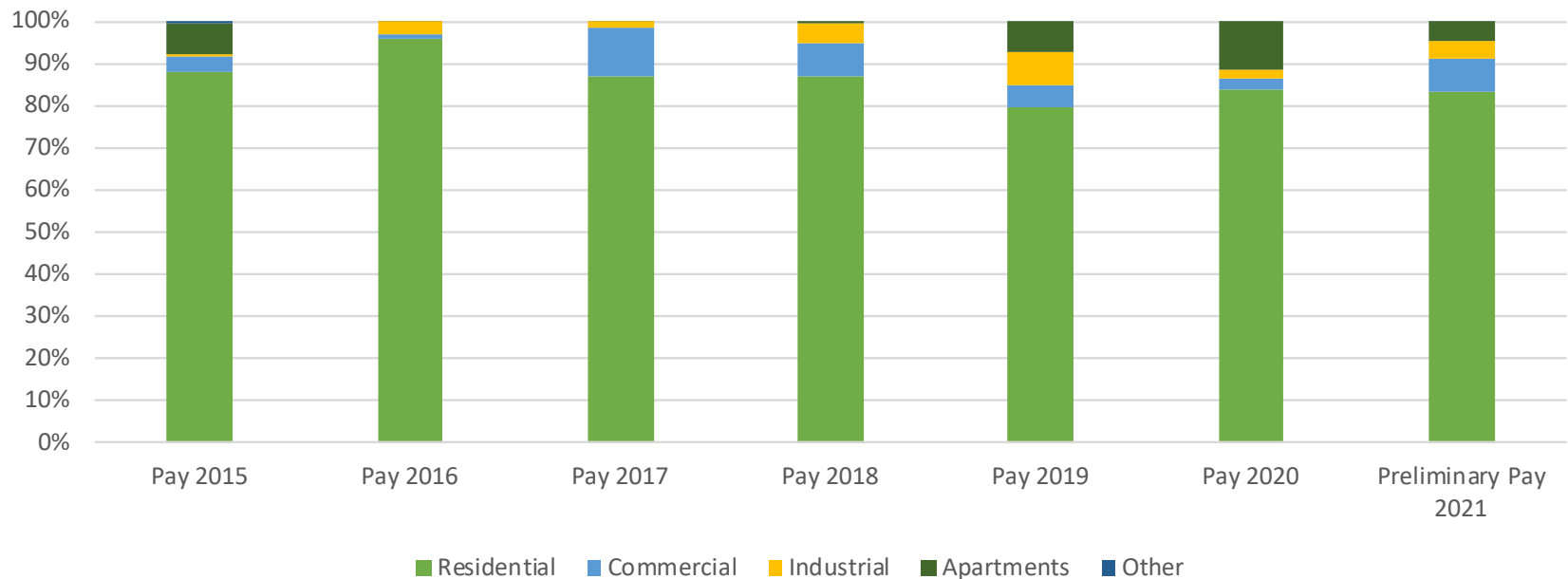


Source: Dakota County Website:

<https://www.co.dakota.mn.us/HomeProperty/TaxDistricts/Pages/default.aspx>

Valuation History for New Construction in City

Taxable Market Value from New Construction
By Classification as Percent of Total



Source: Dakota County Website:

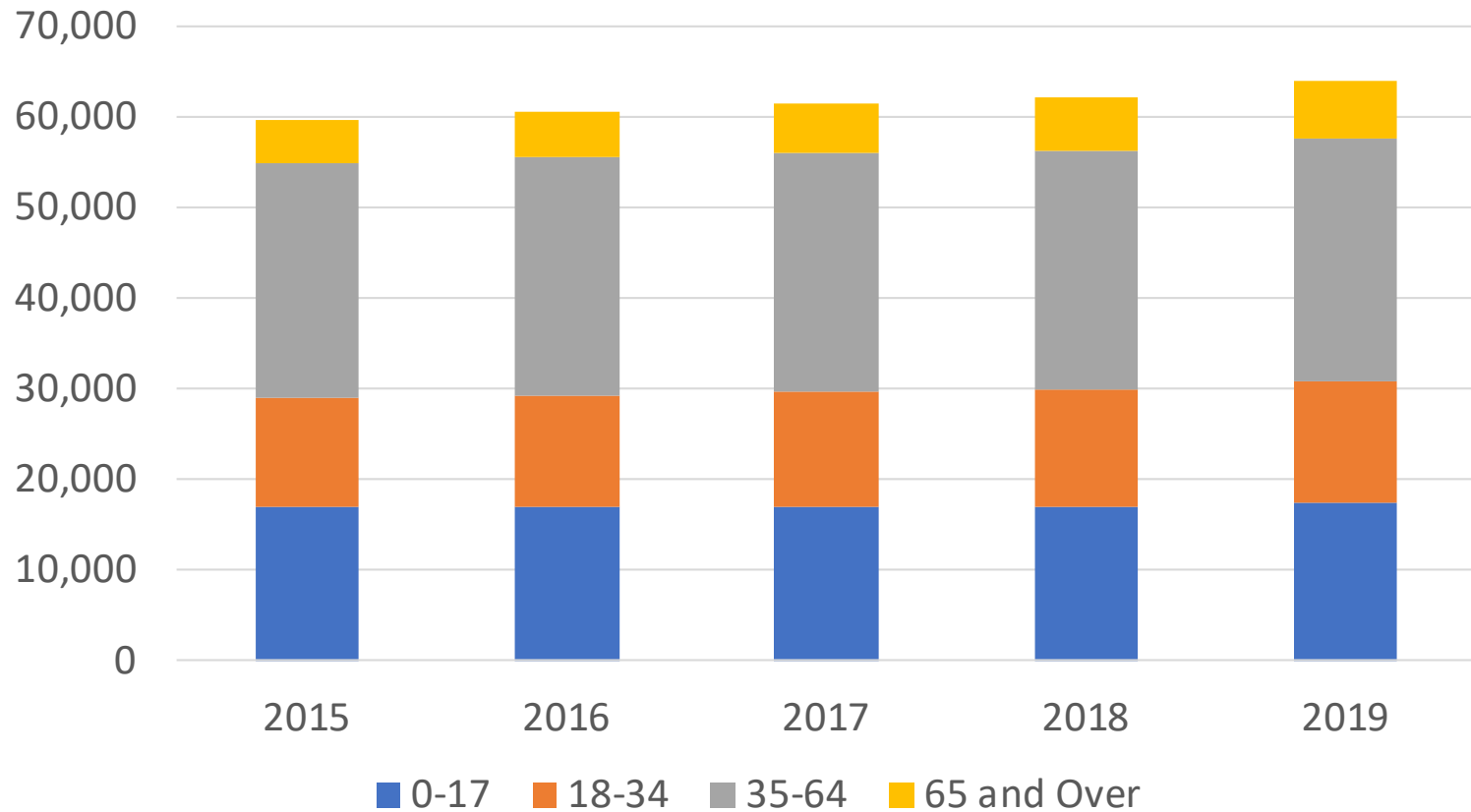
<https://www.co.dakota.mn.us/HomeProperty/TaxDistricts/Pages/default.aspx>

Notable Residential Development

- Developments in progress (pending final plat) include:
 - <https://www.lakevillemn.gov/DocumentCenter/View/570/Residential-Development-Projects-Report-PDF>
 - 703 Single family unit lots
 - 501 townhome unit lots
 - 196 apartment units under review

