



## Request for City Council Committee Action From the Finance Department

Date: March 1, 2005  
To: Ways and Means Committee  
Referral to: None

### Subject: Refunding of General Obligation Bonds for Savings

#### Recommendation

Council adopt resolution Requesting the Board of Estimate & Taxation to Issue General Obligation refunding Bonds, when sufficient savings can be achieved as determined by the Finance Officer and in compliance with applicable Minnesota Statutes.

#### Previous Directives

Various existing General Obligation Bonds currently outstanding were issued as requested by the Council.

Prepared or Submitted by (Jack Qvale, Secretary to the Board of Estimate & Taxation, 673-2020)

Approved by: Patrick Born, City Finance Officer \_\_\_\_\_

John Moir, City Coordinator \_\_\_\_\_

Presenters in Committee (Patrick Born, Finance Officer)

#### Financial Impact (Check those that apply)

No financial impact - or - Action is within current department budget.  
(If checked, go directly to Background/Supporting Information)

- Action requires an appropriation increase to the Capital Budget  
 Action requires an appropriation increase to the Operating Budget  
 Action provides increased revenue for appropriation increase  
 Action requires use of contingency or reserves  
 Other financial impact (Explain):

Request provided to the Budget Office when provided to the Committee Coordinator

#### Community Impact (use any categories that apply)

- Neighborhood Notification  
 City Goals  
 Comprehensive Plan  
 Zoning Code  
 Other

Not applicable

## Background/Supporting Information Attached

General obligation fixed rate bond issues, which are approaching their call dates and carry interest rates above current market conditions may present an opportunity to capture debt service savings through current refundings include:

- A) The May 1994, \$ 2,670,000 General Obligation Improvement Bonds, Series 1994, \$ 2,535,000 remarketed in February 1996, call date of December 1, 2005 with \$ 1,205,000 in principal due 2006 – 2014 at rates from 4.60% to 5.20%
- B) The June 1995, \$ 3,505,000 General Obligation Improvement Bonds, Series 1995, call date of December 1, 2005 with \$ 1,625,000 in principal due 2006 – 2015 at rates from 5.10% to 5.625%
- C) The July 1993, \$ 62,105,000 General Obligation Refunding Bonds, Series 1993A, call date of December 1, 2005 with \$ 7,765,000 in principal due 2006 – 2011 at rates from 5.05% to 5.20%
- D) The July 1993, \$ 134,250,000 General Obligation Refunding Bonds, Series 1993B, call date of September 1, 2005 with \$ 65,895,000 in principal due 2006 – 2013 at rates from 5.05% to 5.20%

General obligation fixed rate bond issues with longer time call dates and carry interest rates that are above current market conditions may present an opportunity to capture debt service savings through advance refundings include:

- E) The June 1996, \$ 2,315,000 General Obligation Improvement Bonds, Series 1996, call date of December 1, 2006 with \$ 1,000,000 in principal due 2007 – 2016 at rates from 5.20% to 5.70%
- F) The June 1997, \$ 2,965,000 General Obligation Improvement Bonds, Series 1997, call date of December 1, 2007 with \$ 1,275,000 in principal due 2008 – 2017 at rates from 4.85% to 5.25%
- G) The July 1999, \$ 16,150,000 General Obligation Parking Ramp Bonds, Series 1999B, call date of December 1, 2009 with \$ 12,975,000 in principal due 2010 – 2024 at rates from 4.80% to 5.125%
- H) The July 1999, \$ 14,000,000 General Obligation Parking Ramp Bonds, Series 1999, call date of December 1, 2009 with \$9,050,000 in principal due 2010 – 2017 at rates from 4.80% to 5.125%
- I) The November 2000, \$ 46,225,000 General Obligation Tax Increment Bonds, Series 2000E, relating to the 900 Nicollet Mall project, call date of March 1, 2009 with \$ 29,325,000 in principal due 2010 – 2026 at rate of 5.00%

The Finance department recommends the City Council adopt the attached resolution requesting the Board of Estimate to issue and sell City of Minneapolis General Obligation Refunding Bonds to refund any of the above issues when so advised by the Finance Officer that sufficient savings can be achieved ( the minimal threshold shall be the savings test of Minnesota Statutes, Section 475.67 ). The Finance Officer shall advise the Board as to the form, terms, covenants, structure, and directions of the General Obligations Refunding Bonds to be issued. The structuring of the refunding issues are to be done in such a manner as to avoid any negative impact on existing Council approved workout plans. The Finance Officer will report the results back to the Council after the completion of each issuance.