



City of Blaine Anoka County, Minnesota

Blaine City Hall
10801 Town Sq Dr NE
Blaine MN 55449

Legislation Text

File #: RES 17-143, Version: 1

ADMINISTRATION - *Joe Huss, Finance Director*

PROVIDING FOR THE COMPETITIVE NEGOTIATED SALE OF GENERAL OBLIGATION WATER REVENUE REFUNDING BONDS, SERIES 2017B, IN THE AMOUNT OF \$2,505,000

The attached resolution calls for the sale of \$2,520,000 in General Obligation Water Revenue Refunding Bonds, and sets the sale date of these bonds for November 2, 2017. The bonds would be issued pursuant to MN statutes and U.S. Treasury regulations and the proceeds from the bonds will be used to refund the City's General Obligation Water Utility Revenue Bonds, Series 2008A. The 2008A bonds have a final maturity of February 1, 2023. The refunding would not extend the maturity schedule and, based on current market conditions, is expected to result in net present values savings of \$115,000.

Springsted, Inc., the City's Financial Consultant, has provided a recommendation to the City (attached) that outlines the sale date, amount, structure of the proposed bond issue, and the estimated savings from the refunding.

10/05/17 Council Meeting - Set sale of \$2,520,000 General Obligation Water Revenue Refunding Bonds, Series 2017B

11/02/17 Council Meeting - Consider resolution awarding the sale of General Obligation Water Revenue Refunding Bonds, Series 2017B

By motion, approve attached Resolution.

BE IT RESOLVED by the City Council of the City of Blaine, Minnesota, as follows:

1. Finding; Amount and Purpose. It is hereby found, determined and declared that the City of Blaine, Minnesota (the "City"), should issue \$2,505,000 General Obligation Water Revenue Refunding Bonds, Series 2017B, to refund the February 1, 2019 through February 1, 2023 maturities of the City's General Obligation Water Revenue Bonds, Series 2008A, dated

June 1, 2008.

2. Meeting. This City Council shall meet on the date and at the time and place specified in the form of Terms of Proposal attached hereto as Exhibit A for the purpose of awarding the sale of the Bonds.

3. Competitive Negotiated Sale. The City has retained Springsted Incorporated as an independent financial advisor, and the City Council hereby determines to sell the Bonds by private negotiation, by way of a competitive sale in response to Terms of Proposal for the Bonds which are not published in any newspaper or journal.

4. Terms of Proposal. The terms and conditions of the Bonds and the sale thereof are fully set forth in the “Terms of Proposal” attached hereto as Exhibit A and hereby made a part hereof.

5. Official Statement. The City Finance Director and other officers or employees of the City are hereby authorized to participate with Springsted Incorporated in the preparation of an official statement for the Bonds.

EXHIBIT A

THE CITY HAS AUTHORIZED SPRINGSTED INCORPORATED TO NEGOTIATE THIS ISSUE ON ITS BEHALF. PROPOSALS WILL BE RECEIVED ON THE FOLLOWING BASIS:

TERMS OF PROPOSAL

\$2,505,000*

CITY OF BLAINE, MINNESOTA

GENERAL OBLIGATION WATER REVENUE REFUNDING BONDS, SERIES 2017B

(BOOK ENTRY ONLY)

Proposals for the above-referenced obligations (the “Series 2017B Bonds”) will be received by the City of Blaine, Minnesota (the “City”) on Thursday, November 2, 2017 (the “Sale Date”) until 10:00 A.M., Central Time at the offices of Springsted Incorporated (“Springsted”), 380 Jackson Street, Suite 300, Saint Paul, Minnesota 55101, after which time proposals will be opened and tabulated. Consideration for award of the Series 2017B Bonds will be by the City Council at 7:30 P.M., Central Time, of the same day.

SUBMISSION OF PROPOSALS

Springsted will assume no liability for the inability of a bidder to reach Springsted prior to the time of sale specified above. All bidders are advised that each proposal shall be deemed to constitute a contract between the bidder and the City to purchase the Series 2017B Bonds regardless of the manner in which the proposal is submitted.

(a) **Sealed Bidding.** Proposals may be submitted in a sealed envelope or by fax (651) 223-3046 to Springsted. Signed proposals, without final price or coupons, may be submitted to Springsted prior to the time of sale. The bidder shall be responsible for submitting to Springsted the final proposal price and coupons, by telephone (651) 223-3000 or fax (651) 223-3046 for inclusion in the submitted proposal.

