

FINANCE COMMITTEE

09-0225R

RESOLUTION CALLING FOR THE PREPAYMENT AND REDEMPTION OF GENERAL OBLIGATION STREET IMPROVEMENT BONDS, SERIES 2001D, OF THE CITY OF DULUTH, MINNESOTA, AND TRANSFERRING MONIES FROM THE COMMUNITY INVESTMENT TRUST FUND THEREFOR.

CITY PROPOSAL:

BE IT RESOLVED, by the city council (the council) of the city of Duluth, Minnesota (the city), as follows:

Section 1. Under and pursuant to Minnesota Statutes, Chapter 475 and the Home Rule Charter of the city, the city previously issued its \$4,800,000 general obligation street improvement bonds, Series 2001D, dated September 1, 2001 (the 2001 bonds). The 2001 bonds were issued to finance street improvements through the city's 2001 street improvement program.

Section 2. The 2001 bonds are substantially in the form prescribed by Resolution 01-0642 duly adopted by the council on September 6, 2001 (hereinafter referred to as the 2001 bond resolution).

Section 3. The council hereby determines that it is necessary and desirable in order to reduce debt service costs to the city, that the city redeem and prepay the 2001 bonds maturing on and after February 1, 2010 (the redeemed bonds), of which \$2,800,000 in principal amount is outstanding and is hereby called for prepayment and redemption on June 1, 2009 (the redemption date).

Section 4. The council hereby transfers \$2,473,448.67 from the community investment trust fund (Fund 256) to the 2001 improvement bond account (the debt service account) within the street improvement debt service fund for the prepayment and redemption of the redeemed bonds.

Section 5.

(a) The funds appropriated in Section 4 hereof in the amount of \$2,473,448.67 together with the monies previously deposited in the debt service account in the amount of \$367,343 shall be segregated and shall constitute a separate trust fund to be used for no purpose other than the payment of the principal and interest on the redeemed bonds on the redemption date;

(b) It is hereby found and determined that the funds appropriated and on deposit in the debt service account in the amount of \$2,840,791.67 will be sufficient to pay the interest (\$40,791.67) on the 2001 bonds to the redemption date and the outstanding principal of the refunded bonds (\$2,800,000) on the redemption date;

(c) Upon redemption of the redeemed bonds on the redemption date, the debt service account shall be terminated.

Section 6. The redeemed bonds shall be redeemed and prepaid in accordance with their terms and in accordance with the terms and conditions set forth in the form of notice of call for redemption on file with the city clerk as Public Document No. _____, which terms and conditions are hereby approved and incorporated herein by reference. The city clerk or his designee is hereby authorized and directed to send written notice of call for redemption to Wells Fargo Bank, National Association, as bond registrar and paying agent for the 2001 bonds, so that the bond registrar can provide the

notice of call for redemption to the bond holders at least 35 days prior to the redemption date.

Approved:

Approved for presentation to council:

Department Director

Chief Administrative Officer

Approved as to form:

Approved:

Attorney

Auditor

FIN RET:CW:rb 4/2/2009

STATEMENT OF PURPOSE: This resolution of this resolution is to call for the prepayment and redemption of the city's general obligation street improvement bonds, Series 2001D. The outstanding principal amount of the bonds is \$2,800,000. The resolution transfers \$2,473,448.67 from the community investment trust fund, which, together with monies in the debt service account for such bonds, will be sufficient to prepay and redeem such bonds.

This resolution will require at least seven affirmative votes of the councilors.