



WILLMAR CITY COUNCIL WORK SESSION
MONDAY, JANUARY 31, 2022, 6:30 P.M.
TRAINING ROOM, FIRE STATION
515 SW 2ND STREET
WILLMAR, MINNESOTA

AGENDA

Discussion Items:

1. Bonding Presentation – Doug Green of Baker Tilly
2. Other



City of Willmar, Minnesota
City Council Work Session

2022 Bonding Discussion

Doug Green, Baker Tilly
January 31, 2022

Overview of Discussion

- I. Authority to Issue Bonds and Ordinance Process
- II. Review Outstanding Bond Issues
- III. Future Street Improvement Projections
- IV. Estimated Levy and Tax Impacts

Statutory Authority to Incur Debt Obligations in Minnesota

General Obligation Bonds
Minnesota Statutes, Ch. 475

| Name: | Improvement Bonds | Utility Revenue Bonds | Equipment Certificates | Capital Improvement | Abatement Bonds |
|--------------------|--------------------------------------|-----------------------|------------------------|---------------------|---------------------|
| Statute: | M.S. 429 | M.S. 444 | M.S. 412.301 | M.S. 475.03 | M.S. 469 |
| Purpose: | Street and Utilities | Utilities | Equipment | Facilities | Mainly Recreational |
| Payment Source(s): | Levy / CIF / Assessments / Utilities | Utilities | Levy | Levy | Levy |

City of Willmar Bond Ordinance Process

- Section 2.12 Ordinances and Resolutions
 - Subdivision 1. Action requiring an ordinance
 - (F) Authorize the borrowing of money, incurring indebtedness, or authorizing of capital leases;*

- Bond Ordinance Process
 - Ordinance published in paper
 - Public hearing seven days following publication
 - City Council holds public hearing
 - 15-day petition period begins
 - Bonds are sold following petition period

CITY OF WILLMAR – BOND WORK SESSION

Outstanding General Obligation Bond Issues

- Series 2011A, 2012B, 2013A, 2014B and 2015A Bonds mature or being paid in full on 2/1/2022.

| Issue Name | Original Par | 2/1/2022 Balance | Call Date | Final Maturity | Bond Yield |
|---|---------------|----------------------|------------|----------------|------------|
| Improvement Bonds | | | | | |
| 2011A GO Improvement Bonds | \$ 1,825,000 | \$ - | 02/01/2020 | 02/01/2022 | 2.1% |
| 2012B GO Improvement Bonds | \$ 1,460,000 | \$ - | 02/01/2021 | 02/01/2023 | 1.8% |
| 2013A GO Improvement Bonds | \$ 1,910,000 | \$ - | 02/01/2022 | 02/01/2024 | 2.1% |
| 2014B GO Improvement Bonds | \$ 1,000,000 | \$ - | 02/01/2021 | 02/01/2025 | 2.2% |
| 2015A GO Improvement Bonds | \$ 1,400,000 | \$ - | 02/01/2022 | 02/01/2026 | 2.6% |
| 2016A GO Improvement Bonds | \$ 1,600,000 | \$ 856,000 | 02/01/2023 | 02/01/2027 | 2.5% |
| 2017A GO Improvement Bonds | \$ 1,100,000 | \$ 703,000 | 02/01/2024 | 02/01/2028 | 3.2% |
| 2018B GO Improvement Bonds* | \$ 2,930,000 | \$ 2,140,000 | 02/01/2026 | 02/01/2029 | 2.6% |
| 2019A GO Improvement Bonds | \$ 4,740,000 | \$ 3,900,000 | 08/01/2024 | 02/01/2030 | 2.3% |
| 2020A GO Improvement Bonds | \$ 1,965,000 | \$ 1,784,000 | 02/01/2025 | 02/01/2031 | 1.7% |
| 2021B GO Improvement Bonds | \$ 2,440,000 | \$ <u>2,440,000</u> | 02/01/2030 | 02/01/2032 | 0.8% |
| *\$1.48M for Western Interceptor project. | Total: | \$ 11,823,000 | | | |
| Other GO Bonds | | | | | |
| 2018A GO Bonds (Ice Arena) | \$ 2,780,000 | \$ 2,440,000 | 02/01/2026 | 02/01/2038 | 3.2% |
| 2021B GO Abatement Bonds (Ped Path) | \$ 460,000 | \$ <u>460,000</u> | 02/01/2030 | 02/01/2032 | 0.8% |
| | Total: | \$ 2,900,000 | | | |