OR

(b) **Electronic Bidding.** Notice is hereby given that electronic proposals will be received via PARITY®. For purposes of the electronic bidding process, the time as maintained by PARITY® shall constitute the official time with respect to all proposals submitted to PARITY®. *Each bidder shall be solely responsible for making necessary arrangements to access PARITY® for purposes of submitting its electronic proposal in a timely manner and in compliance with the requirements of the Terms of Proposal.* Neither the City, its agents, nor PARITY® shall have any duty or obligation to undertake registration to bid for any prospective bidder or to provide or ensure electronic access to any qualified prospective bidder, and neither the City, its agents, nor PARITY® shall be responsible for a bidder’s failure to register to bid or for any failure in the proper operation of, or have any liability for any delays or interruptions of or any damages caused by the services of PARITY®. The City is using the services of PARITY® solely as a communication mechanism to conduct the electronic bidding for the Series 2017B Bonds, and PARITY® is not an agent of the City.

If any provisions of this Terms of Proposal conflict with information provided by PARITY®, this Terms of Proposal shall control. Further information about PARITY®, including any fee charged, may be obtained from:

PARITY®, 1359 Broadway, 2nd Floor, New York, New York 10018
Customer Support: (212) 849-5000

DETAILS OF THE SERIES 2017B BONDS

The Series 2017B Bonds will be dated as of the date of delivery and will bear interest payable on February 1 and August 1 of each year, commencing August 1, 2018. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

The Series 2017B Bonds will mature February 1, in the years and amounts* as follows:

2019	\$480,000
2020	\$495,000
2021	\$500,000
2022	\$510,000
2023	\$520,000

* *The City reserves the right, after proposals are opened and prior to award, to increase or reduce the principal amount of the Series 2017B Bonds or the amount of any maturity or maturities in multiples of \$5,000. In the event the amount of any maturity is modified, the aggregate purchase price will be adjusted to result in the same gross spread per \$1,000 of Series 2017B Bonds as that of the original proposal. Gross spread for this purpose is the differential between the price paid to the City for the new issue and the prices at which the proposal indicates the securities will be initially offered to the investing public.*

Proposals for the Series 2017B Bonds may contain a maturity schedule providing for a combination of serial bonds and term bonds. All term bonds shall be subject to mandatory sinking fund redemption at a price of par plus accrued interest to the date of redemption scheduled to conform to the maturity schedule set forth above. In order to designate term bonds, the proposal must specify “Years of Term Maturities” in the spaces provided on the proposal form.

BOOK ENTRY SYSTEM

The Series 2017B Bonds will be issued by means of a book entry system with no physical distribution of Series 2017B Bonds made to the public. The Series 2017B Bonds will be issued in fully registered form and one Series 2017B Bond, representing the aggregate principal amount of the Series 2017B Bonds maturing in each year, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company (“DTC”), New York, New York, which will act as securities depository for the Series 2017B Bond. Individual purchases of the Series 2017B Bonds may be made in the principal amount of \$5,000 or any multiple thereof of a single maturity through book entries made on the books and records of DTC and its participants. Principal and interest are payable by the registrar to DTC or its nominee as registered owner of the Series 2017B Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants will be the responsibility of such participants and other nominees of beneficial owners. The lowest bidder (the “Purchaser”), as a condition of delivery of the Series 2017B Bonds, will be required to deposit the Series 2017B Bonds with DTC.

REGISTRAR

The City will name the registrar which shall be subject to applicable regulations of the Securities and Exchange Commission. The City will pay for the services of the registrar.

OPTIONAL REDEMPTION

The Series 2017B Bonds will not be subject to redemption in advance of their respective stated maturity dates.

SECURITY AND PURPOSE

The Series 2017B Bonds will be general obligations of the City for which the City will pledge its full faith and credit and power to levy direct general ad valorem taxes. In addition, the City will pledge net revenues of the City's water system for repayment of the Series 2017B Bonds. The proceeds will be used to refund the February 1, 2019 through February 1, 2023 maturities of the City's General Obligation Water Revenue Bonds, Series 2008A, dated June 1, 2008.

BIDDING PARAMETERS

Proposals shall be for not less than \$2,489,970 plus accrued interest, if any, on the total principal amount of the Series 2017B Bonds. No proposal can be withdrawn or amended after the time set for receiving proposals on the Sale Date unless the meeting of the City scheduled for award of the Series 2017B Bonds is adjourned, recessed, or continued to another date without award of the Series 2017B Bonds having been made. Rates shall be in integral multiples of 1/100 or 1/8 of 1%. The initial price to the public as stated on the proposal for each maturity must be 98.0% or greater. Series 2017B Bonds of the same maturity shall bear a single rate from the date of the Series 2017B Bonds to the date of maturity. No conditional proposals will be accepted.

