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

bakertilly
MUNICIPAL ADVISORS

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

Outstanding General Obligation Bond Issues

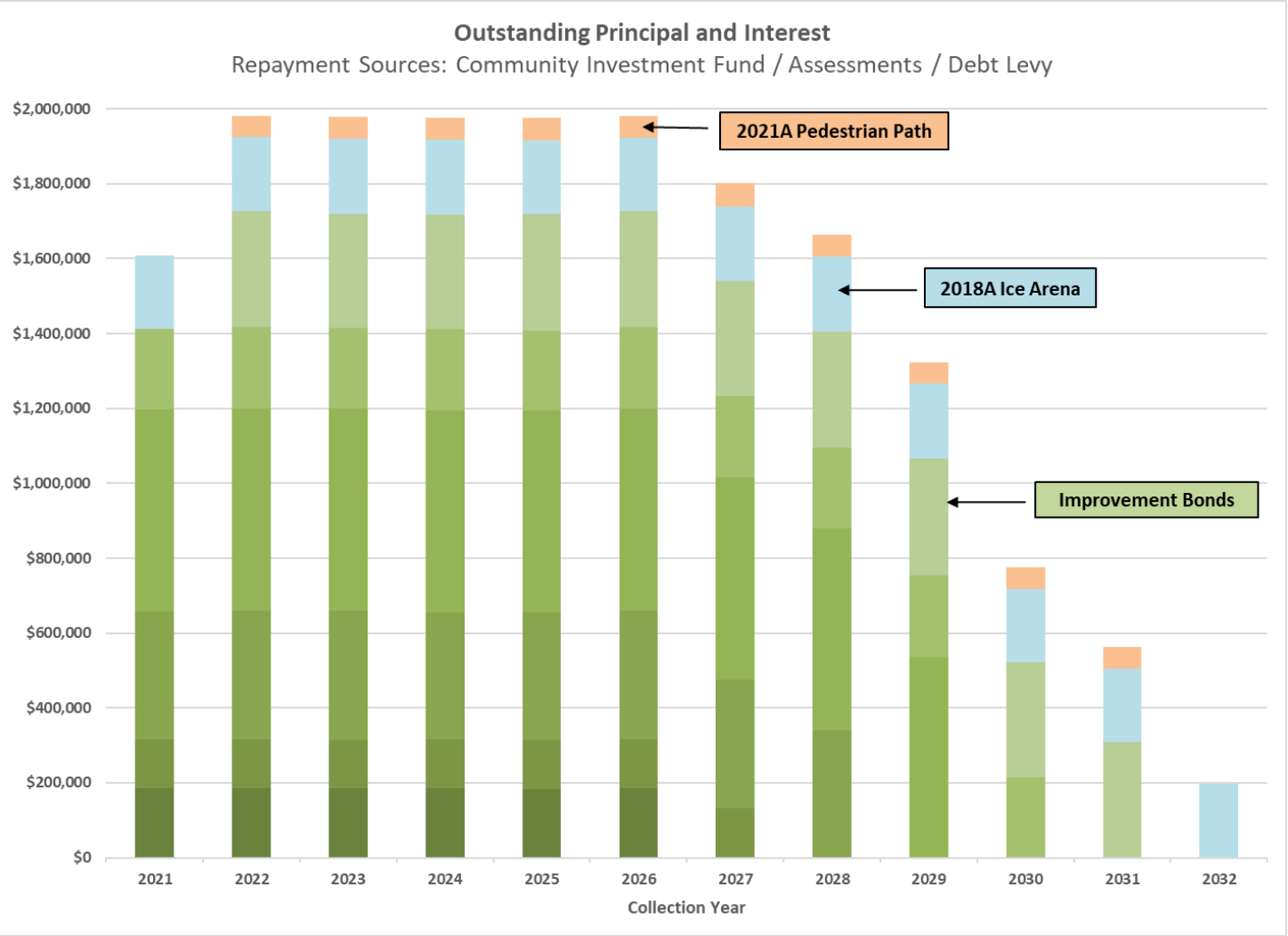
- Series 2011A, 2012B, 2013A, 2014B and 2015A Bonds mature or being paid in full on 2/1/2022.