CITY OF WILLMAR – BOND WORK SESSION

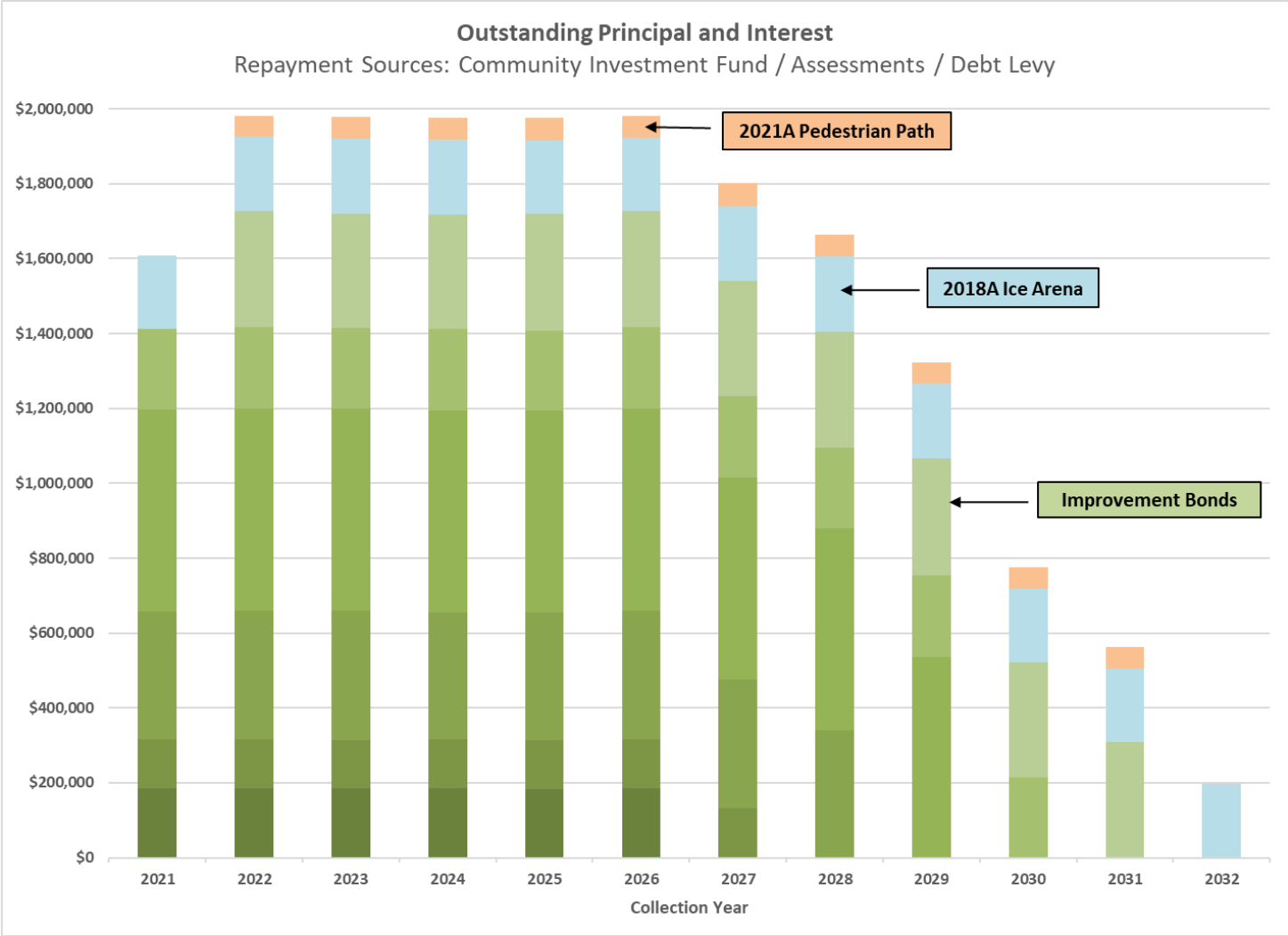
Outstanding General Obligation Revenue Bond Issues

