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# Tax Abatement and General Obligation Bonds, Series 2018B

# City of Northfield

August 21, 2018



# Bond Presale Discussion

- General Obligation Bonds, Series 2018B
  - \$1,515,000 Financing for capital costs related to the 2018 Division and 7<sup>th</sup> Street Reconstruction and Washington Street Mill and Overlay
    - Improvement Bond portion (under *M.S. 429*)
    - Excludes utility and MSA project costs funded separately
  - \$250,000 Financing for City Parking Lots project cost
    - Abatement Bond portion (under *M.S. 469*)
  - Combined into one bond issue (\$1,765,000 total)
    - 10-year repayment (estimated interest cost ~ 3.0%)
    - Debt backed by City of Northfield credit and levy authority
    - Serviced by Assessments and Tax Levy



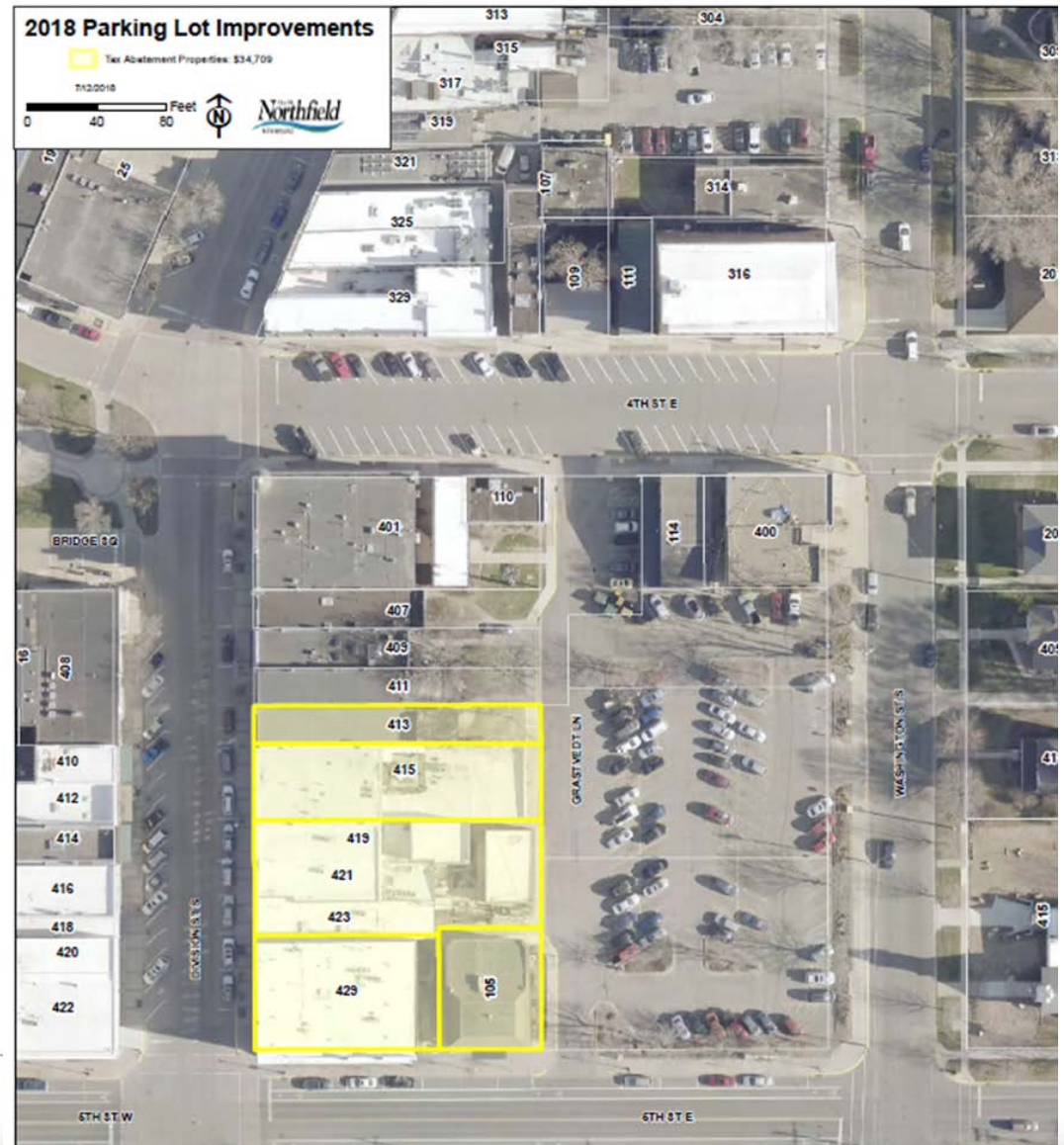
# Tax Abatement Portion – City Parking Lots

- Tax Abatement authority allows MN Cities to apply General Obligation pledge toward financing public improvements
  - Pledge helps secure lowest cost financing
  - \$250,000 financing for City Parking Lots project cost
    - Paid from property taxes abated (or allocated) from abatement parcels
- Public Hearing
  - Identify source and term of abatement
    - Parcels adjacent to project site
    - 10 years (matches term of debt)
  - Findings – In the public interest...
    - Finance or provide public infrastructure (*M.S. 469.1813*)



# Tax Abatement Portion – City Parking Lots

- Tax Abatement Area



# Tax Abatement Portion – City Parking Lots

- Tax Abatement Limit
  - City can annually abate up to the greater of: 10% of Net Tax Capacity or \$200,000
  - 2018 Net Tax Capacity      \$ 15,084,537
  - Limit (10%)                      \$ 1,508,453
  - Less: 2014A Abatement (    \$ 230,000)
  - Less: 2018B Abatement (    \$ 30,000)
  - Remaining Capacity -        \$ 1,248,453



# Consideration

1) Resolution to establish abatement area for parking lots project financing

2) Resolution to call for a competitive sale of bonds Sept. 18<sup>th</sup>

- General Obligation Bonds, Series 2018B
- Rating discussions and document production underway
- Competitive bids awarded on the basis of lowest interest cost
- City Council resolution for awarding bonds
  - Presented along with bid results at September 18<sup>th</sup> Council meeting

