


SAINT PAUL PORT AUTHORITY

MEMORANDUM

TO: BOARD OF COMMISSIONERS
(Regular Meeting of October 25, 2016) **DATE:** October 11, 2016

FROM: Laurie J. Hansen 

SUBJECT: APPROVAL OF THE ISSUANCE OF UP TO \$6,300,000
OF GENERAL OBLIGATION BONDS - SERIES 2016-3 & 2016-4

Action Requested:

Approval of the issuance of Series 2016-3 bonds to refund the Series 2008-6 General Obligation Bonds and Series 2016-4 New Money Bonds.

Public Purpose:

The refunding will result in interest savings and additional funding for future development projects.

Business Subsidy

N/A

Background:

The Series 2008-6 bonds are callable on February 1, 2018. These bonds have interest ranging from 4 to 4.75%. They can be refunded with present value of the interest savings at approximately 11.00%. These bonds were issued to acquire the 3M land which is now part of the Beacon Bluff Business Center.

Current Status:

The refunding would be an advance refunding since the bonds are not callable until February 1, 2018. The debt service levy would remain the same. The levy not used to pay debt service on the Series 2016-3 bonds would be used to issue additional bonds of approximately \$650,000, the Series 2016-4 bonds. Those new loan proceeds would be available for future development projects.

The refunding and new money bonds would retain the same maturity date of February 1, 2029.

Proposal:

Bonds: \$6,300,000 (not to exceed) 2016-3 & 2016-4 New Money Bonds

The current G.O. levy would provide adequate funds to pay principal and interest on both bond issues.

Rate: Approximately 1.50%

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Security: Port Authority G.O. Levy on the City's Tax Base

Maturity: February 1, 2029

Issuer: Saint Paul Port Authority

Bond Counsel: Barnes & Thornburg

Financial Advisor: Public Financial Management

Disclosure:

The Port Authority Commissioners by SEC rules are obligated to disclose any risks or facts you may be aware of that would affect the probability of repayment of this note

Recommendation:

We recommend approval of the issuance of Series 2016-3 to refund the Series 2008-6 General Obligation Bonds and Series 2016-4 New Money Bonds.

LJH:amk