

ITEM # 37  
 DATE: 8-25-15

**COUNCIL ACTION FORM**

**SUBJECT: SALE AND ISSUANCE OF ESSENTIAL CORPORATE PURPOSE GENERAL OBLIGATION BONDS SERIES 2015A ISSUE IN AN AMOUNT NOT TO EXCEED \$21,345,000**

**BACKGROUND:**

The 2015/16 budget and Council-approved changes include General Obligation (G.O.) Bond-funded capital improvement projects in the amount of \$14,253,975. The City Council held public hearings on the issuance of these bonds and refunding bonds on March 3, 2015, as part of the budget process, and on July 14, 2015, to include an additional amount for the Grant Avenue extension project. Council action is now required to authorize the sale.

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

East Industrial Area Sewer Extension	\$ 2,000,000	
ISU Research Park Improvements	2,938,990	
Grant Avenue Extension (Assessment)	360,985	
Airport Terminal	943,000	
<b>Debt to be Abated by Other Revenues</b>		<b>\$ 6,242,975</b>
Flood Mitigation	\$ 144,000	
West Lincoln Way Improvements	450,000	
Asphalt Street Improvements	1,300,000	
Grand Avenue Extension	280,000	
Concrete Pavement Improvements	1,100,000	
Arterial Street Pavement Improvements	400,000	
Downtown Street Pavement Improvements	800,000	
Seal Coat Pavement Improvements	350,000	
Bridge Rehabilitation Program	2,320,000	
Airport Terminal Building	867,000	
<b>Subtotal Tax Supported Bonds</b>		<b>\$8,011,000</b>
<b>Refunding Bonds</b>		<b>5,950,000</b>
<b>Issuance Cost and Allowance for Premium</b>		<b>1,141,025</b>
<b>Grand Total Not to Exceed – 2015/16 G.O. Issue</b>		<b>\$21,345,000</b>

**On the morning of August 25, 2015, 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 25 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 \$21,345,000.
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 \$21,345,000.

**The City Council should be reminded that this bond issue includes \$2,000,000 to extend a sanitary sewer line just east of Highway 35 along Lincoln Way. This project will help facilitate the development of the East Industrial Area annexation which is a priority of the City Council. It was hoped that the issue regarding which entity would be supplying water to this area (the City of Ames or the Central Iowa Water Association (CIWA)) would be resolved prior to moving ahead with this project. While progress has been made in the negotiations between City staff and representatives from the CIWA, an agreement has not yet been finalized. Rather than omit this project from this bond sale which will result in a one year delay in starting the project, the action tonight will borrow \$2,000,000 to finance this sanitary sewer extension. Even under the worst case scenario where the City Council decides not to annex and extend infrastructure into this area, these borrowed funds can be used to finance street projects planned for in second year of the CIP. This action will allow the City to issue fewer bonds in FY 2016/17.**