

RESOLUTION NO 131-01

A RESOLUTION AUTHORIZING A LINE OF CREDIT LOAN OF UP TO \$600,000 TO THE DDA/TIF CAPITAL IMPROVEMENT FUND FOR A PERIOD BEGINNING JANUARY 1, 2002 THROUGH DECEMBER 31, 2003

Recitals.

The Downtown Development Authority has requested a line of credit loan of up to \$600,000 to be used for capital improvements in the plan of development area of the Tax Increment Financing District for various projects over the next two years. Two significant bond issues authorized by the City on behalf of the TIF district are still outstanding with balances of \$1,575,000 from the 1999 issue and a balance still owing on the 1996 issue of \$960,000. Any additional public bond offerings at this time may not receive a favorable interest rate since they would be subordinate to both previous bond issues and insufficient annual cash flows. Therefore, it is in the City and DDA's best interest to authorize a short-term loan arrangement to the TIF capital fund from the City's pool of cash and investments. It appears that by late 2003 or early 2004, the debt service fund and revenue fund combined should have sufficient resources to pay off all outstanding bonded debt through a defeasance and issue a significant bond issue through 2006 (last authorized year of the TIF) with a first and only priority claim on the tax increment cash flows. Any drawdowns on this line of credit will be paid in full with interest no later than the time of the next borrowing.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GRAND JUNCTION, COLORADO:

The City Manager and the Administrative Services and Finance Director are hereby authorized to loan up to \$600,000 to the TIF capital improvement fund. Requests for funds may be accompanied by the "Line of Credit Drawdown Request Form" attached as Exhibit "A".

Said loan to be repaid in full on or before December 31, 2003 at approximately 6% interest, the estimated average rate of return on our internal capital over the next two years.

The loan is to be used for capital improvements and DDA administrative costs of said capital improvements as requested from time to time by the DDA Board and approved by the City Manager in accordance with City Council policy as adopted by Resolution No. 130-01 and attached hereto as Exhibit "B".

Adopted by the City Council this 5th day of December, 2001.

President of the Council

ATTEST:

City Clerk

Exhibit "B"
RESOLUTION NO 130-01

**A RESOLUTION ESTABLISHING THE CITY OF GRAND JUNCTION POLICY
RELATIVE TO THE USE OF BOND AND LOAN PROCEEDS FROM THE TAX
INCREMENT FINANCED DEBT ISSUED BY THE CITY OF GRAND JUNCTION**

Recitals:

During the recent budget presentation to the City Council by the DDA Board of Directors represented by their Chairperson and Vice Chair, several issues were raised and discussion took place as to the appropriate use of Tax Increment Financed (TIF) loan or bond proceeds. The City Council at the conclusion of that meeting on November 19, 2001 directed staff to develop a policy statement including some alternatives for the consideration of the City Council. They believed a policy statement was needed to clearly direct the DDA board and City staff on what the appropriate use of borrowed proceeds will be in the City of Grand Junction, Tax Increment District. The City has issued bonds four different times over the past twenty years to provide capital improvement resources to the district and deposited into the DDA/TIF Capital Fund. The monies in the capital fund have been used for various capital improvements and a portion has been transferred to the DDA operating fund for administrative costs of those funded capital projects. From time to time the amount transferred for administration has been based on a flat percentage of the bonds proceeds or submitted costs of specific project administration or some combination of the two. It has varied from 5%, 10% or actual documented costs over this period.

The original ballot question approved by the voters on August 3, 1982 authorized the creation of the TIF and issuance of debt... "for the purpose of providing public improvements designed to improve traffic and pedestrian circulation within the downtown area, including, but not limited to, property acquisition for off-street parking, off-street surface and structure parking development, right-of-way acquisition, alleyway improvements, channelization, paving, curb and gutter improvements, landscaping, and traffic signal and control facilities...". Each of the four bond issues over the past twenty years identified specific projects to be built with the bond proceeds from that issue, in keeping with the purpose authorized by the voters.

**NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF
GRAND JUNCTION, that:**

- a. All bond and loan proceeds from Tax Increment Financing from time to time shall be used for capital improvement projects as authorized by the bond documents or City Council, in accordance with City policies and practices (including the direct administrative costs of those projects).

b. The above bond and loan proceeds can only be spent on those administrative costs directly attributable to each capital improvement project, in accordance with City policies and practices attached as Exhibit A. {These project administrative costs are eligible for reimbursement from capital funds to the DDA Operating fund as periodically documented by the DDA staff and submitted to the City.}

Adopted by the City Council this 5th day of December, 2001

/s/: Cindy Enos-Martinez
President of the Council

ATTEST:

/s/: Stephanie Tuin
City Clerk

CITY OF GRAND JUNCTION

POLICIES AND PRACTICES ON ALLOWED CAPITAL PROJECTS ADMINISTRATIVE COSTS

(December 5, 2001)

Expenditures Not Included:

The cost of a capital project should not include the costs of operation or maintenance of a facility; including streets, parks, plants, buildings, pump stations, fountains, parking lots, pools, ball fields etc. It is also a City policy to not charge to any capital project any organizational overhead within a division, department or fund; such as staff time in budgeting, accounting, purchasing, legal advice, employee hiring and administration costs (HR), manager and supervisor time over direct project workers, etc.

Expenditures That Are Included:

All project direct costs of labor, equipment use and materials that become a part of the completed capital project are included in the costs of a project. All equipment and fixtures that become a permanent part of the facility, and furniture and equipment specifically budgeted as part of the capital project. All engineering, inspection and testing costs are included regardless of whether they are accomplished through contracts or in house employee labor. All contracts that are associated with the project are eligible including design, testing, project management, drafting, engineering, land acquisition, environmental testing, demolition, and new construction. On site utilities utilized by construction crews are an eligible project cost. Costs of a project manager directly assigned to the project (either contracted or in house employee) that supervises the work of others through employees and/or subcontractors. Costs associated with bidding and contract awarding such as: duplicating bid specifications, contracts, blue prints, drawings, postage etc., but not the staff time if handled through the City's central purchasing staff.

Transportation costs associated with bringing materials and equipment to the job site, whether or not done by contract, common carrier or in house equipment and labor.