

Request for Board Action Details

File #: 2020-414

Type: Administrative Item **Status:** Passed

In control: Board of Commissioners

On agenda: 10/20/2020 **Final action:** 10/20/2020

Title: Authorization of General Obligation Capital Improvement Plan Refunding Bonds, Series 2020A and Taxable General Obligation Refunding Bonds Series, 2020B

Sponsors: Finance

Indexes:

Code sections:

Attachments: 1. Proposed Schedule of Events 2020 Bond Sale, 2. Resolution

Date	Ver.	Action By	Action	Result
10/20/2020	1	Board of Commissioners	approved	Pass

Sponsor: Finance

Title
Authorization of General Obligation Capital Improvement Plan Refunding Bonds, Series 2020A and Taxable General Obligation Refunding Bonds Series, 2020B

Recommendation

1. Approve the Resolution and Terms of Proposal authorizing issuance of approximately \$19,475,000 General Obligation Capital Improvement Plan Refunding Bonds, Series 2020A and \$28,030,000 Taxable General Obligation Taxable Refunding Bonds, Series 2020B.
2. Set the date of November 17, 2020 as the date for evaluating bond sale bids received on November 16, 2020 and to consider awarding sale of the bonds.

Background

The County's financial advisor, Baker Tilly Municipal Advisors, has performed an analysis of refunding opportunities available on the County's current bond issues and recommends refunding six outstanding bond issues in order to realize future interest rate cost savings. Refunding these bond issues will take advantage of municipal bond interest rates at near historically low levels.

<u>Current bond issues to be refunded</u>	<u>Current Outstanding</u>
Series 2011A - Tax-exempt GO CIP Bonds	\$ 9,965,000
Series 2012A - Tax-exempt GO CIP Bonds	10,855,000
Series 2013A - Tax-exempt GO CIP Bonds	9,970,000
Series 2013B - Taxable GO Bonds (Rice Creek Commons)	8,170,000
Series 2014B - Taxable GO Bonds (Rice Creek Commons)	6,625,000
Series 2014C - Tax-exempt Library GO CIP Bonds	<u>2,570,000</u>
Total	<u>\$ 48,155,000</u>

Refunding these outstanding bond issues is projected to provide average annual debt service savings of approximately \$427,617 and a present value savings of \$5,368,304 over the life of the bonds based on current interest rates and including costs of issuance. The amount of debt will not be increased and all debt will keep

its current maturity length. Debt Service levied and collected in 2020 will be used to pay the upcoming 2/1/2021 principal and interest payments and thereby reduce the amount of refunding bonds needed from \$48,155,000 to \$47,505,000.

The new refunding bond issue will contain two series, \$19,475,000 General Obligation Tax-exempt Refunding Bonds, Series 2020A and \$28,030,000 General Obligation Taxable Refunding Bonds, Series 2020B. Series 2020A will refund Series 2011A and Series 2013A bonds because they have 2/1/2020 call dates and would be considered a current refunding. The Series 2020B bonds will refund Series 2012A, Series 2013B, Series 2014B and Series 2014C (Library) bonds which are either currently taxable or have 2/1/2022 call dates which require advance refunding as taxable bonds

Please note that the Terms of Proposal Prepared by Baker Tilly Municipal Advisors, LLC. indicates that the par amount of the bonds in any maturity can change depending on market conditions on the date of the sale. Ramsey County's bonding ordinance allows refunding bonds to be authorized by County Board Resolution.

If authorized, bids will be taken on the bonds at 1:00 p.m. on Monday, November 16, 2020, and considered for award on the County Board Agenda at 9:00 a.m. on Tuesday, November 17, 2020. The County Board will be requested to approve the sale of the bonds to the bidder offering the lowest interest cost.

County Goals (Check those advanced by Action)

☐ Well-being ☐ Prosperity ☐ Opportunity ☒ Accountability

Racial Equity Impact

This action by itself does not have a measurable racial equity impact, as the action is just one step in the process required by the County Charter to issue bonds. The County issues bonds to finance numerous capital improvement projects, each of which provides programs and services to the community. The racial equity impact should be considered by the County departments during the development of the associated programs and services for each capital project.

Community Participation Level and Impact

Ramsey County issues bonds to finance capital improvements identified in its annual capital improvement plan which is developed with public participation through the capital Improvement Program Citizen's Advisory Committee (CIPAC), an advisory committee composed of up to 14 residents, appointed by the County Board, to assure public participation in the decision-making process. The County Board also holds a public hearing as part of the Bond Ordinance process to afford the public an opportunity to comment on each proposed project. Direct community participation should be incorporated through the County departments in the development of the program and services associated with each capital project.

☒ Inform ☒ Consult ☒ Involve ☐ Collaborate ☐ Empower

Fiscal Impact

The sale of the refunding bonds will allow Ramsey County to achieve an estimated \$5,373,893 reduction in future debt service interest costs.

County Manager Comments

County Board approval of the proposed resolution is needed to proceed with the sale of the refunding bonds. Bond financing aligns with the County's Opportunity and Prosperity goals by facilitating strategic capital investments which cultivate economic development and prosperity in the community.

Last Previous Action

On July 22, 2014, the County Board authorized the issuance of \$9,500,000 Taxable General Obligation CIP Bonds, Series 2014B (Resolution 2014-239) and Series 2014C (Resolution 2014-240).

On June 4, 2013, the County Board authorized the issuance of \$22,700,000 General Obligation CIP Bonds, Series 2013A (Resolution 2013-163) and Series 2013B (Resolution 2013-164).

On June 5, 2012, the County Board authorized the issuance of \$18,500,000 General Obligation CIP bonds, Series 2012A (Resolution 2012-167).

On May 24, 2011, the County Board authorized the issuance of \$18,500,000 General Obligation CIP bonds, Series 2011A (Resolution 2011-182).

Attachments

1. Draft Resolution
2. Bond Sale Recommendations from Financial Advisor Baker Tilly Municipal Advisors LLC.
3. Proposed Schedule of Events - 2020 Bond Sale.