ITEM #:	**13**
DATE:	**08-11-26**
DEPT:	**FIN**

COUNCIL ACTION FORM

SUBJECT: SALE OF GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2026C, AND AUTHORIZING PRELIMINARY OFFICIAL STATEMENT

BACKGROUND:

The FY 2026/27 Budget includes General Obligation (G.O.) Bond-funded capital improvement projects totaling $45,614,351. In addition, the City intends to borrow $589,725 to reimburse itself for eligible development costs incurred in FY 2025/26 for the Fire Station #2 Relocation Project. **Together, these amounts result in total anticipated borrowing of $46,204,076.**

The proposed bond issuance is currently structured with a par amount of $44,320,000 and an estimated bond premium of $1,884,076, providing total proceeds of $46,204,076.

While the City's annual G.O. Bond issuance traditionally finances projects such as street improvements, shared-use paths, airport improvements, and parks and recreation projects, this year's issuance is significantly larger due to the inclusion of the Fire Station #2 Relocation Project and construction of the Resource Recovery and Recycling Campus (R3C).

Authorization for the projects included in the issuance is summarized below:

- **Annual Capital Improvements Program (CIP)** – On March 24, 2026, as part of the City's budgeting process, the City Council authorized G.O. Bond funding to support street and traffic improvements, as well as airside and entryway improvements at the James Herman Banning Ames Municipal Airport in an amount not to exceed $17,375,000.

- **Fire Station #2 Relocation** – On November 4, 2025, voters approved a public referendum authorizing up to $10,500,000 in G.O. Bond funding to relocate Fire Station #2 from Welch Avenue to a new site along State Avenue.

- **Resource Recovery and Recycling Campus (R3C)** – On May 26, 2026, the City Council authorized $24,000,000 in borrowing for construction of the R3C campus. The original financing plan contemplated the issuance of short-term bond anticipation notes. However, the lowest-cost financing proposal received exceeded the anticipated interest rate. Staff, therefore, recommended incorporating the required borrowing into the City's annual G.O. Bond issuance.

To proceed with the bond issuance, the City Council must approve the Preliminary Official Statement, which provides financial and other required disclosures to prospective investors and is on file in the City Clerk's Office. The Council must also establish the bond sale date, recommended for August 25, 2026, and authorize the use of electronic bidding. Electronic bidding is permitted under Iowa law and provides for a secure and competitive bond sale process.

The projects and costs to be financed through the issuance are summarized below:

Asphalt Street Pavement Improvements	$2,340,000
Arterial Street Pavement Improvements	1,260,000
CyRide Route Pavement Improvements	3,800,000
Concrete Pavement Improvements	3,300,000
Seal Coat Street Pavement Improvements	900,000
Collector Street Pavement Improvements	2,800,000
Freel Drive Paving	975,000
Intelligent Transportation System	178,756
Airport Airside Improvements	623,250
Airport Entryway Improvements	140,000
Total CIP	**$16,317,006**
FY 2025/26 Fire Station #2 Relocation	$589,725
FY 2026/27 Fire Station #2 Relocation	6,680,955
Total Fire Station #2 Relocation	**$7,270,680**
R3C Construction (abated by Resource Recovery)	**$22,000,000**
Total Project Funding	**$45,587,686**
Cost of Issuance and Rounding	616,390
Total Proceeds	**$46,204,076**

As noted above, the $46,204,076 in total proceeds is currently estimated to consist of $44,320,000 in par value and $1,884,076 in bond premium. A bond premium occurs when investors pay more than the face value of the bonds because the interest rate paid on the bonds is higher than the market rate at the time of sale. The final amounts of par value and premium will be determined when bids are received on August 25, 2026, however, the combined amount is expected to provide the $46,204,076 necessary to fund the projects and issuance costs identified above.

Finally, the required public hearings have already been completed, and the proposed issuance complies with the City's debt management policy and applicable statutory requirements governing municipal debt.

ALTERNATIVES:

1. Adopt a resolution approving the Preliminary Official Statement for General Obligation Corporate Purpose Bonds, Series 2026C, setting the date of sale for August 25, 2026, and authorize electronic bidding for the sale.

2. Refer the Official Statement back to City staff for modifications.

CITY MANAGER'S RECOMMENDED ACTION:

Issuance of these bonds is necessary to provide funding for the City's approved Capital Improvements Plan, the Fire Station #2 Relocation Project, and construction of the Resource Recovery and Recycling Campus (R3C). Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, as stated above.

ATTACHMENT(S):
Ames_IA_2026C_GO_Preliminary_Official_Statement-for_City_Council_Approval.pdf