

~~ITEM # 29
DATE: 08-26-14~~

COUNCIL ACTION FORM

SUBJECT: SALE AND ISSUANCE OF ESSENTIAL CORPORATE PURPOSE GENERAL OBLIGATION BONDS SERIES 2014 ISSUE IN AN AMOUNT NOT TO EXCEED \$9,985,000

BACKGROUND:

The 2014/15 budget includes General Obligation (G.O.) Bond funded capital improvement projects in the amount of \$9,840,000. The City Council held a public hearing on issuance of these bonds on March 4, 2014 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:

Street Improvements		\$ 6,884,750
Bridge Rehabilitation		180,000
Storm Sewer		300,000
Grant Avenue Paving (abated by special assessments)		2,175,250
Resource Recovery Improvements (abated by RR revenue)		300,000
	Subtotal	\$ 9,840,000
Issuance Cost / Allowance for Sale at Premium		145,000
	Total Debt Issue	\$ 9,985,000

On the morning of August 26, 2014, 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, by 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 26 meeting. The City Council will then be asked to adopt a resolution accepting bids and authorizing that the sale of bonds be awarded to the chosen bidder.

ALTERNATIVES:

1. The City Council can adopt a resolution accepting bids and authorizing the sale and issuance of Essential Corporate Purpose General Obligation Bonds in an amount not to exceed \$9,985,000.
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 and savings can be realized by bond refunding.

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 Essential Corporate Purpose General Obligation Bonds in an amount not to exceed \$9,985,000.