



Memorandum

To: Mayor Nelson and Members of the City Council

From: Daniel R. Buchholtz, MMC, Administrator, Clerk/Treasurer

Date: October 28, 2020

Subject: Trigger Resolution – GO Improvement Refunding Bonds, Series 2020A

The City Council has asked staff to explore the possibility of refunding the 2014A GO Improvement Bonds that financed the City's 2014-2015 Street Improvement projects.

In August, Staff received an initial projection of savings for the refunding of \$52,490 over the remaining five years of the bond, or a net present value savings of 3.30%. Interest rates have begun to rise since that time, eroding the savings to \$42,185, reducing the net present value savings to 2.638%. The increase in interest rates is due to an increased volume of debt in the market right now. In consultation with the City's financial advisor, Staff is hopeful that once this volume pushes through the market, rates will settle closer to where they were in August, thus increasing our savings.

In order to allow us the ability to respond to market changes and lock in the best rate, Staff is requesting the City Council approve a "trigger resolution" which confirms the City Council's desire to refinance the bonds and authorizes the Mayor and City Administrator to approve the sale of the bonds provided the net present value savings is at least 3.00%, which would provide savings to the City of \$50,000. The resolution obligates the City Council to approve the issuance at its next regularly scheduled City Council meeting after the Mayor and City Administrator approve the bond sale. The trigger resolution will expire on April 30, 2021.

Staff recommends approving the resolution. If you have any questions, please don't hesitate to contact me at 763-784-6491.

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