ESTABLISHMENT OF ISSUE PRICE PRIOR TO CLOSING

In order to provide the City with information necessary for compliance with Section 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder (collectively, the "Code"), the Purchaser will be required to assist the City in establishing the issue price of the Series 2017B Bonds and shall complete, execute, and deliver to the City prior to the closing date, a written certification in a form acceptable to the Purchaser, the City, and Bond Counsel (the "Issue Price Certificate") containing the following for each maturity of the Series 2017B Bonds (and, if different interest rates apply within a maturity, to each separate CUSIP number within that maturity): (i) the interest rate; (ii) the reasonably expected initial offering price to the "public" (as said term is defined in Treasury Regulation Section 1.148-1(f) (the "Regulation")) or the sale price; and (iii) pricing wires or equivalent communications supporting such offering or sale price. Any action to be taken or documentation to be received by the City pursuant hereto may be taken or received on behalf of the City by Springsted.

The City intends that the sale of the Series 2017B Bonds pursuant to this Terms of Proposal shall constitute a "competitive sale" as defined in the Regulation based on the following:

- (i) the City shall cause this Terms of Proposal to be disseminated to potential bidders in a manner that is reasonably designed to reach potential bidders;
- (ii) all bidders shall have an equal opportunity to submit a bid;
- (iii) the City reasonably expects that it will receive bids from at least three bidders that have established industry reputations for underwriting municipal bonds such as the Series 2017B Bonds; and
- (iv) the City anticipates awarding the sale of the Series 2017B Bonds to the bidder who provides a proposal with the lowest true interest cost, as set forth in this Terms of Proposal (See “AWARD” herein).

Any bid submitted pursuant to this Terms of Proposal shall be considered a firm offer for the purchase of the Series 2017B Bonds, as specified in the proposal. The Purchaser shall constitute an “underwriter” as said term is defined in the Regulation. By submitting its proposal, the Purchaser confirms that it shall require any agreement among underwriters, a selling group agreement, or other agreement to which it is a party relating to the initial sale of the Series 2017B Bonds, to include provisions requiring compliance with the provisions of the Code and the Regulation regarding the initial sale of the Series 2017B Bonds.

If all of the requirements of a “competitive sale” are not satisfied, the City shall advise the Purchaser of such fact prior to the time of award of the sale of the Series 2017B Bonds to the Purchaser. In such event, any proposal submitted will not be subject to cancellation or withdrawal. Within twenty-four (24) hours of the notice of award of the sale of the Series 2017B Bonds, the Purchaser shall advise the City and Springsted if a “substantial amount” (as defined in the Regulation) of any maturity of the Series 2017B Bonds (and, if different interest rates apply within a maturity, to each separate CUSIP number within that maturity) has been sold to the public and the price at which such substantial amount was sold. The City will treat such sale price as the “issue price” for such maturity, applied on a maturity-by-maturity basis. The City will not require the Purchaser to comply with that portion of the Regulation commonly described as the “hold-the-offering-price” requirement for the remaining maturities, but the Purchaser may elect such option. If the Purchaser exercises such option, the City will apply the initial offering price to the public provided in the proposal as the issue price for such maturities. If the Purchaser does not exercise that option, it shall thereafter promptly provide the City and Springsted the prices at which a substantial amount of such maturities are sold to the public; provided such determination shall be made and the City and Springsted notified of such prices not later than three (3) business days prior to the closing date.

GOOD FAITH DEPOSIT

To have its proposal considered for award, the Purchaser is required to submit a good faith deposit to the City in the amount of \$25,050 (the “Deposit”) no later than 1:00 P.M., Central Time on the Sale Date. The Deposit may be delivered as described herein in the form of either (i) a certified or cashier’s check payable to the City; or (ii) a wire transfer. The Purchaser shall be solely responsible for the timely delivery of its Deposit whether by check or wire transfer. Neither the City nor Springsted have any liability for delays in the receipt of the Deposit. If the Deposit is not received by the specified time, the City may, at its sole discretion, reject the proposal of the lowest bidder, direct the second lowest bidder to submit a Deposit, and thereafter award the sale to such bidder.

Certified or Cashier's Check. A Deposit made by certified or cashier's check will be considered timely delivered to the City if it is made payable to the City and delivered to Springsted Incorporated, 380 Jackson Street, Suite 300, Saint Paul, Minnesota 55101 by the time specified above.

Wire Transfer. A Deposit made by wire will be considered timely delivered to the City upon submission of a federal wire reference number by the specified time. Wire transfer instructions will be available from Springsted following the receipt and tabulation of proposals. The successful bidder must send an e-mail including the following information: (i) the federal reference number and time released; (ii) the amount of the wire transfer; and (iii) the issue to which it applies.