Growing Community

City Population by Age Group



Source: Official Statement, 2019A Bonds

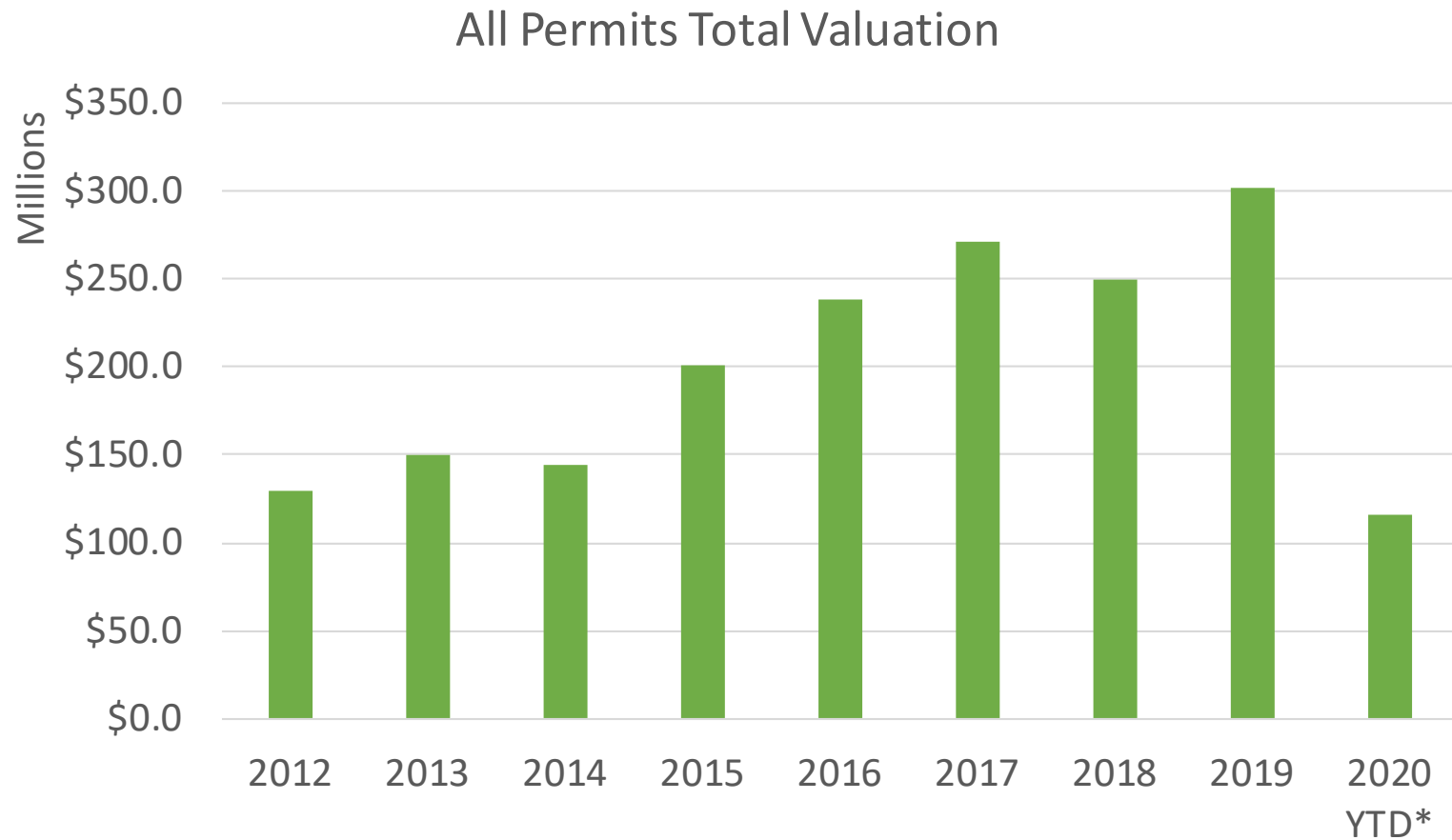
Notable Commercial-Industrial Development

- In 2019, the City issued over \$63.3 million in building permits for new or expanding commercial and industrial buildings - compares to \$56.5 million in 2018
- Construction projects in 2019 include:
 - 100,000 SF building for QA1 Precision Products
 - 131,307 SF 3-story climate-controlled self storage building for U-Haul
 - 21,240 SF addition for Recycle MN/Dick's Sanitation



Source: Preliminary Official Statement, 2020A Bonds

Building Permit Trends



* 2020 YTD as of April 30, 2020.

