City Council Item

March 24, 2025

Item	Amend Resolution 2025-19 Providing for the Sale of an Amount Not to Exceed $13,185,000 General Obligation Temporary Sales Tax Revenue Bonds, Series 2025A	
File No.		**Item No:** D.14
Agenda Section	**CONSENT AGENDA**	
Prepared By	Kelly Grinnell, Finance Director	
Reviewed By		

SUGGESTED ACTION

"The Chanhassen City Council approves the resolution providing for the sale of an amount not to exceed $13,185,000 General Obligation Temporary Sales Tax Revenue Bonds, Series 2025A."

Motion Type	Simple Majority Vote of members present
Strategic Priority	Financial Sustainability

SUMMARY

City voters authorized a new local option sales tax and the issuance of up to $40 million in general obligation sales tax revenue bonds for the Chanhassen Bluffs Community Center project through a referendum election held on November 5, 2024. The city is currently working on a purchase agreement for the land upon which the Community Center will be built. The city expects to close on the land purchase in the next few months and plans to issue temporary bonds to finance the land purchase, sitework, and design costs.

The proposed amount of the bonds is up to $13,185,000, with $13 million allocated for the land purchase and $185,000 allocated for issuance costs, including the underwriter's discount and other costs of issuance. The seller of the land is offering a credit of $300,000 per acre, which may be deducted from the purchase price, or it will be issued as a refund to be used for project costs. The principal amount of the bond issue will ultimately depend on how the per acre credit is given.

On February 24, 2025, the City Council adopted Resolution No. 2025-19, which authorized the call for the sale of the bonds and established a March 24, 2025, competitive sale date. Since the closing date for the land sale has been delayed, staff recommends pushing back the date of the bond sale to avoid additional interest expense. The attached resolution rescinds Resolution No. 2025-19 and establishes the new sale date of April 28, 2025.

The temporary bonds will be structured for maturity on February 1, 2028, with interest payments due every six months beginning on February 1, 2026. The city will begin receiving local sales tax proceeds after the tax goes into effect on April 1, 2025. The local sales tax proceeds will be used to pay the interest on the bonds.

The bonds will have a call option allowing for prepayment without penalty starting August 1, 2026. The city plans to issue permanent financing for the project in 2026 or 2027. At that time, the city will repay the temporary bonds and issue an additional amount to cover all of the construction costs.

The attached presale report provides additional information.

BACKGROUND

DISCUSSION

BUDGET

RECOMMENDATION

Approve the Resolution Rescinding Resolution No. 2025-19 Adopted on February 24, 2025; and Providing for the Sale of an Amount Not to Exceed $13,185,000 General Obligation Temporary Sales Tax Revenue Bonds, Series 2025A.

ATTACHMENTS

Res Rescinding Res 25-19 and Providing for Sale of Amt Not to Exceed $13.185M GO Temp Sales Tax Rev Bonds Series 2025A.docx
Pre Sale Report