RESOLUTION NO. 2018-35

RESOLUTION OF THE CITY OF FOREST GROVE, OREGON, DECLARING ITS INTENTION TO REIMBURSE EXPENDITURES FROM PROCEEDS OF TAX-EXEMPT OBLIGATIONS

WHEREAS, the City Council of the City of Forest Grove, Oregon(the "Issuer") desires to finance the costs of the acquisition of two properties located within the boundaries of the Issuer at 2137 19th Avenue (tax lots 1S306BA05900 and 1S306BA06000) and 2129 19th Avenue (tax lot 1S306BA06100) (collectively, the "Project"); and

WHEREAS, the Issuer intends to finance costs of the Project or portions thereof with the proceeds of the sale of obligations the interest upon which is excluded from gross income for federal income tax purposes (the "Obligations"); and

WHEREAS, prior to the issuance of the Obligations the Issuer desires to incur certain capital expenditures (the "Expenditures") with respect to the Project from available moneys of the Issuer; and

WHEREAS, the City Council of the Issuer has determined that those moneys advanced to pay the Expenditures prior to the issuance of the Obligations are available only for a temporary period and it is necessary to reimburse the Issuer for the Expenditures from the proceeds of the Obligations.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF FOREST GROVE, OREGON, DOES HEREBY RESOLVE, ORDER AND DETERMINE AS FOLLOWS:

Section 1. The Issuer hereby states its intention and reasonably expects to reimburse Expenditures of the Project paid prior to the issuance of the Obligations with proceeds of the Obligations.

Section 2. The reasonably expected maximum principal amount of the Obligations is $700,000.

Section 3. This resolution is being adopted no later than 60 days after the date on which the Issuer paid its first Expenditure on the Project to be reimbursed from proceeds of the Obligations (excluding certain preliminary expenditures which may have been paid before that date).

Section 4. The Issuer will make a reimbursement allocation, which is a written allocation that evidences the Issuer's use of proceeds of the Obligations to reimburse an Expenditure, no later than 18 months after the later of the date on which the Expenditure is paid or the Project is placed in service or abandoned, but in no event more than three years after the date on which the Expenditure is paid.

Section 5. This resolution is adopted as official action of the Issuer in order to comply with Treasury Regulation Section 1.150-2 and any other regulations of the Internal Revenue Service relating to the qualification for reimbursement of Expenditures of the Issuer incurred prior to the date of issue of the Obligations.

Section 6. This resolution is effective immediately upon its adoption by the City Council.

PRESENTED AND PASSED this 19th day of March, 2018.

Anna D. Ruggles

Anna D. Ruggles, City Recorder

APPROVED by the Mayor this 19th day of March, 2018.

PB Truax

Peter B. Truax, Mayor

FOREST GROVE OREGON

A place where families and businesses thrive.

CITY RECORDER USE ONLY:	
AGENDA ITEM #:	8.
MEETING DATE:	3/19/18
FINAL ACTION:	Res 2018-35

CITY COUNCIL STAFF REPORT

TO: *City Council*

FROM: *Jesse VanderZanden, City Manager*

MEETING DATE: *March 19, 2018*

PROJECT TEAM: *Paul Downey, Administrative Services Director*

SUBJECT TITLE: *Reimbursement Resolution for Property Purchases*

ACTION REQUESTED:
X all that apply

	Ordinance		**Order**	**X**	**Resolution**		**Motion**		**Informational**

<u>ISSUE STATEMENT</u>: The City has agreed to purchase properties located at 2129 19th Avenue and 2137 19th Avenue for $240,000 and $410,000, respectively plus City's closing costs. The properties are going to be paid for by General Fund Reserve. The properties could be utilized for a number of different purposes including police, fire, and library facility and/or parking expansions. Should the City use tax exempt financing to pay for the police facility, the City can choose to reimburse the General Fund for the costs of these properties with the tax-exempt financing. Bond Counsel has prepared a resolution that would allow the City to use tax-exempt financing to reimburse the General Fund for the costs of the property if the City chooses to do so.

<u>BACKGROUND</u>: Both properties, owned by different sellers, became available for purchase at the same time. The properties are located on the same block as the library, police, and fire facilities. By purchasing these properties, the City has an ownership interest in all of the properties on the block. The properties to be purchased may be used in conjunction with building an updated police facility. The City is still in the site selection process for a potential policy facility. Purchasing these properties gives the City additional options to consider in locating an updated police facility.

The City will most likely issue general obligation bonds (GO Bonds) as its form of tax-exempt financing for an updated police facility. GO Bonds will require voter approval. Federal tax laws allow the City to reimburse certain capital expenditures incurred prior to the issue of the tax-exempt financing from the proceeds of that financing if the City passes a resolution expressing its intent to reimburse those expenditures within the first 60 days of paying the first expenditure. The first expenditure was paid on February 28, 2018.

Approving this resolution does not require the City to reimburse the expenditures when the bonds are issued; it leaves open the option of making the reimbursement at that time. The resolution lists the maximum time the City has to reimburse the General Fund for the purchases.

FISCAL IMPACT: The total purchase price for both properties will be approximately $660,000. Bond Counsel put $700,000 in the resolution because the amounts are not finalized. The City cannot reimburse the General Fund for more than the actual costs to purchase the property. If the purchase funds are reimbursed to the General Fund, those funds will be available for other General Fund purposes at that time.

STAFF RECOMMENDATION: Staff recommends the City Council approve the attached resolution declaring its intent to reimburse the expenditures with tax-exempt financing.

ATTACHMENT(s): Resolution of the City of Forest Grove, Oregon, Declaring Its Intention to Reimburse Expenditures from Proceeds of Tax-Exempt Obligations