Source: Preliminary Official Statement, 2020A Bonds

Building Permits Year-to-Date

Building Permits

Building permits issued for the past five years and a portion of the current year have been as follows:

<u>Year</u>	<i>New Commercial/ Industrial Number of Permits</i>	<i>Addition/Remodel Commercial/ Industrial Number of Permits</i>	<i>New Single- Family Number of Permits</i>	<i>Total Number of Permits</i>	<i>Total Permit Valuation</i>
2020 (As of 4/30/2020)	2	17	187	206	\$116,177,158
2019	8	65	521	594	301,391,296
2018	11	64	446	521	249,601,496
2017	12	53	454	519	270,681,155
2016	12	61	389	462	238,115,954
2015	12	60	361	433	200,897,819

Source: Preliminary Official Statement, 2020A Bonds

Large Taxpayers

Largest Taxpayers

Following are ten of the largest taxpayers within the City:

<u>Name</u>	<u>Classification</u>	<u>2019/2020 Tax Capacity</u>	<u>Percent of Total Tax Capacity (\$483,830)</u>
IRET Southfork Apartments LLC	Apartments	\$ 489,237	0.54%
CenterPoint	Utility	438,804	0.48
Dakota Electric Association	Utility	392,034	0.43
Lakeville 2004 LLC	Commercial	332,334	0.37
Fulford Group LLC	Agricultural	307,915	0.34
Inland Argonne Village LLC	Commercial	302,030	0.33
Hy-Vee Inc	Commercial	292,006	0.32
KJPL Avonlea LLC	Apartment	280,766	0.31
EREP Heritage Commons I LLC	Commercial	280,026	0.31
Walker Highview Hills LLC	Apartment	<u>271,875</u>	<u>0.30</u>
		<u>\$ 143,877</u>	<u>3.73%</u>

Note: As reported by Dakota County. Before tax increment adjustments.

Source: Preliminary Official Statement, 2020A Bonds

Large Employers

Major Employers

Following are some of the major employers within the City:

<u>Employer Name</u>	<u>Product/Service</u>	<u>Number of Employees</u>
Lakeville Public School District #194	Education	1,211
Hearthside Food Solutions	Food Packaging	556
TreeHouse Private Brands	Food Manufacturing	550
Schmitt & Sons	School and Charter Bus Service	454
Post Consumer Brands	Cereal Manufacturer Headquarters	450
BTD Manufacturing	Metal Fabrication	375
Menasha Corp.	Packaging Manufacturing	306
FedEx Freight	Shipping and Distribution Center	228
Imperial Plastics	Plastics Manufacturing	215
City of Lakeville	Government	266
ImageTrend	Software Development	190
Buddy's Kitchen	Food Manufacturing and Packaging	151

Note: Source of data is the City and Reference USA. Includes full-time, part-time, and seasonal employees. Employer numbers shown above do not reflect ongoing changes due to the COVID-19 pandemic.



Part 4: Finances, Management & Debt

2019 Audited Results – General Fund

- Net Change in General Fund balance of \$1,639,763
 - Revenue variance \$2.8M
 - Expenditure variance \$0.3M
 - Planned contribution (final budget) for use of fund balance \$1.5M
- Notable variances
 - Licenses & permits \$1.36M
 - Charges for services (primarily public works) \$0.7M
 - Investment income \$0.4M
 - Expenditure savings \$0.3M

2019 Audited Results – Enterprise Funds

■ Liquor Fund

- Net position of \$6.1M, increase of \$0.1M
- Gross profit \$4.1M, increase of \$.25M
- Transferred \$.4M to Equipment Fund
- Annual recurring transfers made as planned, \$0.16M to General Fund, \$0.4M for 2014B Bonds (Police Station)

■ Utilities Fund

- Net position of \$152.2M, increase of \$5.9M
- Contributed capital from developers and governmental activities
- Operating income \$14.2M, increase of \$0.6M
- Annual recurring transfers made as planned, \$0.15M to General Fund, \$0.5M for 2014A & 2015A Bonds

Employee Contracts Overview

Bargaining Units/Labor Contracts

The labor unions representing certain City employee groups are shown below.

<u>Employee Group</u>	<u>Contract Expiration Date</u>
Law Enforcement Labor Services Inc. Local No. 177	12/31/2021
Law Enforcement Labor Services Inc. Local No. 384	12/31/2021
Law Enforcement Labor Services Inc. Local No. 128	12/31/2021
Minnesota Teamsters Public & Law Enforcement Employees Union Local No. 320	12/31/2021

* Cost of employee health insurance benefits is capped at 9% through 2021 pursuant to contract with the City's provider.

City of Lakeville – Contact Information

❖ City Staff

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