

FINANCE COMMITTEE

10-0419R

RESOLUTION CALLING FOR THE PREPAYMENT AND REDEMPTION OF GENERAL OBLIGATION STREET IMPROVEMENT BONDS, SERIES 2002D, 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 \$3,860,000 general obligation street improvement bonds, Series 2002D, dated September 1, 2002 (the "2002 bonds"). The 2002 bonds were issued to finance street improvements through the city's 2002 street improvement program.

Section 2. The 2002 bonds are substantially in the form prescribed by Resolution 02-0560 duly adopted by the council on August 22, 2002 (hereinafter referred to as the "2002 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 2002 bonds maturing on and after February 1, 2012 (the "redeemed bonds"), of which \$2,045,000 in principal amount is outstanding and is hereby called for prepayment and redemption on February 1, 2011 (the "redemption date").

Section 4. The council hereby transfers \$2,045,000 from the community investment trust fund (Fund 256) to the 2002 improvement bond account (the "debt service account") within the street improvement debt service fund for the prepayment and redemption of the redeemed bonds. The monies hereby appropriated shall be transferred to the debt service account within 30 days of passage and approval of this resolution.

Section 5.

(a) The funds transferred in Section 4 hereof in the amount of \$2,045,000 together with the monies previously deposited in the debt service account in the amount of \$291,931.88 shall be segregated and shall constitute a separate trust

fund to be used for no purpose other than the payment of the principal of the 2002 bonds maturing on February 1, 2011, interest on the 2002 bonds due on February 1, 2011, and the principal of the redeemed bonds called for prepayment and redemption on the redemption date.

(b) It is hereby found and determined that the funds transferred and on deposit in the debt service account in the amount of \$2,336,931.88 will be sufficient to pay the interest (\$46,931.88) on the 2002 bonds to the redemption date, the principal of the 2002 bonds maturing on February 1, 2011 (\$245,000) and the outstanding principal of the redeemed bonds (\$2,045,000) 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 2002

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 8/5/2010

STATEMENT OF PURPOSE: The purpose of this resolution is to call for the prepayment and redemption of the city's general obligation street improvement bonds, Series 2002D. The outstanding principal amount of the bonds to be prepaid and redeemed is \$2,045,000. The resolution transfers \$2,045,000 from the community investment trust fund, which, together with monies in the debt service account for such bonds, will be sufficient to pay the principal and interest on the bonds through February 1, 2011, and to prepay and redeem the outstanding principal balance on the bonds on February 1, 2011. This resolution will require at least seven affirmative votes of the councilors.