CITY OF MARSHALL
AGENDA ITEM REPORT

Meeting Date:	Tuesday, June 25, 2019
Category:	NEW BUSINESS
Type:	ACTION
Subject:	Consider Approval of Resolution Consenting to and Approving the Issuance of a Conduit Revenue Obligation by Lyon County
Background Information:	In 2018, UCAP approached the City about issuing a conduit bond on behalf of UCAP for the Head Start Facility. The Mayor and City Administrator expressed support to issue the conduit bonds. Conduit bonds are revenue bonds—the city does not pay debt service, or any other cost related to the transaction. As a practical matter, the loan is (normally) handled entirely by a separate bond trustee (usually the trust division of a bank). After the bonds are issued, the city has almost no role in payment or administration of the bonds. In order for bonds to be qualified tax-exempt obligations the bonds must be (i) issued by a "qualified small issuer," (ii) issued for public purposes, and (iii) designated as qualified tax-exempt obligations. A "qualified small issuer" is (with respect to bonds issued during any calendar year) an issuer that issues no more than $10 million of tax-exempt bonds during the calendar year. Qualified tax-exempt obligations are commonly referred to as "bank qualified bonds." However, we recently found out that it is possible that we would exceed $10 million of bonding due to the fact that the wastewater facility upgrades Public Facilities Authority loan counts towards the $10 million limit. To avoid putting the wastewater financing and future City Hall financing at risk, Baker Tilly (Springsted) approached the County to issue the conduit bonds. The County can issue the conduit bonds if the City consents them to do so. The County will take up this request at their June 18th Board meeting and the City will consent for them to do the conduit bonding at the June 25th.
Fiscal Impact:	
Alternative/ Variations:	
Recommendations:	Approve Resolution Consenting to and Approving the Issuance of a Conduit Revenue Obligation by Lyon County