

**CITY OF NISSWA  
MINUTES – SPECIAL COUNCIL MEETING  
WEDNESDAY, JUNE 27, 2018  
7:00 P.M. – CITY HALL**

A special meeting of the Nisswa City Council was held on Wednesday, June 27, 2018 at 7:00 p.m. at City Hall.

Members Present: Heidmann, Jacobson, Johnson, Krautkremer and Ryan.

Members Absent: None.

Also Present: City Staff Jenny Max; Heather Casperson from PFM Financial Advisors. There was no one in the audience.

- A. Mayor Heidmann called the meeting to order at 7:01p.m.
- B. Resolution Providing for the Issuance and Sale of \$1,515,000 General Obligation Street Reconstruction Bonds, Series 2018A, and Levying a Tax for the Payment Thereof

Casperson noted the City received a Moody's credit rating of Aa2, which is a high score for a city of Nisswa's size. Casperson complimented Max on her presentation to Moody's which lasted about 45 minutes. Max stated both she and Casperson were able to watch the bid process take place online. The low bid came from a large syndicate group from Robert W. Baird & Co., Inc. Casperson noted there were three official bids received but there was more interest than just three companies. The bid from Baird included a syndicate group of 23 other companies that will all purchase a portion of the bond. Jacobson asked to confirm the City's rating; Casperson noted Aa2 which is not far off from the highest credit rating that can be obtained.

Jacobson asked if there is a call option incorporated into the bond. Casperson noted there is not since the bond has only a seven year payment issue and there is limited opportunity to obtain interest savings with a short repayment schedule. Incorporating a call option is usually best when the repayment is over a longer period of time.

Jacobson noted the call for bid amount of \$1,665,000 is less than the \$1,515,000 issuance. Casperson noted the reason for this was that she assumed there would be a small premium for the issue, but the actual premium the City will receive is higher. This resulted in the par amount of the bond being less, and a provision in the bid sheet was included to allow for an adjustment to the final par amount. The city will still receive the amount it needs to pay for the road projects.

Jacobson asked what is the total cost including interest at the end of seven years? Casperson noted total cost to the City is \$1,874,000.

Johnson asked what the actual rate of interest is for the bond. Casperson said 2.389%.

Casperson noted that Nisswa's bond is priced really well and better than some other Minnesota cities with AAA ratings and larger issuances. This speaks volumes to the interest that was shown in Nisswa's bond and to the stability of the City's finances.

Johnson asked if investors are reselling the bond in one piece. Casperson said her assumption is that there are multiple investors with the long syndicate list. Casperson can provide info from the Municipal

Securities Rulemaking Board (via an online platform called EMMA) to see trades on the City's bonds. You can look up the information by the bond CUSIP number, see how they are being traded and at what levels. This is why the City has continual disclosure reporting obligations.

Casperson noted the payments will go to US Bank, which is consistent with the City's other general obligation bonds. Then the funds are dispersed to a clearinghouse and from there are forwarded to the debt holders.

Max confirmed the City will have enough funds to pay for all the projects at an estimated cost of \$1,648,850.

Motion by Jacobson, seconded by Krautkremer to approve the Resolution Providing for the Issuance and Sale of \$1,515,000 General Obligation Street Reconstruction Bonds, Series 2018A, and Levying a Tax for the Payment Thereof. Roll call vote:

Ayes – Jacobson, Johnson, Heidmann, Krautkremer, Ryan.

Nays – None.

C. Adjourn

There being no further business, Motion by Johnson, seconded by Ryan to adjourn the meeting at 7:22 p.m. Motion carried unanimously.

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Fred Heidmann, Mayor

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Jennifer Max, City Administrator/Clerk