



# Bond Sale Results

City Council  
February 10, 2026

# 2026A – Proposed Utility Bonding



- **Estimated Size: \$12,335,000 General Obligation Bonds**
  - Water Utility Capital Projects
    - Funding for \$12.1 million water system improvements, plus estimated issuance costs
    - Proposed repayment structure: 20-year debt service repayment from water fund revenues
    - Debt secured by full faith and credit (General Obligation) pledge of the City
      - Further secured by State of MN's credit enhancement program available for municipal utility system improvements

# 2026A Bonds



- **Process to date:**
  - Presale Report identified 3.93% as the estimated True Interest Cost for the proposed 20-year bond repayment
  - S&P affirmed the City's "AA" credit rating!
    - Stable outlook applied – economy, finances and management
    - Report cites debt metrics higher than comparable "AA" cities, with downside risk if pace accelerates beyond expectations
    - Also applies "AAA" credit enhancement from the State of MN
  - Offering documents circulated for bidding
  - Competitive bids collected at 10:30 am this morning

# 2026A Bonds – Bids



- **Eight Bids Received!**

Bidder	Indicated Rate	
UMB Bank	3.5073%	
Baird	3.5312%	
Huntington Securities, Inc	3.5528%	<u>Spread</u>
Keybank Capital Markets Inc	3.5684%	0.1438%
Brownstone Investment Group, LLC	3.5812%	
TD Financial Products LLC	3.5831%	
Hilltop Securities	3.5993%	
FHN Financial Capital Markets	3.6511%	

# 2026A Bonds – Final Results



- **Applying Low Bid from UMB Bank**
  - Total Principal sized at \$11,385,000
    - Adjustments in final bonding amount reflects the winning financing bid's pricing and final issuance costs
    - Provides net proceeds necessary for utility project costs
  - Final True Interest Cost calculation: 3.5346%
    - \$858,510 average annual debt service
    - \$31,586 (3.5%) reduction from the presale estimates of \$890,096

# 2026A Bonds – Final Results



- **Council Action:**

- Consider the adoption of Resolution 2026-019 in its revised form provided by the City's bond attorneys at Kutak Rock
- *Resolution Awarding the Sale of \$11,385,000 General Obligation Water Revenue Bonds, Series 2026A*
  - Revised to adopt the terms and payment schedule of lowest cost bid proposal from UMB Bank
  - Schedules the bond closing for March 5, 2026



- Council Questions
- Council Discussion
- Consider Resolution