

BOARD OF COMMISSIONERS

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“In cooperation with our citizens, we improve the quality of life for individuals, families and communities by fostering a healthy economy and environment.”

“Looking forward with purpose”

**COUNTY BOARD - PROPOSED ADDENDUM
TUESDAY, AUGUST 22, 2017**

7.0 Administration Presentation

7.7 Professional Services Agreement – Northland Securities (*Action*)

FIRST DISTRICT
Justin Ahlers

SECOND DISTRICT
Gene Metz

THIRD DISTRICT
Matt Widboom

FOURTH DISTRICT
Robert Demuth Jr.

FIFTH DISTRICT
Donald Linssen



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COMMISSIONER BRIEFING

August 22, 2017

Professional Services Agreement

Northland Securities

Tom Johnson, Administration

Issue:

Due to issues with a local loan, the tax abatement bond will be the best alternative for assisting Lismore Cooperative Telephone Company (LCTC) with the fiber project.

Discussion:

Upon meeting with the bank, LCTC and their counsel, with the leasing company agent on the phone, it was determined the lease proposed by First Bank Southwest will not be an option.

In order to move forward with Northland on a tax abatement bond as proposed in the last work session, we need to adopt an agreement for special services due to the complexity of a tax abatement bond. Northland has a department who specializes in these matters and has proposed an agreement (attached) for a not-to-exceed cost of \$7,480.00. These services are not included in other bond costs.

Options:

Approve the Professional Services Agreement with Northland as proposed.
Direct staff to look for other options.

Recommendation:

Consider authorizing the County Administrator or his delegate to sign, on behalf of Nobles County, a Professional Services Agreement with Northland for a cost not-to-exceed \$7,480.00 guide the county through the tax abatement bond process.

FINANCIAL PLANNING AGREEMENT

BY AND BETWEEN
THE COUNTY OF NOBLES, MINNESOTA
AND
NORTHLAND SECURITIES, INC.

FINANCIAL PLANNING SERVICES

This Agreement made and entered into by and between the County of Nobles, Minnesota (hereinafter "County") and Northland Securities, Inc., of Minneapolis, Minnesota (hereinafter "NSI").

WITNESSETH

WHEREAS, the County desires to use the services of NSI for financial planning assistance related the establishment of a property tax abatement to make a loan to assist Lismore Cooperative Telephone Company (the "Company") in financing a portion of the cost of a fiber optic broadband telecommunications network to be located within the County (the "Project").

WHEREAS, the Project is intended solely for financial planning and NSI is not providing advice on the timing, terms, structure or similar matters related to a specific bond issue.

WHEREAS, NSI desires to furnish services to the County as hereinafter described.

NOW, THEREFORE, it is agreed by and between the parties as follows:

SERVICES TO BE PROVIDED BY NSI

The scope of work to be performed by NSI is based on the following factors:

1. The County is in need of financial services to assist with consideration of a request for financial assistance by the Company.
2. The County desires to consider the request and complete an analysis of financial assistance options and prepare for possible authorization of property tax abatement.

NSI will undertake the following tasks:

The scope of work will undertake the process to establish the property tax abatement. Legal services to review documents, and any related contracts with third parties, is not provided by NSI and are not subject to this agreement. NSI will provide the following services:

1. Kickoff discussion with County on the Project.
2. Work with the County staff to set and distribute calendar of key dates and meeting dates.
3. Collect data for the establishment of the property tax abatement, including, but not limited to:

- a) Parcels included in any existing property tax abatement previously authorized by the County.
 - b) Parcels and property value subject to consideration of the new property tax abatement for the Project.
 - c) The rate of property taxation.
 - d) County map showing project location and parcel boundaries.
2. Calculate the maximum amount of new property tax abatement, based on limitation in State law, the County may be authorized to approve.
 3. Identify property value impact of the Project.
 4. Work with the County to determine the maximum number of years that property tax abatement will be considered for the Project.
 5. Prepare notice of hearing and assist the County with complying with statutory requirements for mailing and publication.
 6. Draft property tax abatement resolution.
 7. Attend and present on item at public hearing on tax abatement.

This scope of work includes up to (2) meeting with the County Board.

COMPENSATION

The budget for undertaking the tasks in this agreement is an amount not to exceed \$7,480. This amount includes all NSI services to complete the analysis, facilitate the process required by State Law and participate in the public hearing. Northland will bill the County on a monthly basis for services performed and actual reimbursable expenses (travel, publication, printing, and mailing). Staff time will be billed according to the following schedule:

Senior Professional \$220/hour

The County may at its discretion authorize NSI to undertake additional tasks, including meeting attendance, beyond the tasks listed above. Additional planning services will be billed monthly at a rate of \$220 per hour.

Invoices will detail the work performed, requested compensation for the period and show amounts previously billed.

ASSIGNED NORTHLAND EMPLOYEE

The NSI employee responsible for providing services pursuant to this agreement and for the services performed is Tammy Omdal.

