

# Memorandum

**TO:** City Council  
**FROM:** Kevin Knopik , Finance Director  
**DATE:** April 21, 2025  
**SUBJECT:** Authorizing issuance, awarding sale, prescribing the form and details and providing for the payment of \$11,225,000 General Obligation Bonds, series 2025A.  
**ITEM NUMBER:** 10.a  
**SECTION:** GENERAL BUSINESS

---

## **REQUESTED MOTION**

To adopt proposed resolution number 25-31 authorizing issuance, awarding sale, prescribing the form and details and providing for the payment of \$11,225,000 General Obligation Bonds, series 2025A.

## **INTRODUCTION**

Attached is a draft resolution authorizing the issuance, awarding the sale and prescribing the form and details and providing for the payment for \$11,225,000 General Obligation Bonds, series 2025A (structured into four separate components). A final resolution will be provided to council prior to approval once bids are received for the sale of the bonds on Monday April 21.

## **DISCUSSION**

### AAA Bond Rating Confirmed

On Monday March 31, City staff submitted the documents requested to Standard & Poor's Ratings Services (S&P) (the City's rating agency) to obtain a rating on the \$11,225,000 General Obligation Bonds, Series 2025A. On April 8 S&P assigned its AAA rating and stable outlook to the Bonds, and affirmed its AAA rating, with a stable outlook, on the City's existing general obligation debt. This is the highest bond rating awarded, which helps the City obtain lower interest rates on debt borrowing. The rating is a statement of confidence in the City's current financial stability and long-term fiscal planning. It is important to note that the bond rating process is repeated for each new debt issue.

The rating process is based on S&P's assessment of seven underlying factors. The factors are as follows:

- Institutional framework
- Individual credit profile
- Economy
- Financial performance

- Reserves and liquidity
- Debt and liabilities
- Management

A copy of the rating letter is attached to this report.

#### Background on Proposed Debt Issuance

On March 17, 2025 the City Council authorized the sale of \$11,225,000 General Obligation Bonds, series 2025A. Details of the bond issue are as follows:

General Obligation Bonds will finance utility improvements:

- Water Bonds, in the amount of \$1,630,000, to finance the water share of the following improvements:
  - Hodgson Road reconstruction, Bridge Street to Gramsie Road/Rice Street intersection and County Road F reconstruction
- Sewer Bonds, in the amount of \$540,000, to finance the sewer share of the following improvements:
  - Hodgson Road reconstruction, Bridge street to Gramsie Road/Rice Street intersection and County Road F reconstruction.

General Obligation Capital Improvement Bonds in the amount of \$9,055,000 will finance the following improvements:

- Lake Johanna Fire Department headquarters station in the amount of \$7,550,000.
- City hall and park and recreation office remodel project in the amount of \$1,505,000.

The Capital Improvement Bonds related to the fire station will be repaid over twenty years and the bonds related to the city hall and park and recreation office remodel project will be repaid over ten years. The General Obligation bonds related to water and sewer will be repaid over fifteen years.

Settlement of the bonds will be May 15.

#### **RECOMMENDATION**

Competitive bids will be taken at Bakertilly's office on Monday, April 21. The bids will be opened, analyzed, and a bid tabulation and revised resolution will be presented to the City Council for consideration that evening, along with a recommendation regarding the lowest bidder.

Staff recommends the adoption of the proposed resolutions, drafted by the City's bond attorney (Jennifer L. Hanson, Dorsey & Whitney LLP).

#### **ATTACHMENTS**

[S&P Report - Shoreview, MN.pdf](#)  
[Resolution 25-31.pdf](#)