



CITY COUNCIL Agenda Item #18-291(b)

Date: October 3, 2018

Consent X Discussion

SUBJECT: Bond Necessity Resolution and Declaration of Intent

SUBMITTING DEPARTMENT: Manager's and Finance Office

RECOMMENDED ACTION: Approve the necessity to issue bonds in amount not to exceed \$10,500,000 to construct a parking garage and related infrastructure improvements within the TIF District.

RELATED COUNCIL GOAL/PRIOR ACTION: Community Prosperity; Thoughtfully Planned Built Environment; Responsive and Responsible Government

EXPENDITURE REQUIRED: None

SOURCE OF FUNDS: N/A

LEGAL REQUIREMENTS: City Charter §1102 SUBMISSION TO VOTERS (a) When the City Council shall determine that the public necessity or interest demands improvements, other than improvements relating to schools or school property, and that the cost of the same will be too great to be paid out of the ordinary revenue of the City, the Council may by vote of two-thirds of its members order the submission of a proposition to make such improvements and incur debt to pay for the same to the voters of the City at an annual or special meeting warned and held for that purpose.

BACKGROUND INFORMATION: None

SUPPORTING DOCUMENTS: Necessity Resolution, Warning, Notice of Informational Hearings, declaration of intent is currently in legal review and will be submitted under separate cover.

INTERESTED PARTIES: Council, residents, community members, downtown district, outside agencies, staff

CITY MANAGER'S APPROVAL:

A handwritten signature in black ink, appearing to read "W. Hoffman", is written over the line for the City Manager's approval.

RESOLUTION CERTIFICATE

I, John M. Odum, certify that I am the duly elected and qualified City Clerk of the City of Montpelier, a municipal corporation located in the County of Washington, State of Vermont (the “City”); that I have custody of the books, records and seal of the City, and that the following is a true and exact copy of a Resolution adopted at a meeting of the City Council of the City, duly called, noticed and held on October 3, 2018, at which a quorum of members was present and voting; and that the same remains in full force and effect, and has not been amended, rescinded, abridged, modified or contested in any way:

WHEREAS, having made the requisite findings under 24 V.S.A. § 1892(a), on May 23, 2018, 2018 the City Council created within the City a tax increment financing district known as the Montpelier Tax Increment Financing District (the “District”), and established the boundaries thereof; and

WHEREAS, the creation of the District was approved under 24 V.S.A. § 1894(a) and 30 V.S.A. § 5054a(h) by the Vermont Economic Progress Council on Aug. 30, 2018; and

WHEREAS, the City’s District plan of finance was approved under 24 V.S.A. § 1894(d) by the Vermont Economic Progress Council on Aug. 30, 2018; and

WHEREAS, the public interest and necessity demand that certain improvements be made within and adjacent to the District, namely, construction of a public parking facility, and appurtenant water, sewer, sidewalk and highway betterments, all at an aggregate estimated cost of up to \$10.5 million; and

WHEREAS, the cost of completing such improvements, after application of available state and federal grants-in-aid and the application of reserves and other financial resources will be too great to be paid out of the annual revenue of the City;

THEREFORE, BE IT RESOLVED, that a proposal for (1) providing such improvements, (2) issuing general obligation bonds or notes of the City in the aggregate amount not to exceed \$10.5 million to pay for its cost of the same, (3) pledging the District tax increment and the revenue derived therefrom as security for such indebtedness, and (4) reimbursing the City out of District tax increment revenue for related District costs should be submitted to the legal voters of the City at a special meeting thereof to be duly called and held for that purpose on November 6, 2018; and

BE IT FURTHER RESOLVED, that public informational hearings be called, noticed and held on Wednesday, October 3, 2018, and on Monday, October 29, 2018; and

BE IT FURTHER RESOLVED, that all acts relating to the proposition of incurring indebtedness and the issuance of general obligation bonds or notes of the City for the purpose of financing such improvements, pledging City revenue to secure such bonds and notes, and to effect reimbursements of eligible related costs, as well as the construction, maintenance and operation of such improvements within the corporate limits of the City, be in accordance with the provisions of No. M-11 of the Acts of 2007, as amended, and Chapter 53 of Title 24, Vermont Statutes Annotated; and

BE IT FURTHER RESOLVED, that the attached Warning (Exhibit A), form of Ballot (Exhibit B) and Notice of Informational Hearings (Exhibit C) be adopted for use in connection with consideration of the above-stated proposition of making said public improvements, incurring indebtedness therefor and pledging and appropriating District tax increments.

