

TO: Mayor and City Council

FROM: David Chanski, City Administrator/Clerk

RE: City Hall Project Bonding

DATE: August 5, 2024



Background

The City Council accepted the not-to-exceed quote from Hy-Tec Construction of \$2.95 million for the City Hall Remodel & Expansion project during a special meeting on July 18. During that meeting, the Council voted to further discuss how much of the project they wanted to bond for during the August 5 City Council Meeting.

Mikaela Huot with BakerTilly will participate virtually to walk the City Council through this discussion.

Preliminary Bond Runs

BakerTilly has produced three preliminary bond run scenarios for discussion. The bond runs are the full \$2.95 million, for a \$2.5 million bond issuance, and for a \$2 million bond issuance. In the case of the \$2.5 million bond and the \$2 million bond, the City would supplement remaining project costs with cash-on-hand.

The full preliminary bond runs are attached.

One item to note is that a bond to reimburse the City for the \$1,409,470 used to purchase the Pequot Lakes Fire District ladder truck will be included with the City Hall bond issuance. The payments from this bond will be paid for by the Pequot Lakes Fire District. By including both items in the same bond issuance should result in the City getting a lower interest rate for each.

Bonding Calendar

BakerTilly is finalizing a recommended bonding calendar and will present it to the City Council during the August 5 meeting. Important to note, though, is that staff and BakerTilly are recommending that the project CIP public hearing (a requirement for CIP bonds) be held during the regular City Council Meeting on September 3, and BakerTilly will be requesting that the City Council set a special meeting for Monday, October 21 for the purpose of accepting the bond sale report.

Reimbursement Resolution

As the City will be selling bonds for the project after the project has already commenced, a reimbursement resolution must be passed. This resolution allows the City to issue bonds for the project up to 18 months after costs have been incurred.

A draft reimbursement resolution for the project is attached. The resolution lists a maximum principle amount of \$3,030,000, which would cover the full \$2.95 million not-to-exceed cost plus the administrative fees to issue the bonds. They City may choose to issue bonds less than this amount, but it cannot issue bonds greater than this amount.

Council Action

Staff is seeking direction from the City Council as how much to bond for the City Hall Remodel & Expansion project.

Additionally, staff recommends that the City Council call for a public hearing on the proposed project CIP to be held during the regular City Council Meeting on Tuesday, September 3 at 6:30pm.

Lastly, staff recommends that the City Council schedule a Special City Council Meeting for Monday, October 21 for the purpose of accepting the bond sale report.