



To: MAYOR AND COUNCIL

Agenda Item #: IV. J.

From: John Wallin, Finance Director

Action

Discussion

Date: June 18, 2013

Information

Subject: Resolution No. 2013-53 Calling Public Hearing On Intention To Issue General Obligation Capital Improvement Plan Bonds & Amend The Capital Improvement Plan

Action Requested:

Adopt Resolution No. 2013-53 Calling Public Hearing on the Intention to Issue General Obligation Capital Improvement Plan Bonds and the Proposal to Amend the Capital Improvement Plan

Information / Background:

Attached is the draft resolution and pre-sale report as drafted by the City's Financial Advisor Ehlers and reviewed by the City's Bond Counsel Dorsey & Whitney. The purpose of the proposed public hearing would allow the city to issue General Obligation Capital Improvement Plan bonds to refinance the outstanding portion of the Housing and Redevelopment Authority's \$6,125,000 Public Project Revenue Bonds, Series 2009B, originally issued to finance a portion of the Public Works facility. The 2009B bonds were issued as Build America Bonds to be reimbursed in part from the United States Treasury. The bonds become callable if the United States Treasury fails to make a cash subsidy payment to which the City is entitled and such failure is not caused by any action or inaction by the City. The IRS has notified the City that the reimbursement for the August 1 bond payment would be reduced by the amount affected by sequester unless Congressional action changes the sequestration rate. Action on calling the 2009B bonds would not occur unless the United State Treasury fails to make the required payment August 1st.

Pursuant to Minnesota Statutes, Section 475.521 the City may issue bonds to finance capital expenditures under its capital improvement plan without election provided that, among other things, prior to issuing the bonds the City adopts the Plan after a public hearing thereon and publishes a notice of its intention to issue the bonds and the date and time of a hearing to obtain public comment on the matter. The modified CIP document will be available for inspection by the time the notice is published. The sample notice of public hearing is attached to the resolution.

The City has utilized CIP Bonds to refund the City Hall/Police Facility debt, to issue debt for the Fire Station and for \$14,000,000 of the Public Works facility.

According to the pre-sale report the estimated savings from the refinancing would be about \$25,000 to \$30,000 per year over the remaining life of the bonds or total estimated savings of \$474,050.

Attachment:

Resolution No. 2013-53 Calling Public Hearing on the Intention to Issue General Obligation Capital Improvement Plan Bonds and the Proposal to Amend the Capital Improvement Plan

Presale Report for \$5,900,000 G. O. CIP Bonds

EXTRACT OF MINUTES OF A MEETING OF THE
CITY COUNCIL OF THE CITY OF EDINA, MINNESOTA

HELD: June 18, 2013

Pursuant to due call and notice thereof, a regular or special meeting of the City Council of City of Edina, Minnesota, was duly called and held at the City Hall in the City of Edina, Minnesota on Tuesday the 18th day of June, 2013 at 7:00 p.m. for the purpose, in part, of calling a public hearing on the intention to issue general obligation capital improvement plan bonds and the proposal to amend the capital improvement plan therefor.

The following members were present:

And the following were absent:

Member _____ introduced the following resolution and moved its adoption:

RESOLUTION 2013-53 CALLING PUBLIC HEARING ON
THE INTENTION TO ISSUE GENERAL OBLIGATION CAPITAL
IMPROVEMENT PLAN BONDS AND THE PROPOSAL TO
AMEND THE CAPITAL IMPROVEMENT PLAN UNDER MINNESOTA STATUTES,
SECTION 475.521

A. WHEREAS, pursuant to Minnesota Statutes, Section 475.521 the City of Edina, Minnesota (the "City") may issue bonds to finance capital expenditures under its capital improvement plan (the "Plan") without an election provided that, among other things, prior to issuing the bonds the City adopts the Plan after a public hearing thereon and publishes a notice of its intention to issue the bonds and the date and time of a hearing to obtain public comment on the matter; and

B. WHEREAS, the City Council will hold a public hearing on its intention to Issue general obligation capital improvement plan bonds (the "Bonds") to refinance the outstanding portion of the Housing and Redevelopment Authority's \$6,125,000 Public Project Revenue Bonds, Series 2009B, originally issued to finance the Public Works facility and to adopt an amendment to the Plan therefor pursuant thereto on August 5, 2013; and

NOW, THEREFOR, BE IT RESOLVED by the City Council of the City of Edina, Minnesota, that the City Council hereby calls for a public hearing on its intent to issue the Bonds and to amend the Plan therefor, such hearing to be held on the date and time set forth in Exhibit A attached hereto. The City Council is hereby directed to cause the notice to be published at least 14 but not more than 28 days before the hearing in the official newspaper of the City or a newspaper of general circulation in the City.

