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MEMORANDUM

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: JOSHUA TETZLAFF, CITY ADMINISTRATOR
ROBIN PIKAL, FINANCE DIRECTOR

SUBJECT: RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF GENERAL OBLIGATION IMPROVEMENT BONDS, SERIES 2024A IN AN ESTIMATED ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$4,745,000

DATE: MARCH 25TH, 2024

Enclosed for your review are recommendations from Doug Green of Baker Tilly (Municipal Advisor) and a Resolution from Kennedy Graven (Bond Counsel) for the Issuance and Sale of General Obligation Improvement Bonds, Series 2024A (“Bonds”), in an Estimated Original Aggregate Principal Amount of \$4,745,000.

The proposed bond issue is intended to cover expenditures for the City’s portion of reconstruction and improvements to:

- Lyndale Avenue from Main Street to Fourth Street NE
- Lexington Avenue from Main Street to Second Street NE
- First Street NE from Pershing Avenue N to Lexington Avenue N
- Second Street NE from Lyndale Avenue N to Lexington Avenue N
- Third Street NE from Sunset Avenue N to Sunrise Avenue N
- Sixth Street NE from cul-de-sac to Pershing Avenue N
- Sunset Avenue NE from 2nd Street NE to 3rd Street NE
- First Street SE from Lexington Avenue S to Seventh Street SE
- Tenth Avenue SE from Main Street to CSAH 29

Repayment of the Bonds will come from a property tax levy, special assessments, water fund, sanitary sewer fund, and storm water fund.

The bonds are being amortized over a period of 15 years. To be consistent with past practice, assessments are amortized over a period of 15 years. The estimated interest rate (True Interest Cost – TIC) is estimated at 3.6%. Annual debt service payments are expected to be between \$320,000 - \$345,000 annually.

Budget Impact

The estimated annual debt service payments for each funding source are shown below:

Date	Repayment Sources (100% Debt Service)						Total
	Street Levy	Assessment Revenue	Equipment Levy	Water	Sanitary Sewer	Storm Water	
02/01/2025	51,256	-	3,762	19,665	17,585	10,495	102,764
02/01/2026	84,795	153,725	40,764	80,125	71,939	41,078	472,426
02/01/2027	86,894	141,426	39,626	78,500	70,477	40,266	457,189
02/01/2028	86,337	137,210	43,548	76,960	69,091	39,496	452,641
02/01/2029	85,950	132,993	42,360	80,475	67,754	43,753	453,285
02/01/2030	85,594	128,776	41,180	78,853	71,427	42,868	448,698
02/01/2031	85,239	124,559	-	77,230	69,952	41,983	398,963
02/01/2032	84,883	120,342	-	75,608	68,477	41,098	390,408
02/01/2033	84,512	116,126	-	78,980	71,997	40,210	391,824
02/01/2034	84,110	111,909	-	77,192	70,358	44,316	387,884
02/01/2035	88,366	107,692	-	80,272	68,598	43,196	388,124
02/01/2036	87,111	103,475	-	78,049	71,717	41,999	382,351
02/01/2037	85,680	99,258	-	75,754	69,599	40,764	371,055
02/01/2038	84,057	95,042	-	78,382	67,409	39,486	364,375
02/01/2039	87,194	90,825	-	75,722	70,129	43,156	367,025
02/01/2040	84,942	86,608	-	77,978	67,581	41,588	358,697

Recommendation

Mayor and Council review and approve Resolution Providing for the Issuance and Sale of General Obligation Improvement Bonds, Series 2024A, in an Estimated Original Aggregate Principal Amount of \$4,745,000.