



Legislation Text

File #: 19-1566, **Version:** 1

Resolution Authorizing Publication of Notice of Intent to Issue General Obligation Capital Improvement Bonds to Fund Downtown Development Authority Ann Ashley Parking Structure Expansion Project (Not to Exceed \$27,000,000.00) **(6 Votes Roll Call)**

Recommended for Council is a Resolution approving the publication of a Notice of Intent to Issue General Obligation Bonds in the maximum principal amount of \$27,000,000.00 for the purpose of financing the costs to add three new floors of parking spaces, a new elevator, improvements to the structure for pedestrian entrances, buildout of the space under the southern portion of the current parking structure, additional covered bicycle parking, and various infrastructure improvements including electrical, lighting, stormwater infiltration, and solar charging, to the Ann Ashley Parking Structure located at 220 N. Ashley Street (the "Bonds").

The purpose of this resolution is to authorize publication of a notice of intent to issue the Bonds to inform the electors and taxpayers of the City of Ann Arbor of the Bonds' purpose and their right to petition for a referendum on the question of issuance of the Bonds. The City intends to issue the Bonds without a vote of the electors, but the Bonds will not be issued until 45 days after publication of this notice and until final approval and authorization by the City Council.

Staff anticipates that the Downtown Development Authority of the City of Ann Arbor (DDA) will be responsible for repayment of the Bond proceeds, interest, and other related issuance costs. A Financing Agreement committing the DDA for this repayment is being prepared for consideration prior to City Council considering final approval of the Bond issuance.

The Capital Improvement Bonds are to be secured secondarily by the City's pledge of its limited tax full faith and credit, and are expected to be sold through competitive bidding. The Bond Authorizing Resolution, to be considered at a later date, will authorize the City Treasurer to execute an Order awarding the Bonds to the lowest bidder based on the lowest true interest cost to the City. The Bond Authorizing Resolution will also authorize the Mayor, City Clerk, Chief Financial Officer and City Treasurer to execute and deliver all required documentation in connection with the issuance, sale, and delivery of the Bonds.

The City's bond counsel, Dykema Gossett PLLC, prepared the attached notice and resolution, with further review by the City Attorney.

Prepared by: Tom Crawford, Chief Financial Officer

Reviewed by: Betsy Blake, Senior Assistant City Attorney

Approved by: Howard S. Lazarus, City Administrator

CITY OF ANN ARBOR

County of Washtenaw, State of Michigan

**RESOLUTION AUTHORIZING PUBLICATION
OF NOTICE OF INTENT TO ISSUE GENERAL OBLIGATION
CAPITAL IMPROVEMENT BONDS**

(ANN ASHLEY PARKING STRUCTURE EXPANSION)

Minutes of a meeting of the City Council of the City of Ann Arbor, County of Washtenaw, State of Michigan, held on the 3rd day of September, 2019, at 7:00 o'clock p.m. Eastern Time.

PRESENT: Members

ABSENT: Members

The following preamble and resolution ("Resolution") were offered by Member
and supported by Member :

Whereas, The City of Ann Arbor, County of Washtenaw, State of Michigan (the "City") intends to issue and sell general obligation capital improvement bonds, pursuant to the Revised Municipal Finance Act, Act 34, Public Acts of Michigan, 2001, as amended ("Act 34"), in an aggregate principal amount not to exceed Twenty Seven Million Dollars (\$27,000,000) (the "Bonds") for the purpose of financing the costs to add three new floors of parking spaces, a new elevator, improvements to the structure for pedestrian entrances, buildout of the space under the southern portion of the current parking structure, additional covered bicycle parking, and various infrastructure improvements including electrical, lighting, stormwater infiltration, and solar charging, to the Ann Ashley Parking Structure located at 220 N. Ashley Street (the "Project"); and,

Whereas, It is proposed that the Bonds be general obligation bonds secured by a pledge of the City's full faith and credit, subject to constitutional, statutory and charter limitations; and

Whereas, A notice of intent to issue bonds and of the right to petition for referendum thereon must be published at least 45 days before the issuance of the aforesaid Bonds in order to comply with the requirements of Section 517 of Act 34.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The City Clerk of the City (the "City Clerk") is hereby authorized and directed to cause a notice of intent to issue bonds to be published and prominently displayed once in The Washtenaw County Legal News, a newspaper of general circulation in the City. Said notice of intent shall be published as a one-quarter (1/4) page display advertisement in substantially the following form (the "Notice"), with such changes as the City Clerk shall deem necessary and appropriate, upon the advice of Dykema Gossett PLLC as bond counsel:

[Form of Notice]

**NOTICE OF INTENTION OF THE CITY OF ANN ARBOR
TO ISSUE GENERAL OBLIGATION
CAPITAL IMPROVEMENT BONDS
AND OF RIGHT TO PETITION FOR REFERENDUM THEREON**