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	$ 2,440,000	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	$ 460,000	02/01/2030	02/01/2032	0.8%
	Total:	***$ 2,900,000***			

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	$ 13,715,000	02/01/2030	02/01/2033	0.9%
	Total:	***$ 17,900,000***			
Wastewater Treatment Fund					
2008C GO Sewer Rev Note (PFA)	$ 42,001,362	$ 24,437,000	-	08/20/2028	3.3%
2008D GO Sewer Rev Note (PFA)	$ 7,000,000	$ 7,000,000	-	02/20/2030	0.0%
2009-1 GO Sewer Rev Note (PFA)	$ 1,711,867	$ 783,151	-	08/20/2029	2.5%
2009-2 GO Sewer Rev Note (PFA)	$ 27,663,530	$ 19,919,000	-	08/20/2038	3.4%
2013 GO Sewer Rev Note (PFA)	$ 1,582,219	$ 1,444,000	-	08/20/2042	1.1%
2014A GO Sewer Rev Note (PFA)	$ 3,000,000	$ 2,021,000	-	08/20/2034	1.0%
2016B GO Sewer Rev Note (PFA)	$ 1,046,528	$ 827,000	-	08/20/2036	1.0%
2018 GO Sewer Rev Note (PFA)	$ 1,558,505	$ 1,383,000	-	08/20/2038	1.1%
	Total:	***$ 57,814,151***			

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**		
Assessment Portion	*$*	*2,428,000*		
City Portion	*$*	*2,407,000*		

