

TO: MAYOR AND CITY COUNCIL
FROM: NEIL JENSEN, City Administrator
SUBJECT: GO Bonds 2010A and 2012B Payoff
MEETING DATE: April 20, 2021

BACKGROUND

The City has an opportunity to call 2 bonds the 2010A and 2012B. The 2010A is a water revenue bond that was set to be paid off in August of 2021. If we set the payoff date on June 1st the savings on the bond would be \$2,100. We have the payment in the water fund ready to be paid in August so there is no reason not to pay early. Payoff for 2010A is \$364,200.

The 2012B bond is G.O. Refunding Bond consisting of tax levy, water revenue and special assessments. The payoff for this bond is \$376,970. During the last year several CD's the city had in reserves were called and are available to pay off this bond.

Most of this bond's revenue is special assessments (\$208,000) that will be coming as revenue the next 2 years. The water department has \$81,000 and the rest is tax levy and cumulative cash balance.

The Finance Committee reviewed the request for early payoff and has recommended to City Council to approve Resolution 2544 paying off these 2 bonds.

STAFF RECOMMENDATION

With funds in hand and available it seems prudent to payoff these 2 bonds with a savings of approximately \$9,175.00.

REQUESTED COUNCIL ACTION

Please consider and make a motion to approve Resolution 2544.

Preliminary

City of Cannon Falls, Minnesota

\$3,085,000 General Obligation Refunding Bonds, Series 2012B

Scenario: Full Cash Redemption of Series 2012B Bonds

Call Date: June 1, 2021

Debt Service To Maturity And To Call

Date	Refunded Bonds	Refunded Interest	Debt Service to Call Date	Principal	Coupon	Interest	Refunded D/S
06/01/2021	375,000.00	1,970.00	376,970.00	-	-	-	-
08/01/2021	-	-	-	-	-	2,955.00	2,955.00
02/01/2022	-	-	-	185,000.00	1.500%	2,955.00	187,955.00
08/01/2022	-	-	-	-	-	1,567.50	1,567.50
02/01/2023	-	-	-	190,000.00	1.650%	1,567.50	191,567.50
Total	\$375,000.00	\$1,970.00	\$376,970.00	\$375,000.00	-	\$9,045.00	\$384,045.00

*Paying off the 2022 & 2023 maturities of the 2012B Bonds on June 1, 2021 would require \$376,970.

*Total remaining payments, if not paid off early, is \$384,045.

*Total savings by paying off the 2022 & 2023 maturities on June 1, 2021 is \$7,075.

Preliminary

\$3,560,000 City of Cannon Falls, Minnesota

General Obligation Water Revenue Refunding Bonds, Series 2010A

Scenario: Full Cash Redemption of Series 2010A Bonds

Call Date: June 1, 2021

Debt Service To Maturity And To Call

Date	Refunded Bonds	Refunded Interest	D/S To Call	Principal	Coupon	Interest	Refunded D/S
06/01/2021	360,000.00	4,200.00	364,200.00	-	-	-	-
08/01/2021	-	-	-	360,000.00	3.500%	6,300.00	366,300.00
Total	\$360,000.00	\$4,200.00	\$364,200.00	\$360,000.00	-	\$6,300.00	\$366,300.00

*Paying off the 2021 maturity of the 2010A Bonds on June 1, 2021 would require **\$364,200.**

*Total remaining payments, if not paid off early, is \$366,300.

***Total savings by paying off the 2021 maturity on June 1, 2021 is \$2,100.**

EXTRACT OF MINUTES OF A MEETING OF THE
CITY COUNCIL OF THE
CITY OF CANNON FALLS, MINNESOTA

Held: April 20, 2021

Pursuant to due call and notice thereof, a regular meeting of the City Council of the City of Cannon Falls, Goodhue County, Minnesota, was duly called to order on April 20, 2021, at 6:30 P.M.

The following members were present:

and the following members were absent:

Member _____ introduced the following resolution and moved its adoption:

RESOLUTION NUMBER 2544

**RESOLUTION CALLING FOR THE REDEMPTION OF
THE OUTSTANDING
GENERAL OBLIGATION WATER REVENUE REFUNDING BONDS, SERIES 2010A
AND GENERAL OBLIGATION REFUNDING BONDS, SERIES 2012B**

WHEREAS:

A. The City Council of the City of Cannon Falls, Minnesota issued \$3,560,000 General Obligation Water Revenue Refunding Bonds, Series 2010A, dated December 9, 2010 (the “2010A Bonds”); and

B. All of said bonds maturing or subject to mandatory redemption on August 1, 2019 through 2021, inclusive, are subject to redemption, in whole or in part, and prepayment at the option of the City on August 1, 2018, and on any date thereafter at par plus accrued interest, all as provided in the resolution of the City authorizing the issuance of said bonds; and

C. The City Council of the City of Cannon Falls, Minnesota issued \$3,085,000 General Obligation Refunding Bonds, Series 2012B, dated November 1, 2012 (the “2012B Bonds”); and

D. All of said bonds maturing or subject to mandatory redemption on February 1, 2020 through 2023, inclusive, are subject to redemption, in whole or in part, and prepayment at the option of the City on February 1, 2019, and on any date thereafter at par plus accrued interest, all as provided in the resolution of the City authorizing the issuance of said bonds; and

E. The City deems it desirable and in the best interest of the City to call \$360,000 of the outstanding 2010A Bonds maturing in the year 2021 for redemption on June 1, 2021, in accordance with said resolution authorizing the issuance of said bonds; and

F. The City deems it desirable and in the best interest of the City to call \$375,000 of the outstanding 2012B Bonds maturing in the years 2022 and 2023 for redemption on June 1, 2021, in accordance with said resolution authorizing the issuance of said bonds; and

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Cannon Falls, Minnesota as follows:

1. \$360,000 of the General Obligation Water Revenue Refunding Bonds, Series 2010A, dated December 9, 2010, of the City of Cannon Falls, Minnesota, maturing in the year 2021 shall be redeemed and prepaid on June 1, 2021, at 100% of their principal amount plus accrued interest for each such bond called.

