



# 2026A Bonds: Call for Sale

City Council  
January 6, 2026

# 2026 – Proposed Utility Bonding



- **\$12,335,000 General Obligation Water Revenue Bonds**
  - Water Utility Capital Projects
    - Funding for \$12.1 million water system improvements, plus issuance costs
    - 20-year debt service repayment from water fund revenues
  - Authority under Minnesota Statutes, Chapter 444
    - Allows municipalities to incur debt for water, sewer or stormwater capital needs as long as utility revenues pledged to provide the repayment
    - Amounts so authorized are not subject to statutory debt limitation

# 2026 – Proposed Utility Bonding



- **\$12,335,000 General Obligation Bonds**
  - Current Estimates is a 3.93% True Interest Cost
    - Market observations as of 12/2025 adding 0.35% planning factor
    - Assumes City's "AA" underlying credit rating, and
    - State of Minnesota "AAA" credit enhancement applied
  - \$890,096 average annual debt service estimate
    - 2024 net revenues from the water enterprise fund provide 1.14x coverage\*  
*\*Conservative benchmark from fiscal year prior to adopted water rate increases*

# 2026 – Proposed Schedule



- **Today: Council Authorization to Schedule Sale**
  - Next:
    - Staff and Ehlers prepare offering documents
    - Credit Rating process w/ Standard & Poor's and State of MN
    - Solicit bids for competitive sale to be held February 3<sup>rd</sup>
  - Final:
    - Financing bids presented for final award at February 3<sup>rd</sup> meeting
      - Council review and consideration of a bond resolution awarding sale to lowest interest cost proposal
      - Closing planned for February 26, 2026



- Council Questions
- Council Discussion
- Consider Call for Sale Resolution