Financial Projection Assumptions

Street Construction Assumptions

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

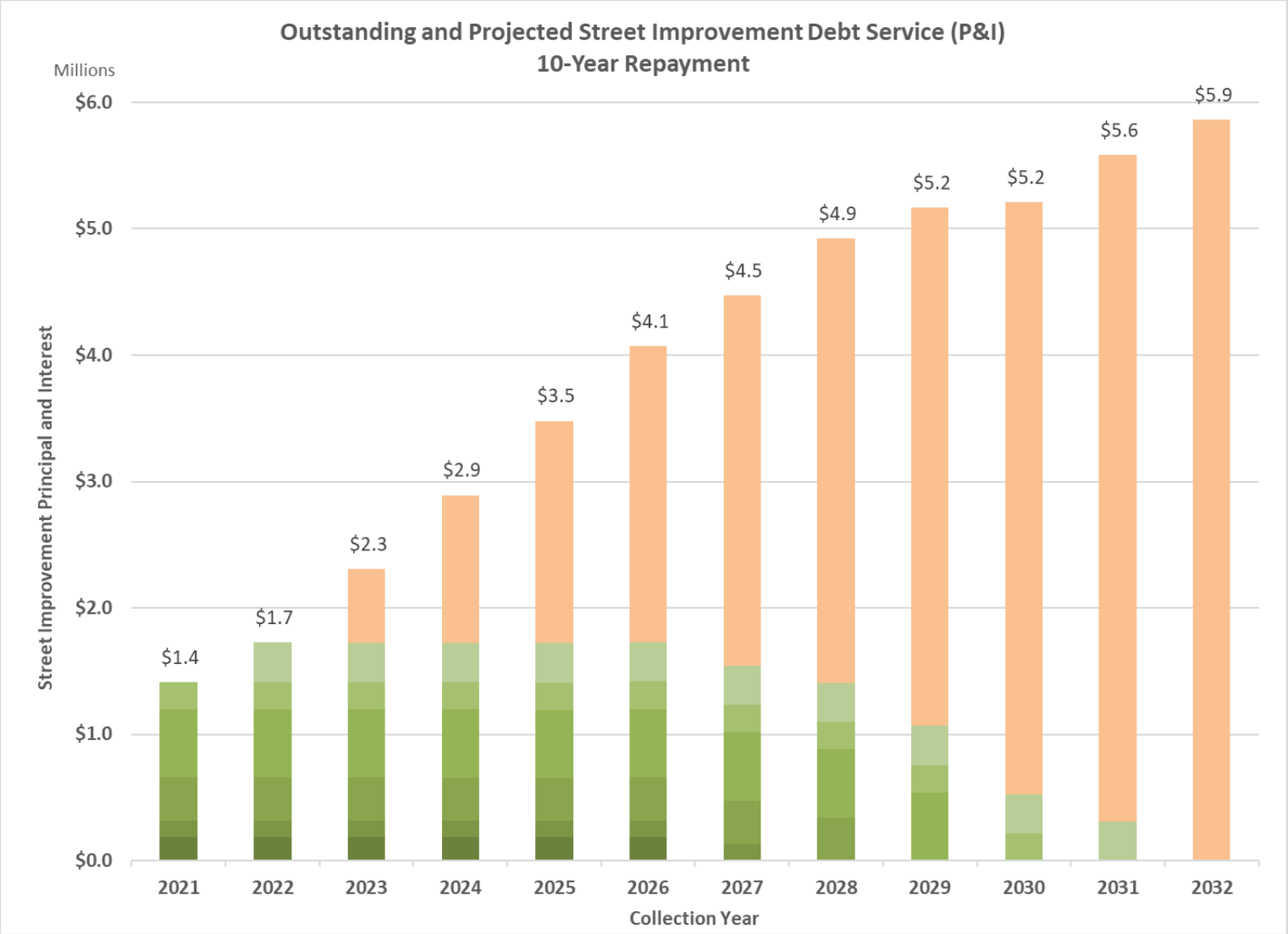
Financing and Tax Rate Assumptions

- 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

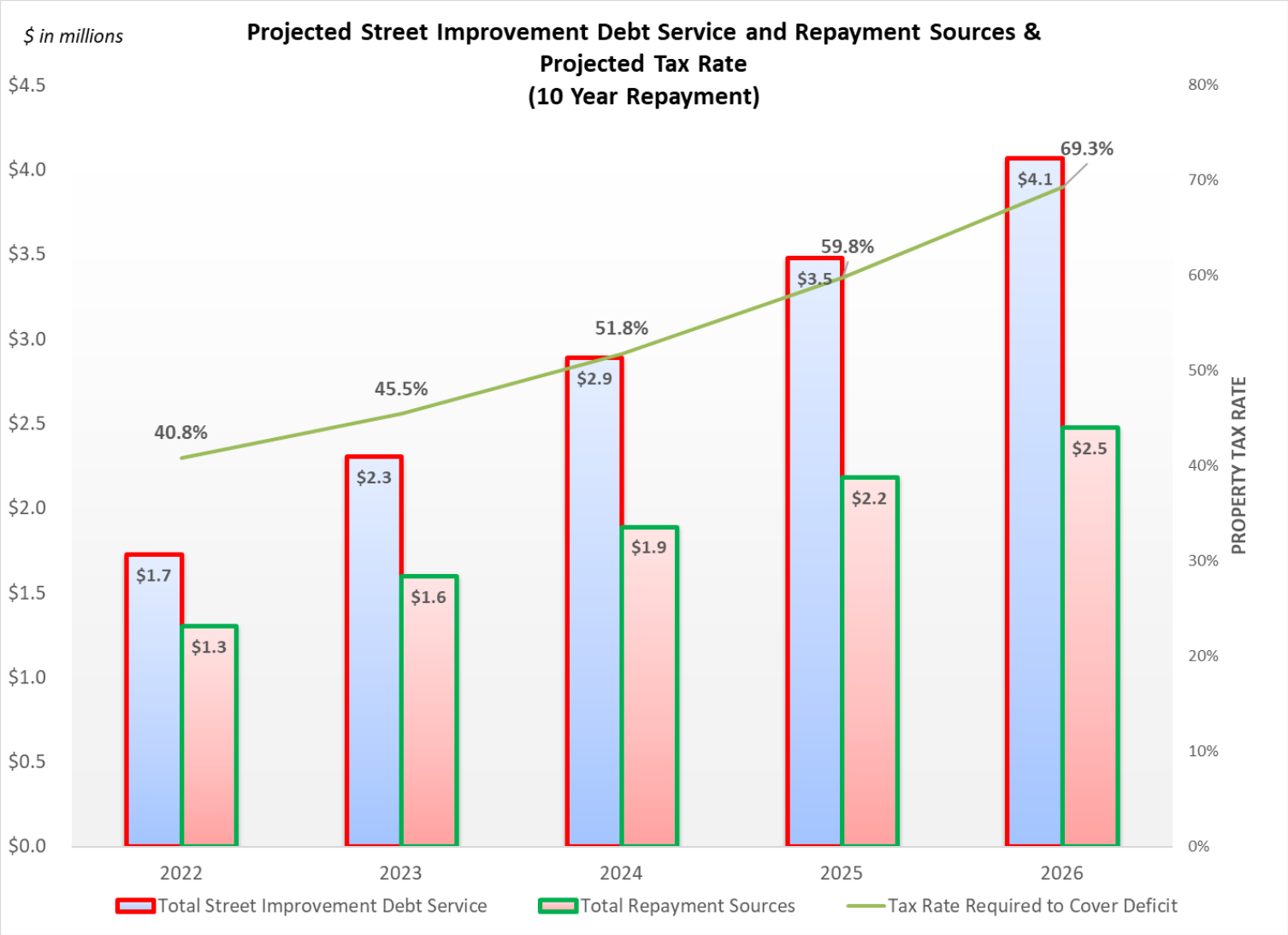
- No change in CIF monthly utility fee
  - *$435,000 annual revenue*
- CIF investment earnings = 1.0% annually
- CIF annual contribution = $600,000
- Assessment portion = 25% of total project