Dated: October _____, 2018 ATTEST:

SEAL

City Clerk

Received for record and recorded this _____ day of October, 2018, in the records of the City of Montpelier.

City Clerk

CITY OF MONTPELIER
SPECIAL CITY MEETING

WARNING

The legal voters of the City of Montpelier, Vermont, are hereby notified and warned that a Special City Meeting will be held in the City Hall on Tuesday, November 6, 2018, between the hours of seven o'clock (7:00) in the forenoon (a.m.), at which time the polls will open, and seven o'clock (7:00) in the afternoon (p.m.), at which time the polls will close, to vote by Australian ballot upon the following Article of business.

ARTICLE I

Shall the City Council be authorized to pledge the credit of the City of Montpelier, secured by general obligation bonds, notes or other forms of indebtedness, in an amount not to exceed \$10.5 million (Ten Million Five Hundred Thousand Dollars), for the purpose of financing and funding Montpelier Tax Increment Financing District improvements and related costs, namely,

- (1) Public parking facility at an estimated cost of \$9.2 million;
- (2) District sidewalks, streetscapes, lighting, water, storm water and sewer improvements at an estimated cost of \$1.3 million;
- (3) Reimbursement and payment of eligible and related costs incident to the implementation and administration of the District and construction of the above improvements to the extent permitted by law; and

to pledge and appropriate the District tax increment in the amount of up to \$10.5 million for the payment of such obligations, and to make such reimbursements?

The legal voters of the City are further notified that voter qualification, registration and early/absentee voting relative to said special meeting shall be as provided in Chapters 43, 51 and 55 of Title 17, Vermont Statutes Annotated.

The City has not previously issued debt obligations to finance District improvements secured by a pledge of District tax increment.

Voters are advised that if the District tax increment is insufficient to pay the principal and interest on City obligations issued to finance the improvements identified in Article I, for whatever reason, including a decrease in property value or repeal of a state property tax source, unless determined otherwise at the time of such repeal, the City of Montpelier shall remain liable for full payment of the principal and interest for the term of such obligations.

ARTICLE II

Shall the voters authorize the City Council to borrow a sum of money not to exceed \$16,750,000 (Sixteen Million Seven Hundred Fifty Thousand) for various sewer treatment systems to upgrade the existing Water Resource Recovery Facility on Dog River Road? Said improvements are planned to

replace aging infrastructure and facilities to improve efficiency and allow for processing of high strength waste products. If approved, bonds for these capital items would be issued for a term not to exceed 30 years. Approximately \$634,000 would be required for the first year interest payment, with principal payments of approximately \$676,000 in the fifth year with future principal and interest payments declining each year as the principal is repaid. (Requested by the City Council)

ARTICLE III

Shall the city amend the city charter by adding Subchapter 15 - Supplemental Voting Registry to Section II allowing non-citizen legal residents to vote on Montpelier city ballot items?

ARTICLE IV

Shall the city amend section 5-301 2(b) of the city charter as follows:

(B) Regulation or prohibition of any condition, activity, enterprise, public nuisance, or matter concerning ~~promotion of public health, safety, and welfare as permitted by the general law of the State within the City, including any condition, activity, enterprise, public nuisance or matter that promotes or results in unreasonable litter or waste, the degradation of the natural environmental, negative impacts to wildlife, or increased costs, whether tangible or intangible, to City taxpayers and residents to clean-up, manage or recycle as a result of such condition, activity, enterprise, public nuisance or matter. In furtherance thereof, the City shall have the power to impose and collect reasonable and related taxes, charges and fees and to adopt ordinances, regulations and policies that protect, promote and encourage natural resources, wildlife, environmental conservation, sustainability, energy conservation and efficiency.~~

Adopted and approved at a special meeting of the City Council of the City of Montpelier duly called, noticed and held on October 3, 2018. Received for record and recorded in the records of the City of Montpelier on ____ day of October, 2018.

