



CITY OF MARSHALL AGENDA ITEM REPORT

Presenter:	E.J. Moberg
Meeting Date:	Tuesday, December 9, 2025
Category:	NEW BUSINESS
Type:	INFO
Subject:	Approve Prepayment of Unpaid Lease Revenue Bonds, Series 2015
Background Information:	<p>The Economic Development Authority (EDA) in and for the City of Marshall issued Lease Revenue Bonds, Series 2015, dated February 10, 2015, in the original aggregate principal amount of \$3,240,000.</p> <p>The sale proceeds were applied to the costs of acquisition, construction and equipping the municipal liquor store on land owned by the City and leased to the EDA pursuant to a ground lease dated February 1, 2015.</p> <p>Pursuant to a Lease-Purchase Agreement, dated February 1, 2015, between the EDA and City, the EDA leased the project and its leasehold interest in the land acquired pursuant to the ground lease to the City.</p> <p>Pursuant to Sections 8.1 and 8.2 of the lease, the City has the option to prepay unpaid lease payments, in whole or in part upon notice to the EDA of its intention to exercise its prepayment option not less than 45 days in advance of the prepayment.</p> <p>Notice of any redemption also requires 30 day notice to Old National Bank, successor-by-merger to Bremer Bank as the holder of the bonds.</p> <p>An aggregate principal amount of \$1,020,000 remains on the bonds.</p> <p>Bonds due on or after December 1, 2023, became subject to optional redemption and prepayment on December 1, 2022, and on any day thereafter. City staff and Council discussed prepayment in previous years but opted not to prepay due to favorable interest earnings. Since interest rates have decreased in 2025, the remaining principal no longer earns more than interest paid.</p>
Fiscal Impact:	Tall Grass Liquor has available cash on hand for the payment.
Alternative/ Variations:	We can continue to make payments as scheduled from the debt service schedule from 2026 to and through 2029, including a total of \$1,020,000 of principal and \$80,135 of interest.
Recommendations:	Approve the resolution to approve prepayment of unpaid lease payments under lease-purchase agreement between EDA and City relating to EDA’s lease revenue bonds, Series 2015 issued to

	finance municipal liquor store constructed on land leased by EDA to City and corresponding optional redemption of such Series 2015 bonds to be redeemed and prepaid on or before February 1, 2026
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