



City of Ketchum

November 18, 2019

Mayor Bradshaw and City Councilors
City of Ketchum
Ketchum, Idaho

Mayor Bradshaw and City Councilors:

**Recommendation to Adopt Resolution 19-030
Declaring The City's Official Intent To Reimburse Certain Authorized
Reimbursable Expenditures From The Fire Bond Fund**

Recommendation and Summary

Staff is recommending the Council adopt Resolution 19-0XX declaring the City's intent to reimburse certain authorized project expenses from the fire bond fund with the following motion:

"I move to adopt Resolution 19-030 declaring the City's intent to reimburse certain authorized project expenses from the fire bond fund."

The reasons for the recommendation are as follows:

- Internal Revenue Service regulations require the City Council to declare its intent to reimburse certain project expenditures with proceeds from the forthcoming bond sale.
- The City anticipates a bond sale in Spring 2020 but would like to continue to advance the project prior to the bond sale.

Introduction and History

On November 5, 2019, electors of the City of Ketchum approved the issuance of \$11.5 million of bonds to finance the construction of a new fire station. The bonds will likely be sold in early Spring of 2020. However, the City is likely to incur project expenses prior to the sale of bonds and subsequent receipt of funds from the sale.

The United States Internal Revenue Service requires any agency seeking to utilize the proceeds from a bond sale for the reimbursement of expenses incurred prior to the sale to officially act to declare its intent to do so.

Analysis

In order to advance the project through the design phase and meet the established project timeline, staff intends to work with the previously selected architectural design firm, Cole Architects, on the project design prior to the Spring 2020 bond sale. Authority to reimburse expenses incurred in this process is required, as noted above. Such reimbursement will only be for work conducted after Council approval of this Resolution. The programming and preliminary design work completed prior to the election was funded separately from the Essential Services Facility Fund.

Financial Impact

Approval of the Resolution will enable the City to use the resources that would otherwise be used to advance design on other purposes. The cost of the design work was included in the \$11.5 million project budget.

Attachments

Attachment A: Resolution 19-030

RESOLUTION NO. 19-030

BY THE CITY COUNCIL:

A RESOLUTION OF THE CITY OF KETCHUM, BLAINE COUNTY, IDAHO, DECLARING THE CITY'S OFFICIAL INTENT TO REIMBURSE CERTAIN AUTHORIZED REIMBURSABLE EXPENDITURES FROM THE FIRE BOND FUND OF THE CITY AND RELATING TO THE FINANCING OF THE ACQUISITION AND CONSTRUCTION OF CERTAIN CITY FIRE SAFETY FACILITIES, AND PROVIDING AN EFFECTIVE DATE HEREOF.

WHEREAS, the City Council (the "City Council") of the City of Ketchum, Blaine County, Idaho (the "City"), has determined and deemed it necessary and advisable to finance certain capital improvements and equipment and apparatus acquisitions in the City, for the purpose of constructing and equipping a new fire station to reduce emergency response service gaps and to enhance neighborhood safety, and together with all necessary appurtenant facilities and equipment, as more fully described in Section 3 of Ordinance No. 1201 adopted by the City Council on September 3, 2019 (the "Election Ordinance"), and all other related costs, items and appurtenances (collectively, the "Project"); and

WHEREAS, the City Council and the Mayor have recommended that the financing, acquisition, and construction of said Project be accomplished by the issuance of general obligation bonds of the City in one or more series in a total aggregate amount of up to \$11,500,000 (the "Bonds"), pursuant to the provisions of Sections 50-1019 and 50-1026, Idaho Code, and Chapter 2, Title 57, Idaho Code; and

WHEREAS, the City Council, by the Election Ordinance, ordered a special bond election to be held within the City on November 5, 2019, for the submission to the voters of the City the question of whether or not the City should issue the Bonds in one or more series, in an aggregate principal amount for all such Bonds of up to \$11,500,000 for the purpose of defraying, in part, the cost of the Project; and

WHEREAS, on November 7, 2019, the Blaine County Commissioners canvassed the returns of said special bond election and determined that the requisite two-thirds (2/3) majority of the qualified electors of said City had cast votes in the affirmative and that said proposition for the issuance of general obligation bonds in the amount of up to \$11,500,000 had passed; and

WHEREAS, after the County Clerk had certified the above special bond election results to the City Clerk, on November 18, 2019, the City took action to have the results of the special bond election entered in the minutes of the Council and proclaimed as final; and

WHEREAS, the City reasonably intends to reimburse itself from proceeds of the Bonds for certain expenditures on the Project (the "Reimbursable Expenditures") paid by the City from its Fire Bond Fund from November 18, 2019, a date that is 60 days prior to the adoption of this Resolution, and after the date hereof; and

WHEREAS, the City expects such reimbursement to occur not later than 18 months after the later of (i) the date of the Reimbursable Expenditures, or (ii) the date the Project is placed in service, but no later than three years after the date of the Reimbursable Expenditures.

NOW, THEREFORE, IT IS RESOLVED as follows:

Section 1. The City intends to incur and pay for Reimbursable Expenditures from its Fire Bond Fund, and hereby declares its intent and reasonable expectation to reimburse itself for those Reimbursable Expenditures from the proceeds of the Bonds. Further, that each Reimbursable Expenditure was and will be 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 Reimbursable Expenditure), (b) a cost of issuance with respect to the Bonds or (c) a nonrecurring item that is not customarily payable from current City revenues.

Section 3. The maximum principal amount of the Bonds expected to be issued in one or more series to finance the Project is up to \$11,500,000.

Section 4. This declaration of official intention is made pursuant to Section 1.150-2, Code of Federal Regulations.

Section 5. This Resolution shall be in full force and effect from and after its passage and approval, as provided by law.

PASSED BY THE CITY COUNCIL AND APPROVED BY THE MAYOR of the City of Ketchum, Blaine County, Idaho, this ____ day of _____, 2019.

CITY OF KETCHUM, a municipal corporation of the State of Idaho

By: _____

NEIL BRADSHAW, Mayor

ATTEST:

By: _____

ROBIN CROTTY, City Clerk