

Northland Securities Inc.
PUBLIC FINANCE TOPICS:

**Bond Financing for
Street Improvements
City of Ramsey, MN
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TYPES OF BONDS

- **General Obligation Improvement Bonds**
- **General Obligation Street Reconstruction Bonds**
- **General Obligation Tax Abatement Bonds**

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TYPES OF BONDS

General Obligation Bonds

- Pledged security = property taxes
- Risk / Interest Cost = least / lowest
- May count against debt limit
- May be subject to a referendum

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AUTHORIZATION

MS CHAPTER 429

- General Obligation Improvement Bonds
- General Obligation Permanent Improvement Revolving Fund Bonds
- Temporary Bonds

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AUTHORIZATION

MSA 429 Authorized Purposes:

- streets
- sidewalks
- sewer systems
- water systems
- street lights
- parks
- flood control
- gas & electric systems
- district heating
- others

Sources of Revenue:

- At least 20% special assessments
- Any other source of revenue

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AUTHORIZATION

G.O. Improvement Bond Characteristics:

- 20% of project required to be assessed
- Does not count against debt limit
- Is not subject to levy limits
- Does not require a referendum
- Debt Service Fund versus PIR Fund
- Max term = 30 years for Improvement Bonds, three years for Temporary Bonds

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AUTHORIZATION

MS CHAPTER 475.58

- General Obligation Street Improvement Bonds

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AUTHORIZATION

Authorized Purposes:

- street reconstruction
- utility replacement / relocation
- turn lanes & other improvements related to safety
- Overlay Projects
- modifications to state and county roads
- cannot widen or add curb & gutter where none previously existed

Sources of Revenue:

- Typically property taxes

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AUTHORIZATION

Street Reconstruction Bond Characteristics:

- 5 – year street reconstruction plan required
- Issuance of Bonds requires unanimous approval of Council
- Subject to debt limit
- Does not require a direct referendum however it is subject to the “Reverse Referendum” process
- Outside of levy limits

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AUTHORIZATION

MS CHAPTER 469.1812 – 469.1815

- General Obligation Tax Abatement Bonds

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AUTHORIZATION

Authorized Purposes:

- Increase or preserve tax base
- Provide employment opportunities
- Provide or help acquire or construct public facilities
- Help redevelop or renew blighted areas
- Help provide access to services for residents of the City
- Finance or provide public infrastructure
- Phase in a property tax increase on the parcel

Sources of Revenue:

- Typically property taxes

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AUTHORIZATION

Tax Abatement Bond Characteristics:

- The total abated taxes in any year cannot exceed the greater of 10% of net tax capacity of City or \$200,000
- Generally the term of abatement is for 15 years or less. It can be extended to 20 years if one of the other political subdivisions is requested to participate and declines
- The total principal amount of the abatement bonds cannot exceed the estimated sum of the abatements granted
- Not subject to debt limit
- Not subject to levy limits
- Do not require a referendum

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