



Memorandum

To: Mayor Nelson and Members of the City Council

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

Date: January 7, 2021

Subject: GO Improvement Refunding Bonds, Series 2021A

Pursuant to the authority granted to the Mayor and Administrator, Clerk/Treasurer on November 2, 2020, the Mayor and I authorized the sale of refunding bonds this past Tuesday (January 12, 2021). The refunding bonds will pay off the remaining principal on the 2014A GO Improvement Bonds, issued by the City to fund the 2014-2015 Street Improvement Projects.

The results of the bond sale exceeded the initial expectations from Northland Securities. The final results were a True Interest Cost of 0.84%, generating bond savings of \$54,873 over the remaining five years of the bond. A sale summary is included in the packet to show the differences between the old net debt service and the net new debt service.

There was significant interest in this issue due to the short term nature of the bonds and the City's strong financial position. Based on advice from Northland Securities, we did not seek a bond rating from S&P on this issue. The reason for this is that the cost to obtain the bond rating would have exceeded the additional savings the City would have received from the lower interest rate. Based on the strong bids Northland Securities received on our bond issue, this was the correct decision.

Staff recommends approval of Resolution 21-03, which will ratify the sale of the bonds and pledge the City's full faith and credit to repayment.

George Eilertson, Northland Securities, will join the City Council meeting to discuss the sale in more detail and to answer any questions the City Council may have. Moving forward starting in levy year 2022, we will be able to reduce the debt service levy by approximately \$10,000/year.

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