Outstanding and Projected Street Improvement Debt Service



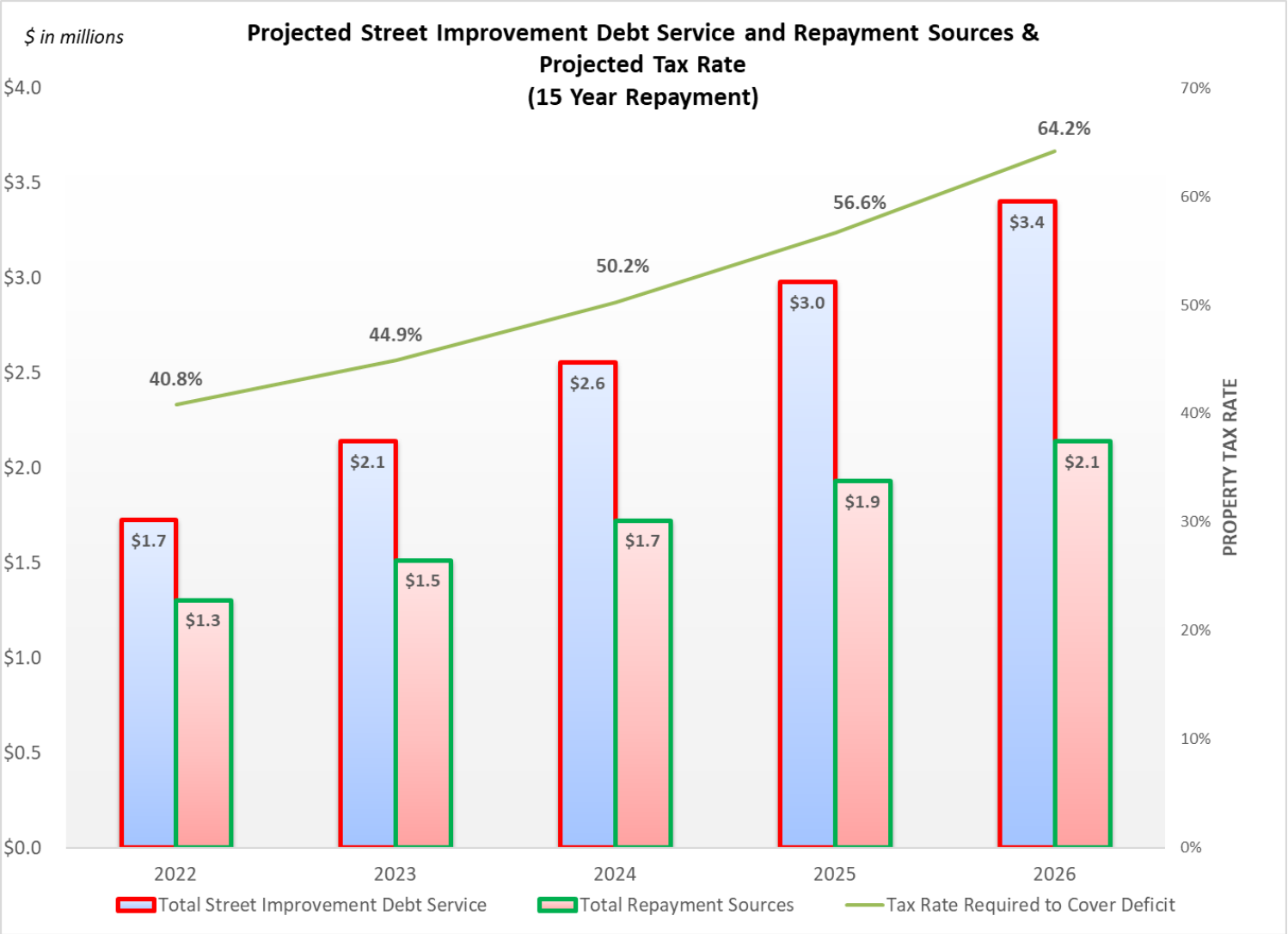
Levy and Tax Rate Impact

10-Year Repayment



Levy and Tax Rate Impact

15-Year Repayment



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