

COUNCIL ACTION FORM

SUBJECT: PUBLIC HEARING AND NOTICE OF INTENT TO ISSUE \$11,880,000 ESSENTIAL CORPORATE PURPOSE GENERAL OBLIGATION BONDS, AND ASSOCIATED TAX LEVY FOR DEBT SERVICE

BACKGROUND:

The FY 2019/20 budget includes a number of General Obligation (G.O.) Bond-funded capital improvements. A public hearing is required to authorize issuance of bonds and the levy of property taxes for debt to be issued. The dollar amounts and corresponding property tax levy for the planned G.O. bond issue are included as part of the FY 2019/20 budget.

The G.O. Bonds and debt service levy for the FY 2019/20 budget are based on projects listed in the table below. **Council authorization will be required at a later date to authorize the sale of the bonds. Bonds are expected to be issued shortly after the start of the new fiscal year.**

Please note that in addition to the amount to fund the \$11,154,204 in G.O. Bond-funded capital projects, the not-to-exceed amount for the issuance includes a \$725,796 additional authorization to allow for issuance costs and the option to sell our bonds at a premium over the face value of bonds. This will allow the City to accept the optimum bid with face value of bonds greater than \$11,154,204 needed to accomplish our projects. In any case, debt will not be issued in an amount where debt service exceeds the property tax levy included in the proposed budget. The proposed bond issue complies with the Council approved debt policy.

The Capital Improvements Plan's 2019/20 G.O. Bond issue includes 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	<u>1,000,000</u>	
Subtotal Tax Supported Bonds		\$ 10,560,000
City-Wide Radio System (Abated)	280,000	
ISU Research Park Phase IV (TIF)	<u>314,204</u>	
Subtotal Abated Bonds		<u>\$594,204</u>
Total Bond Funded Projects		\$11,154,204
Issuance Cost and Allowance for Premium		<u>725,796</u>
Grand Total – 2019/20 G.O. Issue		<u>\$ 11,880,000</u>

ALTERNATIVES:

1. Adopt a resolution setting March 5, 2019 as the date for a public hearing to authorize the issuance of Essential Corporate Purpose General Obligation Bonds in an amount not to exceed \$11,880,000. After the public hearing and approval of the bond issuance, a property tax pre-levy resolution to pay principal and interest on the bonds is required.
2. Reject setting March 5, 2019 as the date of public hearing for issuance of Essential Corporate Purpose General Obligation Bonds, reduce the FY 2019/20 property tax levy, and delay the associated capital projects. Rejection of the Essential Corporate Purpose Bonds will prevent the City from completing the bond-funded projects reflected in the CIP.

MANAGER'S RECOMMENDED ACTION:

Prior to the issuance of debt, state law requires that a public hearing be held and that a pre-levy resolution be adopted for bonds not yet issued to be repaid from the property tax levy. This is a required step in order to accomplish the Council's approved capital improvements for the upcoming fiscal year.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby adopting a resolution setting March 5, 2019 as the date for a public hearing to authorize the issuance of Essential Corporate Purpose General Obligation Bonds and in an amount not to exceed \$11,880,000.