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## City of Hermantown saves nearly \$1 million October 12, 2016

The City of Hermantown is saving nearly \$1 million in interest over the next ten years. On Monday October 3, 2016, the City Council approved re-financing \$5,455,000 of debt on the existing Governmental Services building. The new debt was issued at a true interest cost of 1.353%. This lower interest rate is allowing the City to reduce the amount of interest paid on the existing remaining debt, saving the City nearly \$1 million. The 10 year term of the debt remained unchanged, meaning the debt will be retired in 2026. The City is authorized by state law to use sales tax for debt on the existing Governmental Services building at 5105-5111 Maple Grove Road.

The total future savings from the re-financing was \$999,957. "Instead of paying interest on this existing debt, these savings can go toward other uses authorized by state law," said John Mulder, City Administrator.

Current state law only allows the use of sales tax for the following purposes:

- (1) Extending a sewer interceptor line;
- (2) Construction of a booster pump station, reservoirs, and related improvements to the water system; and
- (3) Construction of a building containing a police and fire station and an administrative services facility.

On the ballot of the November 8, 2016 general election the City of Hermantown will ask the voters:

*"Shall the present use of the City sales tax be expanded, without increasing the current tax rate, to include the construction and equipping of a regional, multiuse wellness center?"*

For more information contact:

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