| Issue Name | Original Par | 2/1/2022 Balance | Call Date | Final Maturity | Bond Yield |
|----------------------------------|---------------|----------------------|------------|----------------|------------|
| Sales Tax Bonds | | | | | |
| 2021A GO Sales Tax Rev Bonds | \$ 4,495,000 | \$ 4,185,000 | 02/01/2029 | 02/01/2033 | 0.9% |
| 2021C GO Sales Tax Rev Bonds | \$ 13,715,000 | <u>\$ 13,715,000</u> | 02/01/2030 | 02/01/2033 | 0.9% |
| | Total: | \$ 17,900,000 | | | |
| Wastewater Treatment Fund | | | | | |
| 2008C GO Sew er Rev Note (PFA) | \$ 42,001,362 | \$ 24,437,000 | - | 08/20/2028 | 3.3% |
| 2008D GO Sew er Rev Note (PFA) | \$ 7,000,000 | \$ 7,000,000 | - | 02/20/2030 | 0.0% |
| 2009-1 GO Sew er Rev Note (PFA) | \$ 1,711,867 | \$ 783,151 | - | 08/20/2029 | 2.5% |
| 2009-2 GO Sew er Rev Note (PFA) | \$ 27,663,530 | \$ 19,919,000 | - | 08/20/2038 | 3.4% |
| 2013 GO Sew er Rev Note (PFA) | \$ 1,582,219 | \$ 1,444,000 | - | 08/20/2042 | 1.1% |
| 2014A GO Sew er Rev Note (PFA) | \$ 3,000,000 | \$ 2,021,000 | - | 08/20/2034 | 1.0% |
| 2016B GO Sew er Rev Note (PFA) | \$ 1,046,528 | \$ 827,000 | - | 08/20/2036 | 1.0% |
| 2018 GO Sew er Rev Note (PFA) | \$ 1,558,505 | <u>\$ 1,383,000</u> | - | 08/20/2038 | 1.1% |
| | Total: | \$ 57,814,151 | | | |



CITY OF WILLMAR – BOND WORK SESSION

Outstanding Principal and Interest



Street Construction: Sources for Construction and Debt Service

| Construction Sources | Debt Service Sources |
|--------------------------------------|---------------------------|
| Bonds | Community Investment Fund |
| Municipal State Aid (MSA) | Special Assessments |
| Municipal Utilities Commission (MUC) | *No levy required so far |
| Waste Treatment Plant (WTP) Fund | |
| Local Option Sales Tax (Stormwater) | |
| County | |
| Federal Aid | |

2022 Project Sources and Debt Services Payment Sources

| Purpose | 2022 Estimated Amount | Construction Source | Debt Service Source |
|------------------------------|-----------------------|----------------------|-----------------------|
| Street Reconstruction | \$ 3,655,000 | Bonds / MSA / County | Levy /Assessments/CIF |
| Mill & Overlay | \$ 3,606,000 | Bonds | Levy /Assessments/CIF |
| Parking Lots | \$ 854,000 | TBD | TBD |
| Sanitary Sewer | \$ 1,270,681 | WWTP (Cash) | --- |
| Watermain | \$ 1,055,298 | MUC (Cash) | --- |
| Storm Sewer | \$ 656,691 | Sales Tax (Cash) | --- |
| Total | \$ 11,097,670 | | |
| 2022 Bond Assumptions | | | |
| Par Amount | \$ 4,835,000 | | |
| <i>Assessment Portion</i> | <i>\$ 2,428,000</i> | | |
| <i>City Portion</i> | <i>\$ 2,407,000</i> | | |

Financial Projection Assumptions

Street Construction Assumptions

- \$10.0 million annual project cost
- \$5.0 million annual bond issue

Financing and Tax Rate Assumptions

- 10 and 15-year repayment scenarios
- 3.0% interest rate for all scenarios
 - 10-Year option annual P&I = 586,000
 - 15-Year option annual P&I = 419,000
- Net Tax Capacity increases 3.0% annually