SUCCESSORS OR ASSIGNS

The terms and provisions of this Agreement are binding upon and inure to the benefit of the County and NSI and their successors or assigns.

DISCLAIMER

In performing service under this agreement, NSI is relying on the accuracy of information provided by the County and the services provided by Northland are based on current State Law. The parties agree that the Minnesota property tax system and other laws may change and may affect the accuracy and validity of services provided by NSI. NSI will perform its work using the best available information.

TERM OF THIS AGREEMENT

This Agreement may be terminated by thirty (30) days written notice by either the County or NSI. In the event of early termination by the County, NSI shall provide the County with an itemized hourly statement of services already provided. All billable hours by NSI shall be billed at the stated hourly rates should early termination occur.

Dated this ___ day of July, 2017.

Northland Securities, Inc.

By: 
Head of Public Finance

County of Nobles, Minnesota

By: _____

Title: _____

Preliminary

Nobles County, Minnesota

\$2,560,000 Taxable General Obligation Tax Abatement Bonds, Series 2017B

(Preliminary Taxable, 15-year, AA+ Rates as of 7/18/17)

Sources & Uses

Dated 10/03/2017 | Delivered 10/03/2017

Sources Of Funds

Par Amount of Bonds	\$2,560,000.00
Planned Issuer Equity contribution	1,000,000.00
Total Sources	\$3,560,000.00

Uses Of Funds

Total Underwriter's Discount	23,040.00
Costs of Issuance	37,700.00
Deposit to Project Construction Fund	3,500,000.00
Rounding Amount	(740.00)
Total Uses	\$3,560,000.00

Preliminary

Nobles County, Minnesota

\$2,560,000 Taxable General Obligation Tax Abatement Bonds, Series 2017B

(Preliminary Taxable, 15-year, AA+ Rates as of 7/18/17)

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
10/03/2017	-	-	-	-	-
08/01/2018	-	-	60,551.94	60,551.94	-
02/01/2019	120,000.00	1.550%	36,575.00	156,575.00	217,126.94
08/01/2019	-	-	35,645.00	35,645.00	-
02/01/2020	145,000.00	1.750%	35,645.00	180,645.00	216,290.00
08/01/2020	-	-	34,376.25	34,376.25	-
02/01/2021	150,000.00	2.000%	34,376.25	184,376.25	218,752.50
08/01/2021	-	-	32,876.25	32,876.25	-
02/01/2022	155,000.00	2.300%	32,876.25	187,876.25	220,752.50
08/01/2022	-	-	31,093.75	31,093.75	-
02/01/2023	155,000.00	2.500%	31,093.75	186,093.75	217,187.50
08/01/2023	-	-	29,156.25	29,156.25	-
02/01/2024	160,000.00	2.650%	29,156.25	189,156.25	218,312.50
08/01/2024	-	-	27,036.25	27,036.25	-
02/01/2025	165,000.00	2.800%	27,036.25	192,036.25	219,072.50
08/01/2025	-	-	24,726.25	24,726.25	-
02/01/2026	170,000.00	2.950%	24,726.25	194,726.25	219,452.50
08/01/2026	-	-	22,218.75	22,218.75	-
02/01/2027	175,000.00	3.050%	22,218.75	197,218.75	219,437.50
08/01/2027	-	-	19,550.00	19,550.00	-
02/01/2028	180,000.00	3.150%	19,550.00	199,550.00	219,100.00
08/01/2028	-	-	16,715.00	16,715.00	-
02/01/2029	185,000.00	3.250%	16,715.00	201,715.00	218,430.00
08/01/2029	-	-	13,708.75	13,708.75	-
02/01/2030	190,000.00	3.350%	13,708.75	203,708.75	217,417.50
08/01/2030	-	-	10,526.25	10,526.25	-
02/01/2031	195,000.00	3.400%	10,526.25	205,526.25	216,052.50
08/01/2031	-	-	7,211.25	7,211.25	-
02/01/2032	205,000.00	3.450%	7,211.25	212,211.25	219,422.50
08/01/2032	-	-	3,675.00	3,675.00	-
02/01/2033	210,000.00	3.500%	3,675.00	213,675.00	217,350.00
Total	\$2,560,000.00	-	\$714,156.94	\$3,274,156.94	-

Date And Term Structure

Dated	10/03/2017
Delivery Date	10/03/2017
First available call date	2/01/2025
Call Price	100.00000000%

Yield Statistics

Bond Year Dollars	\$22,814.11
Average Life	8.912 Years
Average Coupon	3.1303299%
Net Interest Cost (NIC)	3.2313200%
True Interest Cost (TIC)	3.2267364%
All Inclusive Cost (AIC)	3.4256976%

IRS Form 8038

Net Interest Cost (NIC)	3.2313200%
Weighted Average Maturity	8.912 Years
Bond Yield for Arbitrage Purposes	3.1071455%

2017B 3.5M 20 yr Taxable | SINGLE PURPOSE | 7/20/2017 | 10:19 AM