2. \$375,000 of the General Obligation Refunding Bonds, Series 2012B, dated November 1, 2012 of the City of Cannon Falls, Minnesota, maturing in the years 2022 and 2023 shall be redeemed and prepaid on June 1, 2021, at 100% of their principal amount plus accrued interest for each such bond called.

3. The City Administrator is hereby authorized and directed to give mailed notice of the calls to the banks where said bonds are payable and said banks shall provide such notice to the holders of the bonds as may be required by law. Said notices shall be in substantially the attached forms.

4. The City Administrator is hereby authorized and directed to deposit with the banks where said bonds are payable prior to said call date sufficient funds to pay all principal and interest due on each bond as of the call date.

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

and the following voted against the same:

Whereupon said resolution was declared duly passed and adopted.

STATE OF MINNESOTA
COUNTY OF GOODHUE
CITY OF CANNON FALLS

I, the undersigned, being the duly qualified and acting City Administrator of the City of Cannon Falls, Goodhue County, Minnesota, DO HEREBY CERTIFY, that I have carefully compared the preceding extract of minutes of a meeting of the City Council of said City held on the date therein indicated with the original minutes thereof on file in my office and that the same is a full, true and correct transcript thereof insofar as said minutes relate to the topic described in the title of the resolution set forth in the extract.

WITNESS my hand officially and the official seal of the City on April 20, 2021.

City Administrator

(SEAL)

NOTICE OF CALL FOR REDEMPTION

GENERAL OBLIGATION WATER REVENUE REFUNDING BONDS, SERIES 2010A

DATED: DECEMBER 9, 2010

CITY OF CANNON FALLS, MINNESOTA

NOTICE IS HEREBY GIVEN that by order of the City Council of the City of Cannon Falls, Minnesota, there have been called for redemption and prepayment on

JUNE 1, 2021

those outstanding bonds of the City designated as General Obligation Water Revenue Refunding Bonds, Series 2010A, dated December 9, 2010, maturing in the year 2021, totaling \$360,000 in principal amount and with the following CUSIP number:

<u>Maturity</u>	<u>Principal Amount</u>	<u>CUSIP</u>
2021	\$360,000	137699WE0

The bonds are being called for redemption at a price of 100% of their principal amount plus accrued interest to June 1, 2021, on which date all interest on said bonds will cease to accrue. Holders of the bonds hereby called for redemption are requested to present their bonds for payment to Bond Trust Services Corporation, 3060 Centre Pointe Drive, Roseville, Minnesota 55113, on or before June 1, 2021.

Dated: April 20, 2021.

BY ORDER OF THE CITY COUNCIL

/s/ Neil Jensen
City Administrator

Important Notice: In compliance with the Economic Growth and Tax Relief reconciliation Act of 2001, federal backup withholding tax will be withheld at the applicable backup withholding rate in effect at the time of the payment by the redeeming institutions if they are not provided with your social security number or federal employer identification number, properly certified. This requirement is fulfilled by submitting a W-9 Form, which may be obtained at a bank or other financial institution.

Additional Information may be obtained from:

NORTHLAND SECURITIES, INC.
150 South 5th Street, Suite 3300
Minneapolis, Minnesota 55402
Attn: Public Finance
Phone: 612-851-5900 or 800-851-2920

NOTICE OF CALL FOR REDEMPTION

GENERAL OBLIGATION REFUNDING BONDS, SERIES 2012B

DATED: NOVEMBER 1, 2012

CITY OF CANNON FALLS, MINNESOTA

NOTICE IS HEREBY GIVEN that by order of the City Council of the City of Cannon Falls, Minnesota, there have been called for redemption and prepayment on

JUNE 1, 2021

those outstanding bonds of the City designated as General Obligation Refunding Bonds, Series 2012B, dated November 1, 2012, maturing in the years 2022 and 2023, totaling \$375,000 in principal amount and with the following CUSIP numbers:

<u>Maturity</u>	<u>Principal Amount</u>	<u>CUSIP</u>
2022	\$185,000	137699XK5
2023	\$190,000	137699XL3

The bonds are being called for redemption at a price of 100% of their principal amount plus accrued interest to June 1, 2021, on which date all interest on said bonds will cease to accrue. Holders of the bonds hereby called for redemption are requested to present their bonds for payment to Northland Trust Services, Inc., 150 South 5th Street, Suite 3300, Minneapolis, Minnesota 55402, on or before June 1, 2021.

Dated: April 20, 2021.

BY ORDER OF THE CITY COUNCIL

/s/ Neil Jenson
City Administrator

Important Notice: In compliance with the Economic Growth and Tax Relief reconciliation Act of 2001, federal backup withholding tax will be withheld at the applicable backup withholding rate in effect at the time of the payment by the redeeming institutions if they are not provided with your social security number or federal employer identification number, properly certified. This requirement is fulfilled by submitting a W-9 Form, which may be obtained at a bank or other financial institution.

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