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

and the following voted the same:

Whereupon said resolution was declared duly passed and adopted.

STATE OF MINNESOTA
COUNTY OF HENNEPIN
CITY OF EDINA

I, the undersigned, being duly qualified and acting Clerk of the City of Edina, Minnesota, DO HEREBY CERTIFY that I have compared the attached and foregoing extract of minutes with the original thereof on file in my office, and that the same is a full, true and complete transcript of the minutes of a meeting of the City Council of said City, on June 18, 2013, duly called and held on the date therein indicated, insofar as such minutes relate to the City Council calling a public hearing on the intention to issue general obligation capital improvement plan bonds and proposal to adopt a capital improvement plan therefor.

WITNESS my hand on this _____ day of _____, 20__.

City Clerk

City of Edina, MN

\$5,900,000 G.O. CIP Bonds, Dated: September 1, 2013
Proposed Current Refunding Tax Public Proj Rev Bonds (BABs), 2009A
Assuming Current G.O. BQ "AAA" Market Rates

Sources & Uses

Dated 09/01/2013 | Delivered 09/01/2013

Sources Of Funds

Par Amount of Bonds	\$5,900,000.00
Total Sources	\$5,900,000.00

Uses Of Funds

Total Underwriter's Discount (1.000%)	59,000.00
Costs of Issuance	55,000.00
Deposit to Current Refunding Fund	5,782,087.04
Rounding Amount	3,912.96
Total Uses	\$5,900,000.00



City of Edina, MN

\$5,900,000 G.O. CIP Bonds, Dated: September 1, 2013

Proposed Current Refunding Tax Public Proj Rev Bonds (BABs), 2009A

Assuming Current G.O. BQ "AAA" Market Rates

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+	Fiscal Total
09/01/2013	-	-	-	-	-
02/01/2014	295,000.00	0.450%	46,085.42	341,085.42	341,085.42
08/01/2014	-	-	54,638.75	54,638.75	-
02/01/2015	315,000.00	0.500%	54,638.75	369,638.75	424,277.50
08/01/2015	-	-	53,851.25	53,851.25	-
02/01/2016	315,000.00	0.600%	53,851.25	368,851.25	422,702.50
08/01/2016	-	-	52,906.25	52,906.25	-
02/01/2017	315,000.00	0.850%	52,906.25	367,906.25	420,812.50
08/01/2017	-	-	51,567.50	51,567.50	-
02/01/2018	320,000.00	1.050%	51,567.50	371,567.50	423,135.00
08/01/2018	-	-	49,887.50	49,887.50	-
02/01/2019	325,000.00	1.300%	49,887.50	374,887.50	424,775.00
08/01/2019	-	-	47,775.00	47,775.00	-
02/01/2020	330,000.00	1.500%	47,775.00	377,775.00	425,550.00
08/01/2020	-	-	45,300.00	45,300.00	-
02/01/2021	335,000.00	1.800%	45,300.00	380,300.00	425,600.00
08/01/2021	-	-	42,285.00	42,285.00	-
02/01/2022	340,000.00	2.000%	42,285.00	382,285.00	424,570.00
08/01/2022	-	-	38,885.00	38,885.00	-
02/01/2023	345,000.00	2.150%	38,885.00	383,885.00	422,770.00
08/01/2023	-	-	35,176.25	35,176.25	-
02/01/2024	355,000.00	2.250%	35,176.25	390,176.25	425,352.50
08/01/2024	-	-	31,182.50	31,182.50	-
02/01/2025	360,000.00	2.400%	31,182.50	391,182.50	422,365.00
08/01/2025	-	-	26,862.50	26,862.50	-
02/01/2026	370,000.00	2.550%	26,862.50	396,862.50	423,725.00
08/01/2026	-	-	22,145.00	22,145.00	-
02/01/2027	380,000.00	2.650%	22,145.00	402,145.00	424,290.00
08/01/2027	-	-	17,110.00	17,110.00	-
02/01/2028	390,000.00	2.750%	17,110.00	407,110.00	424,220.00
08/01/2028	-	-	11,747.50	11,747.50	-
02/01/2029	400,000.00	2.850%	11,747.50	411,747.50	423,495.00
08/01/2029	-	-	6,047.50	6,047.50	-
02/01/2030	410,000.00	2.950%	6,047.50	416,047.50	422,095.00
Total	\$5,900,000.00	-	\$1,220,820.42	\$7,120,820.42	-

