



Legislation Text

File #: ID 18-0496, **Version:** 1

Resolution Approving and Authorizing the Sale and Issuance of Limited Obligation Bonds and the Execution and Delivery of a Master Trust Agreement, a First Supplemental Trust Agreement, a Deed of Trust and Related Documents in Connection with the Financing of New Parking Facilities

Department: Financial & Administrative Services
Council District: 3

Public Hearing: August 21, 2018
Advertising Date/By: August 10, 2018

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PURPOSE: To hold a public hearing to authorize the issuance and sale of up to \$43 million limited obligation bonds on October 17, 2018 to finance the land acquisition, design, and construction of the February One Deck and land acquisition and design of the Eugene Street Deck, and related financing costs, including capitalized interest during construction. The par amount of the bonds on the sale date is not expected to exceed \$43 million. Issuance of limited obligation bonds to finance the parking facilities is subject to a public hearing and approval by City Council and the Local Government Commission.

BACKGROUND: This proposed financing will fund the land acquisition, design, and construction of the February One Deck and land acquisition and design of the Eugene Street Deck, including reimbursing the City for expenses already incurred toward these projects.

At its April 18, 2017 meeting, the City Council authorized the City Manager to enter into a Memorandum of Understanding with Elm Street Hotel, LLC to design and build a public/private parking structure in the 100 block of South Davie Street. This downtown development project would include a new hotel, retail space, parking structure and a renovated event center. The City will be authorizing to spend up to \$31,150,000 for land acquisition, design and construction of the February One Parking Deck project, provided that City funds do not exceed 50% of the total costs of the February One Downtown Development Project.

At its July 17, 2018 meeting, the City Council authorized the City Manager to enter into agreement with Kimberly-Horn and Associates, Inc. for design services associated with the construction of a Eugene Street Parking Deck. At the same meeting, the City Council approved the purchase of property at 201 N. Eugene Street from Guilford County, as well as authorization to negotiate exchange of portions of land with a neighboring parcel, as well as other consideration in the amount of \$2,300,000.

The new facility and land acquisitions will be financed by the issuance of taxable limited obligation bonds pursuant to a master trust agreement with U.S. Bank (bond trustee) and a bond purchase agreement with Wells Fargo Bank, N.A. The interest on this installment financing will have a 30-year term with a projected average interest rate not to exceed 4.50%.

BUDGET IMPACT: Annual debt service on the proposed issue will be included in the Parking Fund budget, estimated at \$2.5 million annually. Increased monthly parking rates and property and sales tax revenue generated from related downtown development will be used to offset this new debt service. Interest payments will be capitalized until the deck is placed into operation.

RECOMMENDATION / ACTION REQUESTED: The Finance and Legal Departments recommend approval of the attached resolution authorizing the sale of taxable limited obligation bonds for new parking facilities in an amount not to exceed \$43 million.