Once an award has been made, the Deposit received from the Purchaser will be retained by the City and no interest will accrue to the Purchaser. The amount of the Deposit will be deducted at settlement from the purchase price. In the event the Purchaser fails to comply with the accepted proposal, said amount will be retained by the City.

AWARD

The Series 2017B Bonds will be awarded on the basis of the lowest interest rate to be determined on a true interest cost (TIC) basis calculated on the proposal prior to any adjustment made by the City. The City's computation of the interest rate of each proposal, in accordance with customary practice, will be controlling.

The City will reserve the right to: (i) waive non-substantive informalities of any proposal or of matters relating to the receipt of proposals and award of the Series 2017B Bonds, (ii) reject all proposals without cause, and (iii) reject any proposal that the City determines to have failed to comply with the terms herein.

BOND INSURANCE AT PURCHASER'S OPTION

The City has not applied for or pre-approved a commitment for any policy of municipal bond insurance with respect to the Series 2017B Bonds. If the Series 2017B Bonds qualify for municipal bond insurance and a bidder desires to purchase a policy, such indication, the maturities to be insured, and the name of the desired insurer must be set forth on the bidder's proposal. The City specifically reserves the right to reject any bid specifying municipal bond insurance, even though such bid may result in the lowest TIC to the City. All costs associated with the issuance and administration of such policy and associated ratings and expenses (other than any independent rating requested by the City) shall be paid by the successful bidder. Failure of the municipal bond insurer to issue the policy after the award of the Series 2017B Bonds shall not constitute cause for failure or refusal by the successful bidder to accept delivery of the Series 2017B Bonds.

CUSIP NUMBERS

If the Series 2017B Bonds qualify for assignment of CUSIP numbers such numbers will be printed on the Series 2017B Bonds, but neither the failure to print such numbers on any Series 2017B Bond nor any error with

respect thereto will constitute cause for failure or refusal by the Purchaser to accept delivery of the Series 2017B Bonds. The CUSIP Service Bureau charge for the assignment of CUSIP identification numbers shall be paid by the Purchaser.

SETTLEMENT

on or about december 5, 2017, the Series 2017B Bonds will be delivered without cost to the Purchaser through DTC in New York, New York. Delivery will be subject to receipt by the Purchaser of an approving legal opinion of Kennedy & Graven, Chartered of Minneapolis, Minnesota, and of customary closing papers, including a no-litigation certificate. On the date of settlement, payment for the Series 2017B Bonds shall be made in federal, or equivalent, funds that shall be received at the offices of the City or its designee not later than 12:00 Noon, Central Time. Unless compliance with the terms of payment for the Series 2017B Bonds has been made impossible by action of the City, or its agents, the Purchaser shall be liable to the City for any loss suffered by the City by reason of the Purchaser's non-compliance with said terms for payment.

CONTINUING DISCLOSURE

In accordance with SEC Rule 15c2-12(b)(5), the City will undertake, pursuant to the resolution awarding sale of the Series 2017B Bonds, to provide annual reports and notices of certain events. A description of this undertaking is set forth in the Official Statement. The Purchaser's obligation to purchase the Series 2017B Bonds will be conditioned upon receiving evidence of this undertaking at or prior to delivery of the Series 2017B Bonds.

OFFICIAL STATEMENT

The City has authorized the preparation of a Preliminary Official Statement containing pertinent information relative to the Series 2017B Bonds, and said Preliminary Official Statement will serve as a near-final Official Statement within the meaning of Rule 15c2-12 of the Securities and Exchange Commission. For copies of the Preliminary Official Statement or for any additional information prior to sale, any prospective purchaser is referred to the Municipal Advisor to the City, Springsted Incorporated, 380 Jackson Street, Suite 300, Saint Paul, Minnesota 55101, telephone (651) 223-3000.

A Final Official Statement (as that term is defined in Rule 15c2-12) will be prepared, specifying the maturity dates, principal amounts, and interest rates of the Series 2017B Bonds, together with any other information required by law. By awarding the Series 2017B Bonds to the Purchaser, the City agrees that, no more than seven business days after the date of such award, it shall provide without cost to the Purchaser up to 25 copies of the Final Official Statement. The City designates the Purchaser as its agent for purposes of distributing copies of the Final Official Statement to each syndicate member, if applicable. The Purchaser agrees that if its proposal is accepted by the City, (i) it shall accept designation and (ii) it shall enter into a contractual relationship with its syndicate members for purposes of assuring the receipt of the Final Official Statement by each such syndicate member.

Dated October 5, 2017

BY ORDER OF THE CITY

COUNCIL