Yield Statistics

Bond Year Dollars	\$52,313.33
Average Life	8.867 Years
Average Coupon	2.3336697%
Net Interest Cost (NIC)	2.4464517%
True Interest Cost (TIC)	2.4360258%
Bond Yield for Arbitrage Purposes	4.1809771%
All Inclusive Cost (AIC)	2.5575357%

IRS Form 8038

Net Interest Cost	2.3336697%
Weighted Average Maturity	8.867 Years

City of Edina, MN

\$5,900,000 G.O. CIP Bonds, Dated: September 1, 2013
 Proposed Current Refunding Tax Public Proj Rev Bonds (BABs), 2009A
 Assuming Current G.O. BQ "AAA" Market Rates

Debt Service Comparison

Date	Total P+I	Net New D/S	Old Net D/S	Savings
02/01/2014	341,085.42	337,172.46	362,005.07	24,832.61
02/01/2015	424,277.50	424,277.50	454,008.38	29,730.88
02/01/2016	422,702.50	422,702.50	453,556.50	30,854.00
02/01/2017	420,812.50	420,812.50	451,913.50	31,101.00
02/01/2018	423,135.00	423,135.00	449,503.50	26,368.50
02/01/2019	424,775.00	424,775.00	451,492.26	26,717.26
02/01/2020	425,550.00	425,550.00	452,912.26	27,362.26
02/01/2021	425,600.00	425,600.00	448,341.00	22,741.00
02/01/2022	424,570.00	424,570.00	453,103.50	28,533.50
02/01/2023	422,770.00	422,770.00	452,164.00	29,394.00
02/01/2024	425,352.50	425,352.50	450,672.00	25,319.50
02/01/2025	422,365.00	422,365.00	453,387.00	31,022.00
02/01/2026	423,725.00	423,725.00	450,338.26	26,613.26
02/01/2027	424,290.00	424,290.00	451,688.26	27,398.26
02/01/2028	424,220.00	424,220.00	452,238.76	28,018.76
02/01/2029	423,495.00	423,495.00	452,233.50	28,738.50
02/01/2030	422,095.00	422,095.00	451,399.50	29,304.50
Total	\$7,120,820.42	\$7,116,907.46	\$7,590,957.25	\$474,049.79

PV Analysis Summary (Net to Net)

Gross PV Debt Service Savings.....	1,124,221.83
Effects of changes in Credit Enhancement Expenses.	(781,923.77)
Net PV Cashflow Savings @ 4.181%(Bond Yield).....	342,298.06
Contingency or Rounding Amount.....	3,912.96
Net Present Value Benefit	\$346,211.02
Net PV Benefit / \$6,242,298.06 PV Refunded Debt Service	5.546%
Net PV Benefit / \$5,735,000 Refunded Principal...	6.037%
Net PV Benefit / \$5,900,000 Refunding Principal..	5.868%

Refunding Bond Information

Refunding Dated Date	9/01/2013
Refunding Delivery Date	9/01/2013

City of Edina, MN

\$5,900,000 G.O. CIP Bonds, Dated: September 1, 2013

Proposed Current Refunding Tax Public Proj Rev Bonds (BABs), 2009A

Assuming Current G.O. BQ "AAA" Market Rates

Current Refunding Escrow

Date	Principal	Rate	Interest	Receipts	Disbursements	Cash Balance
09/01/2013	-	-	-	0.04	-	0.04
10/01/2013	5,782,087.00	0.020%	95.04	5,782,182.04	5,782,182.08	-
Total	\$5,782,087.00	-	\$95.04	\$5,782,182.08	\$5,782,182.08	-

