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'Music Man' City Sells Munis to Pay for Renaissance.

- **Mason City, Iowa, borrows to pay for arena, hotel, museum**
- **Joins big cities in borrowing to pay for economic development**

There's no trouble in River City. It's selling bonds Tuesday to pay for everything from transit rolling stock and cemetery equipment to a new multi-purpose arena and turning "Music Man Square" into a convention and conference center.

Big cities use the municipal market all the time to help pay for things like New York City's Hudson Yards and Boston's "Big Dig" road relocation project.

But a close study of the calendar of new deals shows that small cities and towns are doing it every week, too, and backing the bonds in a variety of ways, sometimes with incremental increases in sales and property taxes, sometimes with governmental appropriations, sometimes with their general obligation full faith and credit tax pledge.

That's what Mason City, Iowa, birthplace of Meredith Willson, who in 1957 wrote "The Music Man," is using to secure the more than \$12 million in bonds it's selling at auction. The tax-exempt portion is being used to pay for airport improvements, street construction and sewer projects, among other things - the usual enterprises you associate with the municipal market.

But the taxable portion is being used to help fund the "Urban Renewal Plan for the Downtown Reinvestment and Urban Renewal Area," and that includes an arena, a performing arts center, museum improvements and a "hotel, skywalk and convention complex," in the words of the official statement to the deal, which is rated Aa3 by Moody's Investors Service.

This is the stuff of bigger dreams, namely, economic development for the city of 28,079 (2010 Census) down from 30,642 in 1960.

They are calling that economic development the "River City Renaissance" project, a \$40 million plan funded by a mix of taxes, grants, private equity, state and county money and these GOs. The project was approved by voters in November of 2017.

"The Music Man" told the story of a sweet-talking con-man, Harold Hill (portrayed in both the Broadway play and the 1962 movie by Robert Preston) who convinced the citizens of River City, Iowa, to pay up to start a marching band for their sons. It ended with a bit of magic, which may be what Mason City will need for all the pieces of the project to come together just right.

There's no way to track the growth in such projects since the Great Recession, because municipalities finance them in such diverse ways. Anecdotally, though, it seems that not a week goes by without some city, somewhere, selling bonds to finance a brighter future based upon shopping, a hotel, a convention center, a stadium, some swell addition that will turn downtown into a destination.

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