



CITY OF MARSHALL AGENDA ITEM REPORT

Presenter:	E.J. Moberg
Meeting Date:	Tuesday, March 28, 2023
Category:	CONSENT AGENDA
Type:	ACTION
Subject:	Allonge to Note – proposed amendment to Series 2005 SMSU Foundation Note – LIBOR transition
Background Information:	<p>Following pages include a letter from Kennedy & Graven, bond counsel to the City, providing background on a Student Housing Revenue Note, Series 2005. The City loaned note proceeds to the Southwest Minnesota State University Foundation to finance the construction and equipping of a 140-bedroom, 40-unit student housing facility.</p> <p>Pursuant to the terms of the Note, the interest rate is adjustable on certain dates at rates determined by the Lendor using the 5-year London Interbank Offered Rate (LIBOR) Swap formula. The use of LIBOR is being phased out and will no longer be available after June 30, 2023. As a result, the Lendor has informed the City and Borrower that interest on the Note will be calculated using the 5-year Treasury Constant Maturity index and such change must be reflected in the Note.</p> <p>A Notice of Interest Rate Change and Allonge were received by the City from the Lendor’s counsel this month.</p>
Fiscal Impact:	None
Alternative/ Variations:	None
Recommendations:	Approve resolution approving an amendment to the student housing revenue note (SMSU Foundation residence hall project), series 2005, and authorizing the execution and delivery of an Allonge to the Note to accomplish the rate change.