



**BLUE EARTH CITY COUNCIL
CITY COUNCIL WORKSESSION
MONDAY, FEBRUARY 6, 2023 | 4:30 PM
AGENDA**

- 1 Call to Order by the Mayor**
- 2 Old Business**
- 3 New Business**
 - a. Tennis Court Project Financing
- 4 Adjournment**

By Order of the Blue Earth City Council
City Administrator Mary Kennedy
Post at City Hall on Friday, February 3rd, 2023
Distribute to Mayor, Councilmembers, Media & File



City of Blue Earth, MN

Tennis Courts Financing

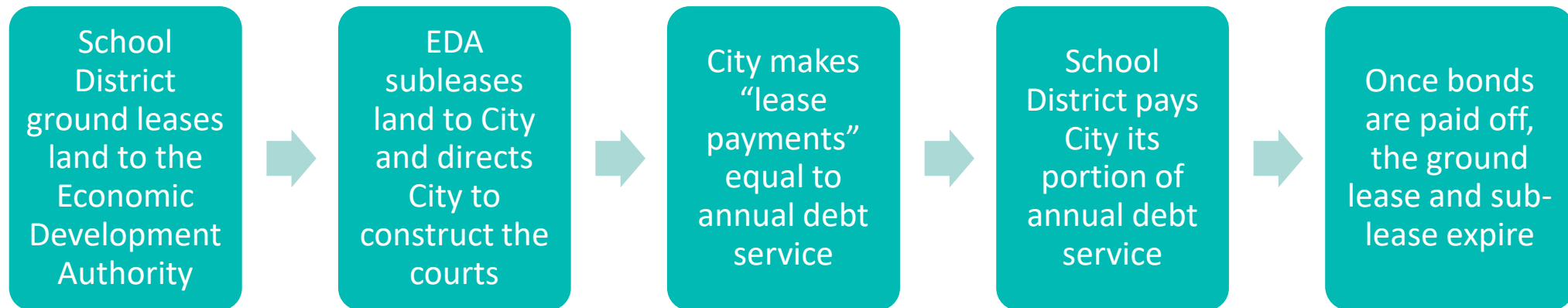
February 6, 2023
Doug Green, Baker Tilly



State Statutory Authority to Finance Tennis Courts

- State statutes authorize cities to incur debt for various purposes.
- The specific statute outlines the allowed use and process.
- The statutory authority available to the City to borrow money for tennis courts is in Minnesota Statutes, Chapter 465.521.
- The process appears complex, but it is not uncommon for public facilities to be financed using the authority granted in M.S. Chapter 465.521 (Installment, Lease Purchase).
 - *Blue Earth Police and Fire facility was originally with “Lease Revenue Bonds” in 2006.*

Lease Revenue Bonds Process



Lease Revenue Bonds - Sources and Uses

\$1,260,000

City of Blue Earth, Minnesota

Lease Revenue Bonds, Series 2023

Dated - June 1, 2023 - Current "A" BQ rates plus 50bps

Sources & Uses

Dated 06/01/2023 | Delivered 06/01/2023

Sources Of Funds

Par Amount of Bonds	\$1,260,000.00
Total Sources	\$1,260,000.00

Uses Of Funds

Deposit to Project Construction Fund	1,200,000.00
Costs of Issuance	44,800.00
Total Underwriter's Discount (1.000%)	12,600.00
Rounding Amount	2,600.00
Total Uses	\$1,260,000.00



Lease Revenue Bonds – Estimated Annual Debt Service

City Portion (60%) = \$90,000
 School District (40%) = \$60,000

\$1,260,000

City of Blue Earth, Minnesota

Lease Revenue Bonds, Series 2023

Dated - June 1, 2023 - Current "A" BQ rates plus 50bps

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
02/01/2024	-	-	30,492.67	30,492.67
02/01/2025	110,000.00	3.250%	45,739.00	155,739.00
02/01/2026	110,000.00	3.250%	42,164.00	152,164.00
02/01/2027	115,000.00	3.250%	38,589.00	153,589.00
02/01/2028	120,000.00	3.300%	34,851.50	154,851.50
02/01/2029	125,000.00	3.400%	30,891.50	155,891.50
02/01/2030	125,000.00	3.500%	26,641.50	151,641.50
02/01/2031	130,000.00	3.980%	22,266.50	152,266.50
02/01/2032	135,000.00	3.850%	17,092.50	152,092.50
02/01/2033	140,000.00	4.050%	11,895.00	151,895.00
02/01/2034	150,000.00	4.150%	6,225.00	156,225.00
Total	\$1,260,000.00	-	\$306,848.17	\$1,566,848.17

Yield Statistics

Bond Year Dollars	\$8,120.00
Average Life	6.4 Years
Average Coupon	3.78%



Example Financing Timeline *(subject to change)*

- March – City issues Request for Proposal to Investment Banks to underwrite bonds
- March – City’s Bond Counsel drafts ground lease and sub-lease agreements
- April – School Board passes resolution pledging payments to City for term of the bonds.
- April – Baker Tilly and City review proposals and choose underwriter
- May – Baker Tilly and City draft required bond documents (combine process with 2023 street bonds)
- June – Baker Tilly and City negotiate the sale of the bonds with chosen underwriter
- July – City received bond proceeds