ATTEST:

City Clerk

NOTICE OF PUBLIC INFORMATIONAL HEARINGS

Notice is hereby given that public informational hearings will be conducted in the City of Montpelier at the City Council Chambers, City Hall, 39 Main Street on Wednesday, October 3, 2018 and on Monday, October 29, 2018, each commencing at 6:30 P.M. in the evening.

At each hearing oral and written information shall be presented relating to the amount of general obligation bonds and notes and related costs incident to the construction of improvements within the City's Tax Increment Financing District, which improvements will be described along with a description of the development expected to occur as a result of such improvements.

Information to be presented also will include notice to voters that if any tax increment received by the City from any property tax source within the Tax Increment Financing District is insufficient to pay debt service on Tax Increment Financing District bonds or notes in any year for whatever reason, including a decrease in property value or repeal of a state property tax source, unless determined otherwise at the time of such repeal, the City shall remain liable for the full payment of Tax Increment Financing District bonds and notes.

Additional information will be available on the City's website: www.montpelier-vt.org.

September 28, 2018

Attest, John Odum, Montpelier City Clerk

DECLARATION OF OFFICIAL INTENT
OF THE CITY OF MONTPELIER
TO REIMBURSE CERTAIN EXPENDITURES
FROM PROCEEDS OF INDEBTEDNESS

WHEREAS, the City of Montpelier, Vermont (the “Issuer”) intends to construct certain tax increment financing district building and infrastructure public water system improvements to be considered by the Issuer at the November 6, 2018 special meeting thereof (the “Project”);

WHEREAS, the Issuer expects to pay certain capital expenditures (the “Reimbursement Expenditures”) in connection with the Project prior to the issuance of indebtedness for the purpose of financing costs associated with the Project on a long-term basis;

WHEREAS, the Issuer reasonably expects that for that part of the Project consisting of design, permitting, financing, acquisition and construction costs, debt obligations in an amount not expected to exceed \$10,500,000 will be issued and that certain of the proceeds of such debt obligations will be used to reimburse the Reimbursement Expenditures; and

WHEREAS, the Issuer declares its reasonable official intent to reimburse prior expenditures for the above-described part of the Project with proceeds of a subsequent borrowing:

NOW THEREFORE, the Issuer declares:

Section 1. The Issuer finds and determines that the foregoing recitals are true and correct, and that all of the capital expenditures covered by this Resolution were or will be made not earlier than 60 days prior to the date of this Resolution.

Section 2. This declaration is made solely for the purposes of establishing compliance with the requirements of Section 1.150-2 of the Treasury Regulations. This declaration does not bind the Issuer to make any expenditure, incur any indebtedness, or proceed with the Project.

Section 3. The Issuer hereby declares its official intent to use proceeds of indebtedness to reimburse itself for Reimbursement Expenditures, within 18 months of either the date of the first expenditure of funds by Issuer for such Project or the date that such Project is placed in service, whichever is later (but in no event more than three years

after the date of the original expenditure of Issuer's funds for such Project), and to allocate an amount not to exceed \$10,500,000 of the proceeds thereof to reimburse itself for its expenditures in connection with the Project.

Section 4. The Issuer's debt obligations for the aforementioned purpose will not be "private activity bonds" within the meaning of Section 141 of the Internal Revenue Code of 1986.

Section 5. All prior actions of the officials and agents of Issuer that are in conformity with the purpose and intent of this Resolution and in furtherance of the Project shall be and the same hereby are in all respects ratified, approved and confirmed.

Section 6. All other resolutions of the legislative body of the Issuer, or parts of resolutions, inconsistent with this Resolution are hereby repealed to the extent of such inconsistency.

Section 7. It is hereby found that all discussions and deliberations of the legislative body of the Issuer leading to the adoption of this Resolution occurred at one or more meetings of the legislative body conducted pursuant to public notice and open to public attendance.

Section 8. This declaration shall take effect from and after its adoption.

The undersigned, City Clerk of the Issuer, hereby certifies that the foregoing is a full, true and correct copy of the declaration of the City Council of the Issuer duly made at a meeting thereof held on the date, specified below, and that this declaration has not been amended, modified or revoked.

City Clerk

October 3, 2018