

**CITY OF WINCHESTER, VIRGINIA**

**PROPOSED CITY COUNCIL AGENDA ITEM**

CITY COUNCIL/COMMITTEE MEETING OF: April 28, 2015 CUT OFF DATE:     

RESOLUTION   X   ORDINANCE      PUBLIC HEARING     

**ITEM TITLE:**

Resolution to reimburse expenditures with proceeds of a borrowing

**STAFF RECOMMENDATION:**

Approve as recommended

**PUBLIC NOTICE AND HEARING:**

N/A

**ADVISORY BOARD RECOMMENDATION:**

N/A

**FUNDING DATA:**

Funding appropriated as needed.

**INSURANCE:**

No liability assumed.

The initiating Department Director will place below, in sequence of transmittal, the names of each department that must initial their review in order for this item to be placed on the City Council agenda.

<u>DEPARTMENT</u>	<u>INITIALS FOR APPROVAL</u>	<u>INITIALS FOR DISAPPROVAL</u>	<u>DATE</u>
1. _____	_____	_____	_____
2. _____	_____	_____	_____
3. _____	_____	_____	_____
4. _____	_____	_____	_____
5. City Attorney	<i>MB</i>	_____	<i>4/19/2015</i>
6. City Manager	<i>MB</i>	_____	<i>9 April 2015</i>
7. Clerk of Council	_____	_____	_____

Initiating Department Director's Signature: *Mary Blowe* 4-1-15  
Date

Mary Blowe, Finance Director



**APPROVED AS TO FORM:**

*[Signature]*  
CITY ATTORNEY

# CITY COUNCIL ACTION MEMO

**To:** Honorable Mayor and Members of City Council  
**From:** Mary Blowe, Finance Director  
**Date:** April 14, 2015  
**Re:** Bond reimbursement resolution

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**THE ISSUE:** The City of Winchester is considering bonding a portion of the expenses for the Joint Judicial Center renovations, City Hall renovations, and the Meadow Branch Drive roadway project. This resolution would allow us to reimburse ourselves for expenses that occur prior to the bond issuance. I expect to complete the bond issue in the fall of 2015.

**RELATIONSHIP TO STRATEGIC PLAN:** With this resolution, City administration can work within our budget to maintain services and reallocate funds to accomplish *a more liveable City for all. And support of our mission of a financially sound City providing top quality municipal services while focusing on the customer and engaging our Community.*

**BACKGROUND:** Both the JJC renovation project and the Meadow Branch Drive project have been in the CIP for a number of years. With the recent HVAC emergency at City Hall, we feel timing is appropriate to begin the improvements to the building. It is necessary to bond a portion or all of the costs of these project costs.

**BUDGET IMPACT:** The impact will be the cost of the debt service, generally this is around \$80,000 per 1M of debt issued.

**OPTIONS:** City Council can choose to use cash for these projects, however, if this is chosen, we will need to take a look at our fund balance policy.

**RECOMMENDATIONS:** Staff recommends the approval of the bond reimbursement resolution to fund a portion of the JJC project, City Hall renovations and Meadow Branch Drive utilizing bond proceeds.

**RESOLUTION OF OFFICIAL INTENT TO REIMBURSE  
EXPENDITURES WITH PROCEEDS OF A BORROWING**

**WHEREAS**, the City of Winchester, Virginia (the “Borrower”), intends to finance various capital improvements for (a) road and street purposes, (b) courthouse building rehabilitation and renovation purposes and (c) renovations and improvements to City Hall (collectively, the “Project”); and

**WHEREAS**, plans for the Project have advanced and the Borrower expects to advance its own funds to pay expenditures related to the Project (the “Expenditures”) prior to incurring indebtedness and to receive reimbursement for such Expenditures from proceeds of tax-exempt bonds or taxable debt, or both;

**NOW, THEREFORE, BE IT RESOLVED BY THE COMMON COUNCIL OF THE CITY OF WINCHESTER, VIRGINIA, THAT:**

1. The Borrower intends to utilize the proceeds of tax-exempt bonds (the “Bonds”) or to incur other debt, in an amount not currently expected to exceed \$5,300,000 to pay the costs of the Project.

2. The Borrower intends that the proceeds of the Bonds be used to reimburse the Borrower for Expenditures with respect to the Project made on or after the date that is no more than 60 days prior to the date of this Resolution. The Borrower reasonably expects on the date hereof that it will reimburse the Expenditures with the proceeds of the Bonds or other debt.

3. Each Expenditure was or will be, unless otherwise approved by bond counsel, either (a) of a type properly chargeable to a capital account under general federal income tax principles (determined in each case as of the date of the Expenditure), (b) a cost of issuance with respect to the Bonds, (c) a nonrecurring item that is not customarily payable from current revenues, or (d) a grant to a party that is not related to or an agent of the Borrower so long as such grant does not impose any obligation or condition (directly or indirectly) to repay any amount to or for the benefit of the Borrower.

4. The Borrower intends to make a reimbursement allocation, which is a written allocation by the Borrower that evidences the Borrower’s use of proceeds of the Bonds 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. The Borrower recognizes that exceptions are available for certain “preliminary expenditures,” costs of issuance, certain de minimis amounts, expenditures by “small issuers” (based on the year of issuance and not the year of expenditure) and expenditures for construction of at least five years.

5. The Borrower intends that the adoption of this resolution confirms the “official intent” within the meaning of Treasury Regulations Section 1.150-2 promulgated under the Internal Revenue Code of 1986, as amended.

6. This resolution shall take effect immediately upon its passage.