



MEMO FROM COUNCIL OFFICE

To: Members of the Common Council

From: Lisa Lehner, Council Administrator/Attorney

Date: November 1, 2024

Re: Ordinance 2024-24 – Authorizing the Issuance of the City of Bloomington, Indiana, General Obligation Bonds, Series 2024, for the Purpose of Providing Funds to Pay For Certain Capital Projects of the City and Expenses Incurred In Connection With the Issuance of the Bonds

Synopsis

This Ordinance approves the issuance of general obligation bonds of the City of Bloomington, Indiana, under Indiana Code § 36-4-6-19, among other statutes, in an aggregate principal amount not to exceed \$4,300,000, in order to finance certain capital projects throughout the City.

Relevant Materials

- Memo re: Ordinance 2024-24 from Controller Jessica McClellan
- Ordinance 2024-24
 - Exhibit A – Description of Projects

Summary

Ordinance 2024-24 would authorize the issuance of general obligation bonds (“GO Bonds”) in an amount not to exceed \$4.3 million to fund all or a part of the costs of the capital projects described in Exhibit A in the areas of the Parks and Recreation Department, the Engineering Department and Facilities Maintenance and Improvements.

Overview of Proposed Capital Improvements

Multiple capital improvement projects (the “2024 Projects”) are proposed to be funded by the issuance of general obligation bonds. The 2024 Projects are briefly described in Exhibit A to Ordinance 2024-24.

General Overview of GO Bonds

GO Bonds are a type of tax-backed debt obligation that may be issued by Indiana cities to fund projects. The bonds are not secured by assets but by the City’s tax revenue. The bonds are not tied to a particular project but may fund multiple projects. GO Bonds enable a city to raise funds for projects by issuing and selling the bonds to buyers. There are various ways that the bonds may be sold to buyers to raise funds. The city repays the bond obligations with its tax revenue over a period of time.



General Overview of Bond Ordinances

Bond ordinances are long and very technical documents that set forth the procedures regarding the form of the bonds as well as how they are issued, registered, sold, paid out, and redeemed. [Section 36-4-6-19 of the Indiana Code](#) gives guidance to Council.

In general, it is important to note that these are tax exempt bonds, which impose requirements upon the City regarding use of proceeds and reporting to the Internal Revenue Service. Also, it is important to note that the bonds are secured by a pledge of tax revenues. These bonds would apply toward the City's constitutional debt limit, described in more detail in the memo provided by the administration.

In brief, by approving the ordinance:

- Council finds that it would be of public utility and benefit and in the best interests of the City to finance all or part of the 2024 Projects with general obligation bonds;
- Council authorizes the City to sell a maximum of \$4.3 million in general obligation bonds by negotiation or private placement in order to fund all or a portion of the costs of the 2024 Projects, as well as to fund the costs of issuing and selling the bonds;
- The bonds shall be issued on terms and conditions consistent with the ordinance and as set forth in a Purchase Agreement between the City and a purchaser or purchasers selected by the Mayor and the Controller;
- Council approves and authorizes the Mayor and Controller to execute such a purchase agreement in the form determined necessary or appropriate by the Mayor and the Controller with advice of counsel;
- The bonds are general obligations, payable from the ad valorem property taxes on all taxable property within the City;
- The ordinance states that the proceeds from the sale of the bonds are to be deposited into a fund called the City of Bloomington, Indiana, 2024 Projects Fund to pay for the 2024 Projects, and the Controller may create the Series 2024 Bond Fund into which taxes and other funds will be paid to pay debt service;
- The ordinance incorporates Exhibit A, which provides a brief description of the 2024 Projects to be funded through the issuance and sale of the bonds;
- The bonds shall bear interest not exceeding a rate of 5% per annum and maximum maturity period of no more than 3 years (given the payment dates, it will be a little over 2 years) ;
- It includes an example bond in the same form and tenor of the bonds to be issued; and
- The ordinance specifies the conditions and procedures under which the terms of the bond may be amended.



City of Bloomington Indiana

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[Section 6-1.1-18-5 of the Indiana Code](#) requires publication of notice and a hearing regarding the issuance and sale of the bonds. The consideration of this ordinance on November 20, 2024 will serve as the legally-advertised public hearing.

Contact

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