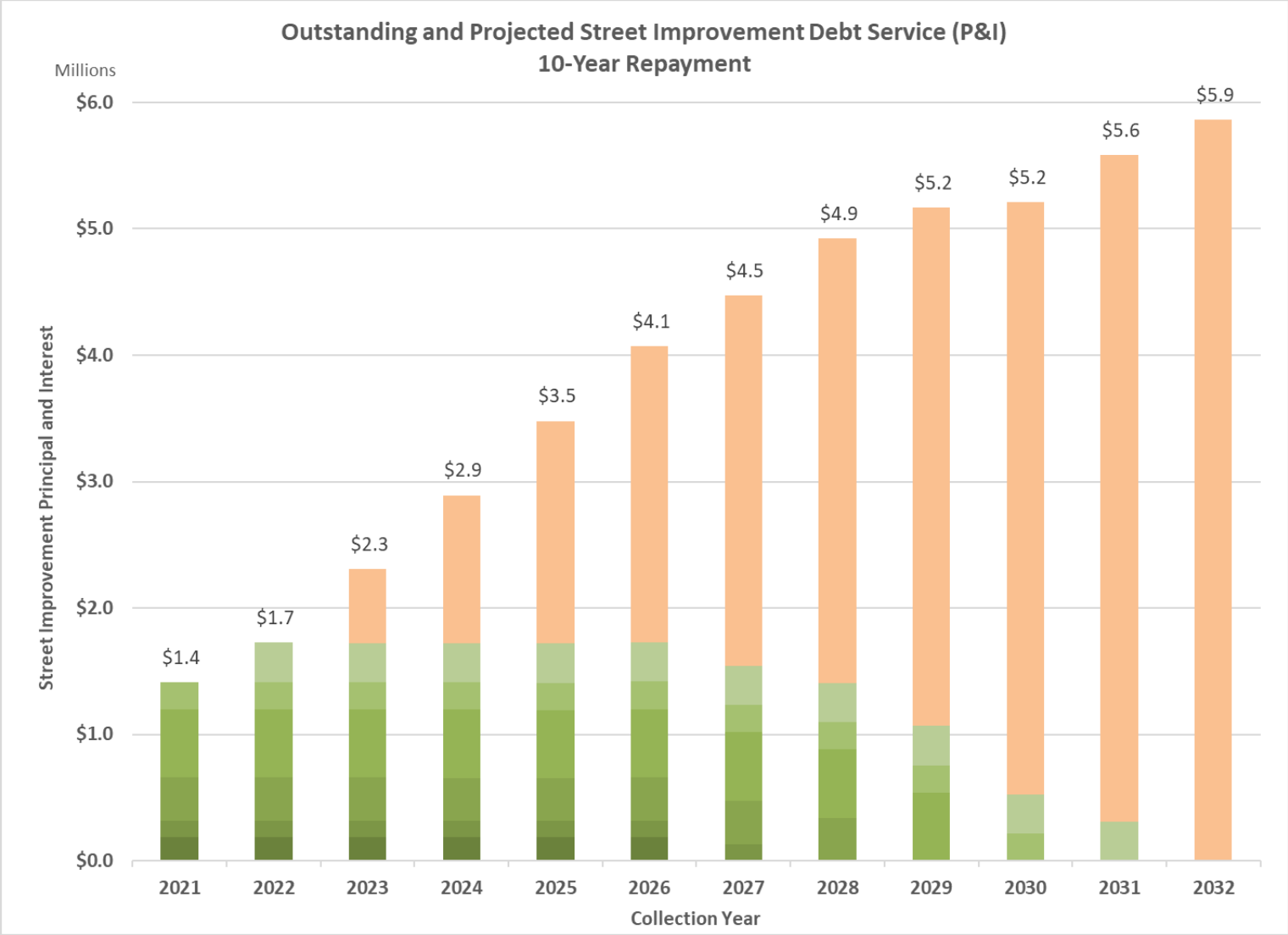
Revenue Assumptions

- No change in CIF monthly utility fee
 - \$435,000 annual revenue
- CIF investment earnings = 1.0% annually
- CIF annual contribution = \$600,000
- Assessment portion = 25% of total project



