

Memorandum

TO: City Council
FROM: Kevin Knopik , Finance Director
DATE: March 17, 2025
SUBJECT: Resolution 25-18 authorizing the issuance and sale of general obligation capital improvement bonds and general obligations bonds, series 2025A.

ITEM NUMBER: 8.f
SECTION: CONSENT AGENDA

REQUESTED MOTION

To adopt resolution 25-18 authorizing the issuance and sale of general obligation capital improvement bonds and general obligations bonds, series 2025A.

INTRODUCTION

The city will be issuing capital improvement general obligation bonds for the financing the new fire station and city hall renovations and general obligation utility revenue bonds for water and sewer improvements.

DISCUSSION **BACKGROUND**

Attached is resolution 25-18 related to the issuance of the \$11,225,000 General Obligation Bonds, Series 2054A. Resolution 25-18 approves the capital improvement bonds to finance the new fire station and city hall renovations and general obligation utility revenue bonds for water and sewer improvements. Resolution 25-18 authorizes the issuance and sale of the general obligation bonds.

The table on page 7 of the attached pre-sale report summarizes the sources and uses of the bond issue using the most recent bonding and construction estimates. The size of this debt issue reflects actual costs based on the awarding of bids for the new fire station and city hall renovations and actual costs incurred for water and sewer utility projects in 2024. Fluctuation in interest rates prior to the City awarding the sale of the bonds could slightly affect the par amount of the bond issue.

SCHEDULE

Below is a summary of the steps leading up to the sale and receipt of the proceeds of the bonds.

- March 31: Rating conference with Standard & Poor's
- April 7: Receipt of bond rating and rating report
- April 21: Competitive proposals are received
- April 21: City Council considers sale and award of the bonds

- May 15: Settlement of the bonds receipt of proceeds

BOND RATING

The City's current bond rating of AAA has been in place for the past 15 years. We expect the rating on this debt issuance as well.

DEBT STRUCTURE

The capital improvement portion of the debt issue related to the city hall renovations will be repaid over 10 years, at an expected average interest rate near 3.85 percent. Annual debt service payments are approximately \$205,000 per year, and is supported by contributions from the Capital Asset Replacement fund.

The capital improvement portion of the debt issue related to the new fire station will be repaid over 20 years, at an expected average interest rate near 4.22 percent. Annual debt service payments are approximately \$640,000 per year after a three-year phase in, and will be supported by a new debt service tax levy.

The water portion of the debt issue will be repaid over 15 years at an expected average interest rate near 4.06 percent. Annual debt service payments are approximately \$ 160,000 per year, and are supported by water revenues.

The sewer portion of the debt issue will be repaid over 15 years at an expected average interest rate near 4.06 percent. Annual debt service payments are approximately \$53,000 per year, and are supported by surface water revenues.

RECOMMENDATION

To adopt resolution 25-18 authorizing the issuance and sale of general obligation capital improvement bonds and general obligations bonds, series 2025A.

ATTACHMENTS

[Resolution 25-18.pdf](#)

[Shoreview 2025A - Final Pre-Issue Report.pdf](#)