



Legislation Text

File #: 18-0965, Version: 1

Resolution Authorizing Notice and Issuance of General Obligation Bonds - 350 South Fifth Avenue (**6 Votes Roll Call**)

On May 9, 2018, the City attempted to pay the deed-prescribed \$4,200,000 "Asking Price" to Fifth Fourth, LLC to exercise its reversionary interest and formalize its fee simple absolute title to the 350 S. Fifth Ave. parcel. Although this payment was not initially accepted, Fifth Fourth, LLC, and its owner, Dennis A. Dahlmann, later offered a written settlement agreement to the City, which agreement contemplated that Fifth Fourth, LLC would accept the "Asking Price" and other consideration in exchange for quieting title in the City and dismissing their lawsuit. Council accepted that offer and the City executed the settlement agreement on May 22, 2018. The costs associated with this settlement agreement, repossession of the property, insurance of the City's title, and financing of the same are:

Tender	\$4,200,000
Settlement	1,000,000
Bond Issuance	150,000
Closing Costs	<u>145,000</u>
Total	\$5,495,000

Council has authorized funding the costs from the General Fund unassigned fund balance. However, in the budget resolution approved May 18, 2018 Council directed staff to return to Council at their June 4, 2018 meeting with a resolution authorizing the notice and issuance of general obligation bonds to reimburse the city's expenditures. The attached resolution was prepared by the City's outside bond counsel and, if approved, will provide the authorizations necessary to issue the bonds.

The bonds would be sold as a direct placement with a financial institution determined by a competitive bidding process based on the lowest interest cost proposal. The principal terms of the bonds are set forth in the resolution and will be determined in consultation with the City's financial advisor after evaluating the debt market conditions closer to the date of sale. The interest rate is anticipated to be variable, the payments interest only for the first four years, and the term not greater than fifteen years. Debt payments will need to be made from existing City resources or with assistance from the DDA. The City will have the option to prepay the bonds prior to maturity. Prepayment of the debt in full is anticipated to come from 1. Proceeds from the sale of the development rights above the Library Lane parking structure 2. Sale of the titled property at 350 S. Fifth Avenue or 3. Other City or DDA resources.

The Resolution authorizes the Mayor, City Clerk, City Treasurer and Chief Financial Officer to execute and deliver all required documentation in connection with the issuance, sale and delivery of the Bonds.

The City's bond counsel, Dykema Gossett, prepared the resolution, with further review by the City Attorney.

Prepared by: Tom Crawford, Financial Services Area Administrator and CFO
Reviewed by: Betsy Blake, Senior Assistant City Attorney
Approved by: Howard S. Lazarus, City Administrator
(See Attached Resolution)