CITY OF WILLMAR – BOND WORK SESSION

Outstanding and Projected Street Improvement Debt Service

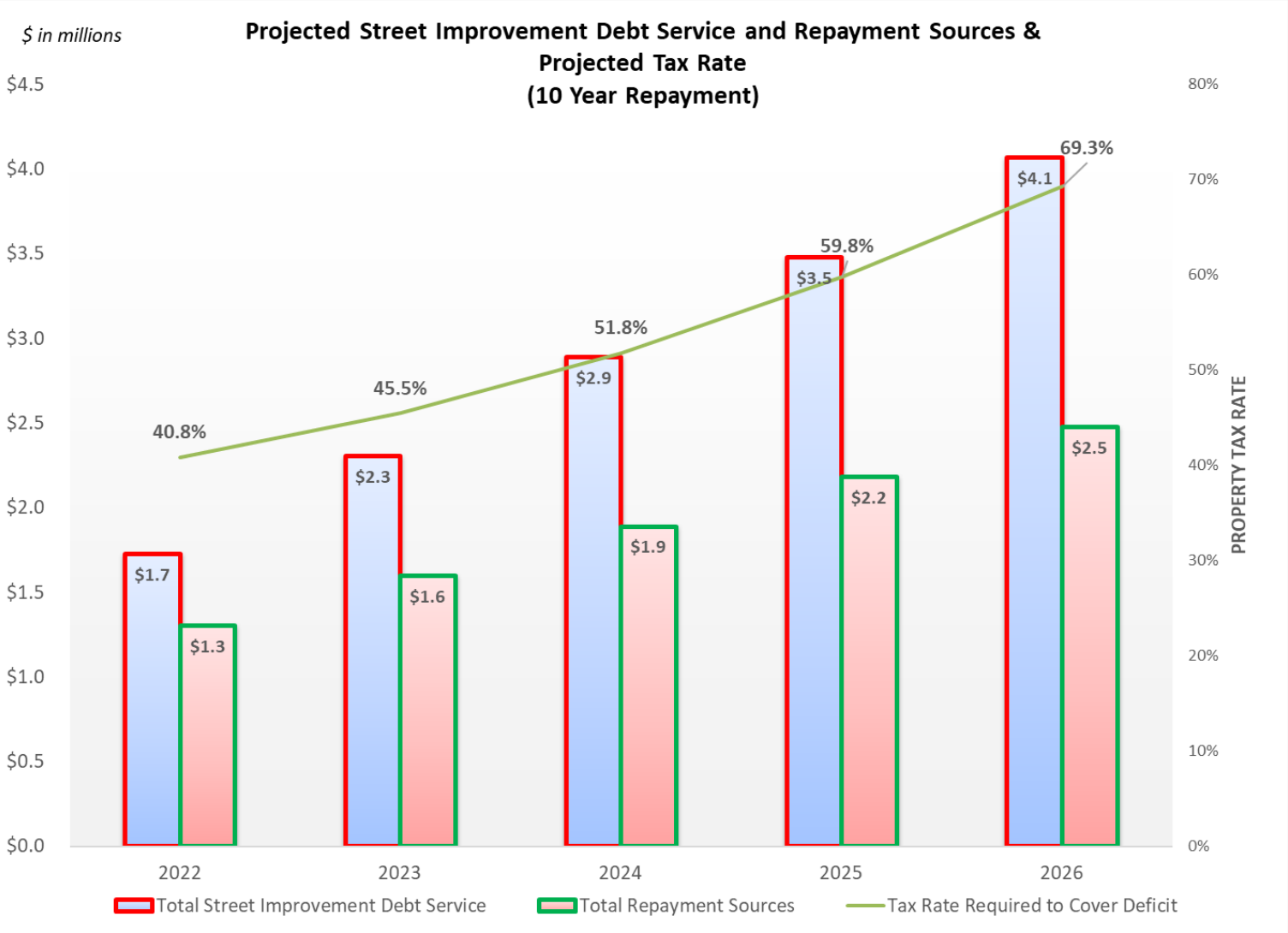




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Levy and Tax Rate Impact

10-Year Repayment

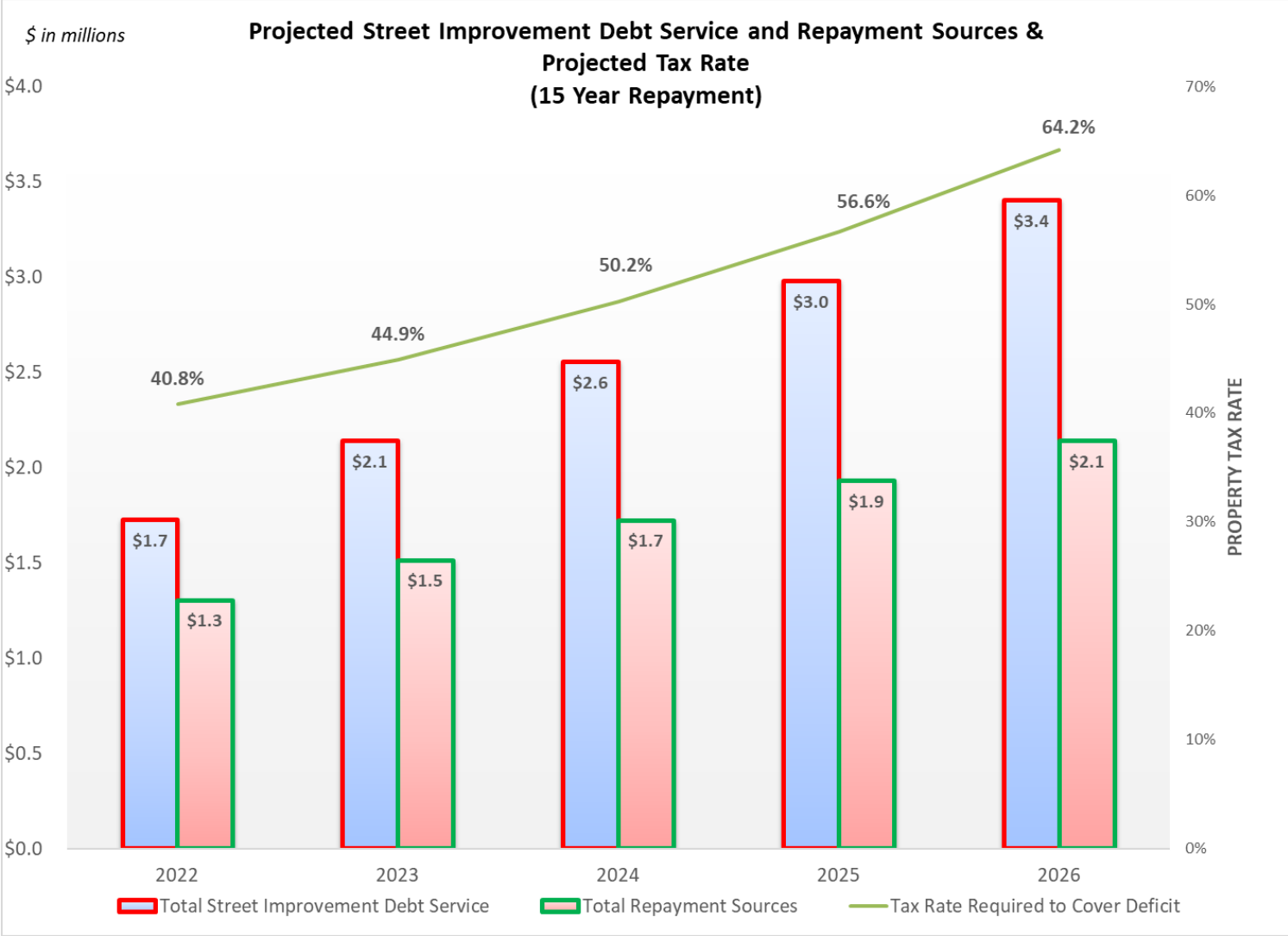




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Levy and Tax Rate Impact

15-Year Repayment



CITY OF WILLMAR – BOND WORK SESSION

Property Tax Levy and Tax Impacts

| LEVY INCREASE | \$300,000 | \$500,000 | \$700,000 |
|---------------------------------|--------------|--------------|--------------|
| LEVY IMPACT | | | |
| 2022 Levy | \$6,085,290 | \$6,085,290 | \$6,085,290 |
| Percent Increase | 4.9% | 8.2% | 11.5% |
| TAX IMPACT | | | |
| Taxable Net Tax Capacity | \$14,861,523 | \$14,861,523 | \$14,861,523 |
| Current Tax Rate | 40.8% | 40.8% | 40.8% |
| Added Tax Rate | 2.0% | 3.4% | 4.7% |
| New Tax Rate | 42.9% | 44.2% | 45.6% |
| Residential Market Value | | | |
| \$200,000 | \$36 | \$61 | \$85 |
| \$300,000 | \$58 | \$97 | \$136 |
| Commercial Market Value | | | |
| \$250,000 | \$86 | \$143 | \$200 |
| \$500,000 | \$187 | \$311 | \$436 |
| \$1,000,000 | \$389 | \$648 | \$907 |
| Apartment Market Value | | | |
| \$1,000,000 | \$252 | \$421 | \$589 |