**TO ALL ELECTORS AND TAXPAYERS OF THE
CITY OF ANN ARBOR:**

PLEASE TAKE NOTICE that the City Council of the City of Ann Arbor, Washtenaw County, Michigan (the "City"), intends to issue and sell the City's General Obligation Capital Improvement Bonds, pursuant to Act 34, Public Acts of Michigan, 2001, as amended, in an aggregate principal amount not to exceed Twenty Seven Million Dollars (\$27,000,000) (the "Bonds") for the purpose of financing the costs to add three new floors of parking spaces, a new elevator, improvements to the structure for pedestrian entrances, buildout of the space under the southern portion of the current

parking structure, and additional covered bicycle parking and various infrastructure improvements including electrical, lighting, stormwater infiltration, and solar charging, to the Ann Ashley Parking Structure located at 220 N. Ashley Street (the "Project").

SAID BONDS will be payable in annual installments, not to exceed twenty-five (25) in number, and will bear interest at the rate or rates to be determined at public or negotiated sale, but in no event to exceed ten percent (10%) per annum, on the balance of the Bonds from time to time remaining unpaid. Payment of principal of and interest on the Bonds will be secured by the City's limited tax general obligation pledge as described below.

FULL FAITH AND CREDIT AND TAXING POWER OF THE CITY OF ANN ARBOR WILL BE PLEDGED

NOTICE IS FURTHER GIVEN that the Bonds will be general obligation bonds of the City. The full faith and credit of the City will be pledged to the payment of principal of and interest on the Bonds. Pursuant to such pledge of its full faith and credit, the City will be obligated to levy such ad valorem taxes upon all taxable property in the City as shall be necessary to make such payments of principal and interest, which taxes, however, will be subject to applicable statutory, constitutional and charter limitations on the taxing power of the City.

RIGHT TO PETITION FOR REFERENDUM

NOTICE IS FURTHER GIVEN to the electors and taxpayers of the City of Ann Arbor to inform them of their right to petition for a referendum on the question of issuance of the Bonds. The City intends to issue the Bonds without a vote of the electors thereon, but the Bonds shall not be issued until 45 days after publication of this notice and until final approval by the City Council. If, within such 45-day period, a petition for referendum requesting an election on the issuance of the Bonds, signed by not less than 10% or 15,000 of the registered electors of the City, whichever is less, has been filed with the City Clerk of the City, the Bonds shall not be issued unless and until approved by a majority of the electors of the City voting thereon at a general or special election.

This notice is given by order of the City Council. Further information may be obtained at the office of the City Clerk, 301 E. Huron Street, Ann Arbor, Michigan 48107.

Jacqueline Beaudry
City Clerk, City of Ann Arbor

[End of form of Notice]

2. The City Council does hereby determine that the foregoing Notice and the manner of publication directed is the method best calculated to give notice to the City's electors and taxpayers of the City's intent to issue the Bonds, the purpose of the Bonds, the security for the Bonds, including the full faith and credit pledge to be issued by the City, and the right of referendum relating thereto, and the newspaper named for publication is hereby determined to reach the largest number of persons to whom the Notice is directed.

3. The City makes the following declarations for the purpose of complying with the reimbursement rules of Treas. Reg. § 1.150-2 pursuant to the Internal Revenue Code of 1986, as amended:

(a) The City reasonably expects to reimburse itself for expenditures for the costs of the Project with proceeds of the Bonds.

(b) The maximum principal amount of debt expected to be issued for the reimbursement purposes described herein is \$27,000,000.

(c) Reimbursement of expenditures for costs of the Project with the proceeds of the borrowing described herein will occur not earlier than the date on which the expenditure is paid and not later than the later of 18 months after either (1) the date on which the expenditure is paid, or (2) the date on which the Project is placed in service or abandoned (but in no case more than 3 years after the day on which the expenditure is paid) (subject to the provisions for small governmental issuers).

(d) The expenditures described in (a) above are "capital expenditures" as defined in Treas. Reg. §1.150-1, which are any costs of a type which are properly chargeable to a capital account (or would be so chargeable with a proper election) under general federal income tax principles (as determined at the time the expenditure is paid).

4. All resolutions and parts of resolutions insofar as they conflict with the provisions of this Resolution are rescinded.

AYES: Member

NAYS: Member

RESOLUTION DECLARED ADOPTED.

Jacqueline Beaudry, City Clerk

I hereby certify that the foregoing is a true and complete copy of a resolution adopted by the City Council of the City of Ann Arbor, County of Washtenaw, State of Michigan, at a meeting held on September 3, 2019, and that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the Open Meetings Act, being Act 267, Public Acts of Michigan, 1976, and that the minutes of said meeting were kept and will be or have been made available as required by said Act.

Jacqueline Beaudry, City Clerk

September __, 2019

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