

MARSHALLTOWN

— I O W A —

Joel Greer, Mayor
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TO: Mayor Greer and City Council
FROM: Diana Steiner, Finance Director
DATE: 10/6/2022
RE:

Policy Issue: Under Iowa Code Sections 384.24A and 384.2A, the City can enter into a loan agreement to borrow money for any public purpose, but the Council must set a public hearing notice and then approve the bond.

<input type="checkbox"/> Goal 1: Expand and improve development	<input checked="" type="checkbox"/> Goal 3: Continually improve the City's organization & services
<input checked="" type="checkbox"/> Goal 2: Enhance Marshalltown's public image	<input type="checkbox"/> Goal 4: Partner with others to improve quality of life

Specific Objective/Action: Maintain a financially healthy organization

Recommendation: Staff recommend including the estimated \$165,000 of bond issuance costs with the loan. Staff also requests Council to set the public hearing date of October 24, 2022 at 5:30 P.M. for the City to enter into loan agreements in a principal amount not to exceed \$10,170,000. Due to the type of General Obligation loans to be issued, there will be three separate hearings:

1. Essential Corporate Purpose Loan not to exceed \$9,515,000 (\$9,360,000 in Council approved projects plus \$155,000 in bond issuance costs)
2. General Corporate Purpose Loan not to exceed \$255,000 (\$250,000 for the Trail Connection from the Skate Park to the Freedom Rock located at the American Legion and \$5,000 in bond issuance costs).
3. General Corporate Purpose Loan not to exceed \$400,000 (\$390,000 for the parking lot across from City Hall on State Street and \$10,000 in bond issuance costs).

Budget Impact: The hearings set the borrowing not to exceed \$10,170,000, but if all projects are approved, the City would only borrow \$10,165,000 (\$610,000 taxable and \$9,555,000 tax-exempt). Since bonds have to be sold in increments of \$5,000, we had to round up for the general corporate purpose bonds for public hearing purposes. When the bonds are issued, the general corporate purpose projects will be consolidated in with the essential corporate purpose projects (except for the D&D taxable project), to issue one tax-exempt bond. The debt borrowed for the new projects would be paid with the property tax levy for debt service.

CITY COUNCIL

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Jeff Schneider, Gary Thompson, Dex Walker



Description/Background: Council approved to move forward on the following projects at the September 26, 2022 Council meeting as highlighted below. The estimated costs for the bond issuance is \$165,000 (Moody’s Rating \$25K, Financial Advisor \$35K Bond Attorney \$25K, Underwriter Discount \$80K).

	Council Meeting 9/26/2022
Splash Pad	500,000
Riverview Park Improvements	2,500,000
West End Park Phase 2	600,000
Trail Connection- Legion/SkatePrk	250,000
Trail Bridge @ Linn Creek/MSA	700,000
River's Edge Trailhead	560,000
E. State Pedestrian Alley	100,000
Street Improvement	2,650,000
East Main Street Planning/Design	650,000
City Hall Parking Lot	390,000
Sidewalk Gap Projects	500,000
Dangerous & Dilapidated Buildings	600,000
SUB-TOTAL PROJECTS	10,000,000
Bond issuance estimated costs	165,000
TOTAL	10,165,000

If Council approves all the projects, the total borrowing will be \$10,165,000. There will be 2 bond issuances. One for \$610,000 of taxable bonds for the Dangerous & Dilapidated Buildings and the second bond for all the remaining projects, which will be tax-exempt. After the public hearing, the Council may pass a resolution to approve intent to enter into the Loan Agreement and issue the bonds in the future.

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