



STAFF REPORT

DATE: November 20, 2018

REGULAR

ITEM #15

TO: Honorable Mayor and City Councilmembers
FROM: Sue Iverson – Finance Director
AGENDA ITEM: Redemption of the Outstanding G.O. Refunding Bonds, Series 2009A
REVIEWED BY: Kristina Handt – City Administrator

BACKGROUND:

The City Council issued \$1,050,000 General Obligation Refunding Bonds, Series 2009A, dated May 1, 2009. The bonds have a call provision which allows the City the option to prepay the bonds on December 1, 2017 and on any date thereafter.

ISSUE BEFORE THE CITY COUNCIL:

Should the City Council call \$150,000 of the outstanding bonds maturing in years 2019 through 2021?

DISCUSSION:

Annually the Finance Director and the City's Financial Consultant review the City's outstanding debt issues and reserves to determine if it is desirable and in the best interest of the City to call a debt issue. It has been determined that the 2009A series can be called and that the City has adequate reserves in the water fund to call this issue. By calling this now it would remove the issue from the City of Lake Elmo's balance sheet as of December 31, 2018.

The Finance Committee will be considering this and making a recommendation at its meeting prior to the City Council meeting. The City's Financial Consultant, Tammy Omdal from Northland, will be present to answer any questions the Council may have.

FISCAL IMPACT:

The outstanding balance of the bonds is \$150,000 plus accrued interest. There are adequate funds in the Water Fund to call this bond and reduce debt.

RECOMMENDATION:

- 1) Motion to adopt Resolution 2018-132, a resolution calling for the redemption of the outstanding General Obligation Refunding Bonds, Series 2009A.
- 2) Motion to amend and then adopt Resolution 2018-132, a resolution calling for the redemption of the outstanding General Obligation Refunding Bonds, Series 2009A.
- 3) Do not adopt Resolution 2018-132

ATTACHMENTS:

Resolution 2018-132

EXTRACT OF MINUTES OF A MEETING OF THE
CITY COUNCIL OF THE
CITY OF LAKE ELMO, MINNESOTA

Held: November 20, 2018

Pursuant to due call and notice thereof, a regular meeting of the City Council of the City of Lake Elmo, Washington County, Minnesota, was duly called to order on November 20, 2018, at 7:00 P.M.

The following members were present:

and the following members were absent:

Member _____ introduced the following resolution and moved its adoption:

RESOLUTION 2018-132
RESOLUTION CALLING FOR THE REDEMPTION OF
THE OUTSTANDING
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2009A

WHEREAS:

A. The City Council of the City of Lake Elmo, Minnesota issued \$1,050,000 General Obligation Refunding Bonds, Series 2009A, dated May 1, 2009; and

B. All of said bonds maturing or subject to mandatory redemption on December 1, 2018 through 2021, inclusive, are subject to redemption, in whole or in part, and prepayment at the option of the City on December 1, 2017, and on any date thereafter at par plus accrued interest, all as provided in the resolution of the City authorizing the issuance of said bonds; and

C. The City deems it desirable and in the best interest of the City to call \$150,000 of the outstanding bonds maturing or subject to mandatory redemption in the years 2019 through 2021, inclusive, for redemption on December 27, 2018, in accordance with said resolution authorizing the issuance of said bonds, and

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Lake Elmo, Minnesota as follows:

1. \$150,000 of the General Obligation Refunding Bonds, Series 2009A, dated May 1, 2009, of the City of Lake Elmo, Minnesota, maturing or subject to mandatory redemption in the years 2019 through 2021, inclusive, shall be redeemed and prepaid on December 27, 2018, at 100% of their principal amount plus accrued interest for each such bond called.

2. The City Administrator is hereby authorized and directed to give mailed notice of call to the bank where said bonds are payable and said bank shall provide such notice to the holders of the bonds as may be required by law. Said notice shall be in substantially the attached form.

3. The City Administrator is hereby authorized and directed to deposit with the bank where said bonds are payable prior to said call date sufficient funds to pay all principal and interest due on the bonds as of the call date.

The motion for the adoption of the foregoing resolution was duly seconded by member _____ and upon a vote taken thereon, the following voted in favor thereof:

and the following voted against the same:

Whereupon said resolution was declared duly passed and adopted.

STATE OF MINNESOTA
COUNTY OF WASHINGTON
CITY OF LAKE ELMO

I, the undersigned, being the duly qualified and acting City Administrator of the City of Lake Elmo, Washington County, Minnesota, DO HEREBY CERTIFY, that I have carefully compared the preceding extract of minutes of a meeting of the City Council of said City held on the date therein indicated with the original minutes thereof on file in my office and that the same is a full, true and correct transcript thereof insofar as said minutes relate to the topic described in the title of the resolution set forth in the extract.

WITNESS my hand officially and the official seal of the City on November 20, 2018.

City Administrator

(SEAL)

NOTICE OF CALL FOR REDEMPTION

GENERAL OBLIGATION REFUNDING BONDS, SERIES 2009A

DATED: MAY 1, 2009

CITY OF LAKE ELMO, MINNESOTA

NOTICE IS HEREBY GIVEN that by order of the City Council of the City of Lake Elmo, Minnesota, there have been called for redemption and prepayment on

DECEMBER 27, 2018

those outstanding bonds of the City designated as General Obligation Refunding Bonds, Series 2009A, dated May 1, 2009, maturing or subject to mandatory redemption in the years 2019 through 2021, inclusive, totaling \$150,000 in principal amount and with the following CUSIP numbers:

<u>Maturity</u>	<u>Principal Amount</u>	<u>CUSIP</u>
2019	\$50,000	509624HY1
2021	100,000	509624HZ8

The bonds are being called for redemption at a price of 100% of their principal amount plus accrued interest to December 27, 2018, on which date all interest on said bonds will cease to accrue. Holders of the bonds hereby called for redemption are requested to present their bonds for payment to Northland Trust Services, Inc., 150 South 5th Street, Suite 3300, Minneapolis, Minnesota 55402, on or before December 27, 2018.

Dated: November 20, 2018

BY ORDER OF THE CITY COUNCIL

/s/ Kristina Handt
City Administrator

Important Notice: In compliance with the Economic Growth and Tax Relief reconciliation Act of 2001, federal backup withholding tax will be withheld at the applicable backup withholding rate in effect at the time of the payment by the redeeming institutions if they are not provided with your social security number or federal employer identification number, properly certified. This requirement is fulfilled by submitting a W-9 Form, which may be obtained at a bank or other financial institution.

Additional Information may be obtained from:

NORTHLAND SECURITIES, INC.
150 South 5th Street, Suite 3300
Minneapolis, Minnesota 55402
Attn: Public Finance
Phone: 612-851-5900 or 800-851-2920