Investment Parameters

Investment Model [PV, GIC, or Securities]	Securities
Default investment yield target	Unrestricted
Cash Deposit	0.04
Cost of Investments Purchased with Bond Proceeds	5,782,087.00
Total Cost of Investments	\$5,782,087.04
Target Cost of Investments at bond yield	\$5,762,278.13
Actual positive or (negative) arbitrage	(19,808.91)
Yield to Receipt	0.0197252%
Yield for Arbitrage Purposes	4.1809771%
State and Local Government Series (SLGS) rates for	6/03/2013

City of Edina, MN

\$5,735,000 Taxable Lease Revenue Bonds, Series 2009B

Build America Bonds - Direct Payment

Prior Original Debt Service

Date	Principal	Coupon	Interest	LOC	Total P+I	Fiscal Total
08/01/2013	-	-	-	-	-	-
02/01/2014	270,000.00	2.850%	141,546.25	(49,541.18)	362,005.07	362,005.07
08/01/2014	-	-	137,698.75	(48,194.56)	89,504.19	-
02/01/2015	275,000.00	3.050%	137,698.75	(48,194.56)	364,504.19	454,008.38
08/01/2015	-	-	133,505.00	(46,726.75)	86,778.25	-
02/01/2016	280,000.00	3.650%	133,505.00	(46,726.75)	366,778.25	453,556.50
08/01/2016	-	-	128,395.00	(44,938.25)	83,456.75	-
02/01/2017	285,000.00	4.000%	128,395.00	(44,938.25)	368,456.75	451,913.50
08/01/2017	-	-	122,695.00	(42,943.25)	79,751.75	-
02/01/2018	290,000.00	4.250%	122,695.00	(42,943.25)	369,751.75	449,503.50
08/01/2018	-	-	116,532.50	(40,786.37)	75,746.13	-
02/01/2019	300,000.00	4.400%	116,532.50	(40,786.37)	375,746.13	451,492.26
08/01/2019	-	-	109,932.50	(38,476.37)	71,456.13	-
02/01/2020	310,000.00	4.750%	109,932.50	(38,476.37)	381,456.13	452,912.26
08/01/2020	-	-	102,570.00	(35,899.50)	66,670.50	-
02/01/2021	315,000.00	5.000%	102,570.00	(35,899.50)	381,670.50	448,341.00
08/01/2021	-	-	94,695.00	(33,143.25)	61,551.75	-
02/01/2022	330,000.00	5.100%	94,695.00	(33,143.25)	391,551.75	453,103.50
08/01/2022	-	-	86,280.00	(30,198.00)	56,082.00	-
02/01/2023	340,000.00	5.200%	86,280.00	(30,198.00)	396,082.00	452,164.00
08/01/2023	-	-	77,440.00	(27,104.00)	50,336.00	-
02/01/2024	350,000.00	5.400%	77,440.00	(27,104.00)	400,336.00	450,672.00
08/01/2024	-	-	67,990.00	(23,796.50)	44,193.50	-
02/01/2025	365,000.00	5.500%	67,990.00	(23,796.50)	409,193.50	453,387.00
08/01/2025	-	-	57,952.50	(20,283.37)	37,669.13	-
02/01/2026	375,000.00	5.600%	57,952.50	(20,283.37)	412,669.13	450,338.26
08/01/2026	-	-	47,452.50	(16,608.37)	30,844.13	-
02/01/2027	390,000.00	5.700%	47,452.50	(16,608.37)	420,844.13	451,688.26
08/01/2027	-	-	36,337.50	(12,718.12)	23,619.38	-
02/01/2028	405,000.00	5.700%	36,337.50	(12,718.12)	428,619.38	452,238.76
08/01/2028	-	-	24,795.00	(8,678.25)	16,116.75	-
02/01/2029	420,000.00	5.800%	24,795.00	(8,678.25)	436,116.75	452,233.50
08/01/2029	-	-	12,615.00	(4,415.25)	8,199.75	-
02/01/2030	435,000.00	5.800%	12,615.00	(4,415.25)	443,199.75	451,399.50
Total	\$5,735,000.00	-	\$2,855,318.75	(999,361.50)	\$7,590,957.25	-

