

# City Council Agenda Memo

**From:** Steve Meyer, BMU Executive VP/General Manager

**Council Meeting:** January 26, 2021

**Subject:** Brookings Municipal Utilities (BMU) Bond Retirement Issued 2006

**Person(s) Responsible:** Steve Meyer

## **Summary:**

This resolution will facilitate the retirement of BMU Bonds issued in 2006 and authorize the Executive Vice President and General Manager of BMU to execute documents necessary to retire the outstanding debt by BMU Resolution No. 1-21 passed by the BMU Board on January 11, 2021.

## **Background:**

The 2006 bond issue originally totaled \$8,000,000. The bond funded underground facilities in the Electric Fund; 6<sup>th</sup> Street (Medary to 22<sup>nd</sup> Ave.) water and sewer mains in the Water and Wastewater Fund; and fiber to the home facilities in the Telephone Fund. The average interest rate on the outstanding debt is approximately 4.75% and the bonds were originally scheduled to be totally paid off by December 2026. As of December 31, 2020, the outstanding balances totaled the amounts listed below:

|                     | Outstanding Principal<br>Balance |
|---------------------|----------------------------------|
| Electric Fund       | \$1,207,500                      |
| Water Fund          | \$222,180                        |
| Wastewater Fund     | \$180,320                        |
| Telephone Regulated | \$1,610,000                      |
| Total               | \$3,220,000                      |

## **Item Detail:**

The BMU Board and City Council have a history of working closely on BMU debt. Supporting resolutions make it clear that both bodies are in agreement, which makes the bonds more attractive to investors and likely to receive better terms when issuing debt. The supporting resolutions when retiring debt is a good practice that supports clear communication and transparency.

## **Legal Consideration:**

None.

## **Financial Consideration:**

The BMU 2021 Budget considered the retirement of the bonds issued in 2006.

**Options and Recommendation:**

The City Council has the following options:

1. Approve as presented
2. Amend
3. Deny
4. Move to a Study Session
5. Do nothing

Staff recommends approval of the resolution as presented.

**Supporting Documentation:**

Resolution