

**TO: MAYOR AND CITY COUNCIL**  
**FROM: NEIL JENSEN, City Administrator**  
**SUBJECT: Refunding Bonds 2020**  
**MEETING DATE: May 19, 2020**

**BACKGROUND:**

With the current economic conditions, the bond market is trending lower. This is a great opportunity to look into refunding bonds that are callable. Currently we have 2 bonds (GO Series 2011A and GO Series 2013A) on the books that are callable. The refunding bond (GO Series 2020A) would have a total savings of \$257,474.17 or 5.79%. The annual savings is \$23,222.93. For reference these bonds are the Westside 1 project and the Eastside 1 project. The issue would be \$3,800,000 combined.

With all this said we have to take into consideration that markets move and the savings could be more or less on lock day.

**STAFF RECOMMENDATION**

The Finance Committee met on Tuesday, May 12<sup>th</sup> to discuss this refunding and voted unanimously to move forward with the refunding. This refunding just makes sense to proceed forward and set up a closing.

**REQUESTED COUNCIL ACTION**

Make a motion to move forward with the Refunding of GO Series Bonds 2011A and 2013A with Northland Securities.

**City of Cannon Falls, Minnesota**  
**Overview of General Obligation Refunding Bonds, Series 2020**  
**(Assumed AA- Rated/ based upon preliminary interest rates on 5/05/20)**

Following is a summary of the refunding of the following two existing bond issues:  
 \$3,150,000 General Obligation Bonds, Series 2011A (call date 2/1/19)  
 \$2,575,000 General Obligation Bonds, Series 2013A (call date 2/1/20)

Purpose	\$3,150,000 General Obligation Bonds, Series 2011A				\$2,575,000 General Obligation Bonds, Series 2013A				TOTAL
	Street	Utility	Street	Utility	South of School				
New Bond Size	\$ 790,000	\$ 1,150,000	\$ 740,000	\$ 870,000	\$ 250,000	\$ 3,800,000			
Call Date ORIGINAL Bonds	2/1/2019	2/1/2019	2/1/2020	2/1/2020	2/1/2020				
Final Maturity ORIGINAL Bonds	2027	2032	2029	2034	2029				
Final Maturity NEW Bonds	2027	2032	2029	2034	2029				2034
Avg. Remaining Interest Rate ORIGINAL Bonds	2.87%	3.24%	3.43%	3.79%	3.43%				
Avg. Interest Rate NEW Bonds	1.55%	1.87%	1.67%	1.98%	1.67%				1.81%
Net Debt Service Reduction	\$ 20,909.27	\$ 75,860.31	\$ 45,696.88	\$ 99,335.04	\$ 15,672.67	\$ 257,474.17			
Present Value Savings	\$ 19,928.78	\$ 68,281.41	\$ 42,466.24	\$ 88,134.80	\$ 14,471.74	\$ 233,282.97			
Average Annual Debt Service Savings	\$ 2,987.04	\$ 6,321.69	\$ 5,077.43	\$ 7,095.36	\$ 1,741.41	\$ 23,222.93			
Net Present Value Savings %	2.87%	5.58%	5.47%	9.12%	5.44%	5.79%			



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