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	9/01/2013
Average Life	9.158 Years
Average Coupon	5.3917559%
Weighted Average Maturity (Par Basis)	9.158 Years

Refunding Bond Information

Refunding Dated Date	9/01/2013
Refunding Delivery Date	9/01/2013

City of Edina, MN

\$5,735,000 Taxable Lease Revenue Bonds, Series 2009B

Build America Bonds - Direct Payment

Debt Service To Maturity And To Call

Date	Refunded Bonds	Refunded Interest	D/S To Call	Principal	Coupon	Interest	Refunded D/S
09/01/2013	-	-	-	-	-	-	-
10/01/2013	5,735,000.00	47,182.08	5,782,182.08	-	-	-	-
02/01/2014	-	-	-	270,000.00	2.850%	141,546.25	411,546.25
08/01/2014	-	-	-	-	-	137,698.75	137,698.75
02/01/2015	-	-	-	275,000.00	3.050%	137,698.75	412,698.75
08/01/2015	-	-	-	-	-	133,505.00	133,505.00
02/01/2016	-	-	-	280,000.00	3.650%	133,505.00	413,505.00
08/01/2016	-	-	-	-	-	128,395.00	128,395.00
02/01/2017	-	-	-	285,000.00	4.000%	128,395.00	413,395.00
08/01/2017	-	-	-	-	-	122,695.00	122,695.00
02/01/2018	-	-	-	290,000.00	4.250%	122,695.00	412,695.00
08/01/2018	-	-	-	-	-	116,532.50	116,532.50
02/01/2019	-	-	-	300,000.00	4.400%	116,532.50	416,532.50
08/01/2019	-	-	-	-	-	109,932.50	109,932.50
02/01/2020	-	-	-	310,000.00	4.750%	109,932.50	419,932.50
08/01/2020	-	-	-	-	-	102,570.00	102,570.00
02/01/2021	-	-	-	315,000.00	5.000%	102,570.00	417,570.00
08/01/2021	-	-	-	-	-	94,695.00	94,695.00
02/01/2022	-	-	-	330,000.00	5.100%	94,695.00	424,695.00
08/01/2022	-	-	-	-	-	86,280.00	86,280.00
02/01/2023	-	-	-	340,000.00	5.200%	86,280.00	426,280.00
08/01/2023	-	-	-	-	-	77,440.00	77,440.00
02/01/2024	-	-	-	350,000.00	5.400%	77,440.00	427,440.00
08/01/2024	-	-	-	-	-	67,990.00	67,990.00
02/01/2025	-	-	-	365,000.00	5.500%	67,990.00	432,990.00
08/01/2025	-	-	-	-	-	57,952.50	57,952.50
02/01/2026	-	-	-	375,000.00	5.600%	57,952.50	432,952.50
08/01/2026	-	-	-	-	-	47,452.50	47,452.50
02/01/2027	-	-	-	390,000.00	5.700%	47,452.50	437,452.50
08/01/2027	-	-	-	-	-	36,337.50	36,337.50
02/01/2028	-	-	-	405,000.00	5.700%	36,337.50	441,337.50
08/01/2028	-	-	-	-	-	24,795.00	24,795.00
02/01/2029	-	-	-	420,000.00	5.800%	24,795.00	444,795.00
08/01/2029	-	-	-	-	-	12,615.00	12,615.00
02/01/2030	-	-	-	435,000.00	5.800%	12,615.00	447,615.00
Total	\$5,735,000.00	\$47,182.08	\$5,782,182.08	\$5,735,000.00	-	\$2,855,318.75	\$8,590,318.75

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	9/01/2013
Average Life	9.158 Years
Average Coupon	5.4366744%
Weighted Average Maturity (Par Basis)	9.158 Years

Refunding Bond Information

Refunding Dated Date	9/01/2013
Refunding Delivery Date	9/01/2013