



CITY COUNCIL MEETING

AGENDA ITEM

Prepared By:

Allie Polsfuss, City Administrator and Janette Rust, Finance Director on behalf of the Finance Committee

Meeting Date:

10/05/2026

Item Name:

Resolution Authorizing Issuance and Awarding the Sale of Bonds

BACKGROUND

The City Council awarded the construction bid for the **Buschmann Road Street Improvement Project** on September 14, 2026. The next step in securing funding for the project is to authorize the issuance and award of the bond sale.

The Finance Committee met on September 15, 2026, to review the total project costs and the funding needed to adequately fund the project. Following that discussion, the Finance Committee directed staff to continue in issuing a \$2,000,000 bond to ensure the City has sufficient funds available to pay project costs as contractor pay applications are submitted.

OVERVIEW

Following approval of the construction bid and direction from the Finance Committee, staff continued working with the City's financial advisor, Ehlers, to complete the necessary steps to obtain funding through a General Obligation Street Reconstruction Bond.

A due diligence meeting was held on September 21, 2026, followed by the bond rating call on September 23, 2026. The bond sale is scheduled for October 5, 2026.

The bond resolution included as **Attachment A** will be finalized Monday afternoon following the bond sale and will be updated to reflect the final results of the 2026A Bond Sale.

PROJECT COST AND FUNDING OVERVIEW

The following table summarizes the remaining project costs:

TOTAL COSTS REMAINING

City	Construction Bid	Engineering	Total
Breezy Point	\$2,730,895	\$299,600	\$3,030,495
Ideal Township	\$689,687	\$50,400	\$740,087
Total	\$3,420,582	\$350,000	\$3,770,582

The following table summaries the anticipated funding sources:

TOTAL FUNDING

Entity	Source	Total Funding
Breezy Point	Bond	\$2,000,000
Ideal Township	Reimbursement	\$468,587
MNDOT	LRIP Grant	\$1,500,000
Total		\$3,968,587



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Because the \$1,500,000 MnDOT LRIP Grant and the \$468,587 Ideal Township contribution will be received on a reimbursement basis, the City must have sufficient funds available to pay project costs before those reimbursements are received.

The Finance Committee discussed several funding options and directed staff to proceed with a \$2,000,000 bond issuance. This amount provides approximately a 5% contingency above the City's anticipated project funding needs and helps ensure adequate cash flow throughout construction.

DEBT SERVICE

Attachment B includes the final bond run. As discussed earlier this year, the City will make one interest payment in 2027, which will be funded from Debt Service Reserves. Regular debt service payments will begin in 2028.

STAFF RECOMMENDATION:

Staff recommends that the City Council approve the bond resolution authorizing the issuance and sale of the General Obligation Street Reconstruction Bonds, with the final resolution to reflect the results of the October 5, 2026, bond sale.