

COUNCIL ACTION FORM

SUBJECT: RESOLUTION SETTING THE DATE FOR PUBLIC HEARING ON PROPOSAL TO ENTER INTO A GENERAL OBLIGATION URBAN RENEWAL LOAN AGREEMENT AND TO BORROW MONEY THEREUNDER

BACKGROUND:

The Downtown Reinvestment District Urban Renewal Plan includes a project to construct an indoor Aquatics Center with other recreational amenities. Funding for the project is expected to include donations and General Obligation bonds with repayment of the bonds from a combination of property taxes and Reinvestment District Revenue from the State of Iowa.

The plan includes a current total estimated cost of \$31,200,000 for the Indoor Aquatics Center. It is expected that the bond issuance amount needed will be \$21,200,000. The financing of this project currently is planned to be as follows:

\$11,200,000 from unabated General Bond principal and interest payments

\$10,000,000 from abated General Bond principal and interest payments
from Reinvestment District Revenue

\$10,000,000 from donations (To date, \$9,470,000 has been pledged)

\$31,200,000 TOTAL

It is important to emphasize that the proposed bond issuance of \$21,200,000 is expected to be abated partially by the Reinvestment District revenue. However, it must be emphasized that the bond issuance obligates the City to repay the bonds regardless of whether the City's final Reinvestment District application is approved and regardless of whether the state sales and hotel/motel taxes generated by the project accumulate to at least \$10,000,000 during the next 20 years.

To authorize proceeding with the bond issue, the City Council must establish the Downtown Reinvestment District Urban Renewal and Urban Renewal Plan and then hold a public hearing on issuance of the bonds. Assuming approval after the public hearing and that no qualifying petition requesting a bond election is received, the City Council will then have authority to issue bonds up to the amount authorized by the City Council at any time in the future when the Indoor Aquatics Center project proceeds.

ALTERNATIVES:

1. Set September 14, 2021 as the date of public hearing to authorize the issuance of General Obligation Urban Renewal Bonds in an amount not to exceed \$21,200,000 for the Indoor Aquatics Center. **After the hearing, the City Council can authorize the sale of bonds and associated property tax levy to repay the bonds.**
2. Do not set a date of hearing to authorize the issuance of General Obligation Bonds for the Indoor Aquatics Center at this time. **Delaying the public hearing will place the City's final application for Reinvestment District funding at risk, possibly resulting in the loss of \$10 million in state funding for the Indoor Aquatics Center.**
3. Set September 14, 2021 as the date of public hearing to authorize the issuance of General Obligation Urban Renewal Bonds for the Indoor Aquatics Center in a different amount.

CITY MANAGER'S RECOMMENDED ACTION:

Prior to the issuance of debt, state law requires that a public hearing be held. This is a required step in order to accomplish the City Council's approved Downtown Reinvestment District Urban Renewal Plan and for a successful final application for the State of Iowa Reinvestment District Program.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, as described above.