

MEMORANDUM

TO: Mayor and City Council

FROM: Pete Strecker, Finance Director

MEETING DATE: December 10, 2018

RE: Resolution #149, Series of 2018 - Debt Issuance for Purposes of Funding Construction for New City Municipal Office Building

REQUEST OF COUNCIL: Staff requests Council approval of a reimbursement resolution to allow the City to move forward with plans for new municipal offices at the site adjacent to the parking garage, and prior to the formal securitization of outside financing. This action would be consistent to past Council adoption of a reimbursement resolution for the recent construction of the new Aspen Police Department.

PREVIOUS COUNCIL ACTION: Council adopted the 2019 budget with an understanding that there were at least two possible sites for constructing new municipal offices. The new budget included a \$10 million placeholder for a portion of design, permitting and construction costs, but until voter sentiment was obtained, no further action could occur.

DISCUSSION: Upon the November election results being confirmed, staff anticipates proceeding with the eventually construction of new municipal offices at the “Galena Option” site adjacent to the parking garage. As discussed with Council during past budget discussions around city offices, the need for financing exists as City coffers do not have enough cash on hand to fully fund the combination a new office building plus the renovation of the existing City Hall within the Armory.

To ensure that work can begin as quickly as possible following voter confirmation of the preferred site (as construction inflation has led to significant growth in the overall project budget), given that a formal debt issuance typically takes a few months to prepare and close, staff recommends Council approve the proposed reimbursement resolution to allow project costs incurred up to 60 days prior to the adoption of this resolution, and forward, as reimbursable expenses from financing proceeds that will ultimately become available. Staff concurrently recommends moving forward with the formal debt issuance in early 2019 to ensure that financing is secured reasonably soon after the initial Council approval to spend is received.

RECOMMENDED ACTION: Staff proposes that City Council approve the financing for the new municipal office building through the use of certificates of participation, and prior to that official public offering, to adopt a reimbursement resolution.

PROPOSED MOTION: “I move to adopt Resolution #149, Series of 2018, to authorize the use of future debt proceeds, once obtained, to be applied toward related project expenses associated with new municipal offices at Galena.

CITY MANAGER COMMENTS: _____

RESOLUTION NO. 149
SERIES OF 2018

**A RESOLUTION EXPRESSING THE INTENT OF THE
CITY OF ASPEN, COLORADO TO BE REIMBURSED FOR
CERTAIN EXPENSES RELATING TO CERTAIN CAPITAL
EXPENDITURES ASSOCIATED WITH THE FINANCING
OF NEW ADMINISTRATIVE OFFICES.**

WHEREAS, the City of Aspen, Colorado (the "City") is a legal and regularly created, established, organized and existing municipal corporation under the provisions of Article XX of the Constitution of the State of Colorado and the Charter; and

WHEREAS, the members of the City Council of the City (the "Council") have been duly elected and qualified; and

WHEREAS, it is the current intent of the City to make certain capital expenditures for the construction of new City administrative offices (the "Project"); and

WHEREAS, the Council has determined that it is in the best interest of the City to finance the Project by the execution and delivery of a lease purchase agreement pursuant to Section 10.8 of the City Charter (the "Financing"); and

WHEREAS, the Council has determined that it is necessary to make capital expenditures in connection with the Project prior to the time that the City arranges for the financing of the Project; and

WHEREAS, it is the Council's reasonable expectation that when such Financing occurs, the capital expenditures will be reimbursed with the proceeds of the Financing; and

WHEREAS, in order to comply with the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), it is the Council's desire that this resolution shall constitute the "official intent" of the Council to reimburse such capital expenditures within the meaning of Treasury Regulation § 1.150-2.

NOW, THEREFORE, be it resolved by City Council:

Section 1. All action (not inconsistent with the provisions of this resolution) heretofore taken by the Council and the officers, employees and agents of the City directed toward the Financing is hereby ratified, approved and confirmed.

Section 2. The City intends to finance up to \$28,732,000 to pay the costs of the Project, including the reimbursement of certain costs incurred by the City prior to the receipt of any proceeds of a Financing, upon terms acceptable to the City, as authorized in an ordinance to be hereafter adopted and to take all further action which is necessary or desirable in connection therewith.

Section 3. The officers, employees and agents of the City shall take all action necessary or reasonably required to carry out, give effect to and consummate the transactions contemplated hereby and shall take all action necessary or desirable to finance the Project and to otherwise carry out the transactions contemplated by the resolution.

Section 4. The City shall not use reimbursed moneys for purposes prohibited by Treasury Regulation § 1.150-2(h). This resolution is intended to be a declaration of "official intent" to reimburse expenditures within the meaning of Treasury Regulation § 1.150-2.

Section 5. If any section, paragraph, clause or provision of this resolution shall for any reason be held invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this resolution.

Section 6. All acts, orders and resolutions of the Council, and parts thereof, inconsistent with this resolution be, and the same hereby are, repealed to the extent only of such inconsistency. This repealer shall not be construed to revive any act, order or resolution, or part thereof, heretofore repealed.

Section 7. The resolution shall in full force and effect upon its passage and approval, this 10th day of December 2018.

Steven Skadron, Mayor

I, Linda Manning, duly appointed and acting City Clerk of the City of Aspen, Colorado, do hereby certify that the foregoing is a true and accurate copy of the Resolution adopted by the City Council at its meeting held on the 10th day of December 2018.

Linda Manning, City Clerk