COUNCIL ACTION FORM

SUBJECT: SALE AND ISSUANCE OF GENERAL OBLIGATION BONDS SERIES 2019A ISSUE IN AN AMOUNT NOT TO EXCEED $11,880,000

BACKGROUND:

The FY 2019/20 adopted budget includes General Obligation (G.O.) Bond-funded capital improvement projects in the amount of $11,154,204. The City Council held a public hearing on the issuance of these bonds on March 5, 2019 as part of the budget process. Council action is now required to authorize the sale.

Projects to be funded by this bond issue include the following:

City-Wide Radio System $1,240,000
Grand Avenue Extension 2,000,000
Campustown Improvements 1,000,000
Cherry Avenue Extension 300,000
Arterial Street Pavement Improvements 1,600,000
Bridge Rehabilitation 120,000
Concrete Pavement Improvements 2,800,000
Collector Street Pavement Improvements 500,000
Asphalt Street Improvements 1,000,000

Subtotal Tax Supported Bonds $ 10,560,000
City-Wide Radio System (Abated) 280,000
ISU Research Park Phase IV (TIF) 314,204

Subtotal Abated Bonds $594,204
Total Bond Funded Projects $11,154,204
Issuance Cost and Allowance for Premium 725,796
Grand Total – 2019/20 G.O. Issue $11,880,000

On the morning of August 27, 2019, the City will accept bids for the bonds per the terms of our offering statement. The bids will be evaluated by our financial advisor, Public Financial Management (the City’s Bond Counsel) and by City staff to recommend award to the bidder with the lowest cost. A report of bids will be provided to Council at the August 27, 2019 meeting. The City Council will then be asked to adopt a resolution accepting bids and authorizing award of the sale of bonds to the chosen bidder.
ALTERNATIVES:

1. The City Council can adopt a resolution accepting bids and authorizing the sale and issuance of General Obligation Bonds in an amount not to exceed $11,880,000.

2. The Council can reject the bond sale resolution and delay the capital projects.

MANAGER’S RECOMMENDED ACTION:

Issuance of these bonds is necessary in order to accomplish the City’s approved capital improvements during this fiscal year.

Therefore, it is the recommendation of the City Manager that the City Council accept Alternative No. 1, thereby adopting a resolution accepting bids and authorizing the sale and issuance of General Obligation Bonds in an amount not to exceed $11,880,000.