City of St. Albans
City Council Resolution

Re: Application for Substantial Change & Validation of Previous Notice Requirements

WHEREAS, the City of St. Albans ("City"), at an annual or special meeting thereof, approved the making of certain infrastructure improvements within the City's Downtown Tax Increment Financing District ("District"), and authorized the issuance of general obligation bonds to finance the cost of such improvements; and

WHEREAS, the City's District plan of finance was originally approved by the Vermont Economic Progress Council ("VEPC") in August of 2012 and amended in February of 2019;

WHEREAS, the City has issued and sold its authorized bonds and has expended the proceeds thereof to pay the costs of making such District improvements; and

WHEREAS, the City has proceeded with due diligence and has competed said District improvements, and has placed the same into service; and

WHEREAS, in anticipation of receipt of District tax increment revenue, the City designated a portion of its bond proceeds as a working capital fund to pay District development costs and to reimburse other City funds for development cost advances made by the City pursuant to duly adopted Declarations of Official Intent; and

WHEREAS, the use of a working capital fund was disclosed in a transparent manner to the voters of the City and the Vermont Municipal Bond Bank; and

WHEREAS, the City has expended a portion of its bond proceeds to make *improvements*[1] to properties within the District upon which a hotel has been constructed and to pay brokerage fees as a *related cost*[2]; and

WHEREAS, these improvements were originally approved by VEPC as part of the Core Brownfield Project; and

WHEREAS, the following questions have arisen: 1) whether improvements to the hotel site are a TIF eligible expenses; 2) whether brokerage fees are a TIF eligible related cost; 3) whether working capital funds can be used in a TIF District and if they can be serviced using increment; and 4) whether St. Albans placed sufficient emphasis on the term of the TIF bonds in the informational sessions for the September 2013 bond vote; and

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[1] Vermont TIF Statutes define an improvement as "the installation, new construction, or reconstruction of infrastructure that will serve a public purpose and fulfill the public purpose of tax increment financing districts … including utilities, transportation, public facilities and amenities, land and property acquisition and demolition, and site preparation." 24 VSA Section 1891(4).

[2] Vermont TIF Statutes define related costs as expenses, "exclusive of the actual cost of constructing and financing improvements, that are directly related to the creation and implementation of the tax increment financing district." 24 VSA Section 1891(6).

WHEREAS, VEPC approved St. Albans' financial plan and the costs of improvements to date through the substantial change process of February 29, 2019; and

WHEREAS, St. Albans agreed to continue using 100 percent of municipal increment to replenish the working capital fund more quickly; and

WHEREAS, St. Albans seeks to address the questions raised in a timely manner through the substantial change process.

NOW, THEREFORE, BE IT RESOLVED THAT:

(1) The City Council hereby the validates all procedural requirements relating to the call, notice, and conduct of the City's September 2013 bond vote;

(2) The City Council requests VEPC affirm the use of TIF proceeds to complete the site improvements and brownfield remediation necessary for the hotel;

(3) The City Council requests VEPC affirm the payment of brokerage fees as a related cost;

(4) The City Council requests VEPC affirm the ability to use increment to repay funds previously advanced on behalf of the district unless the district is unable to do so, in which case, they shall be the responsibility of the City general fund; and

(5) The City Council requests VEPC affirm the City Council's validation of the bond vote procedural requirements.

(6) This Resolution shall take effect upon adoption.

Adopted at a regular meeting of the St. Albans City Council held on the 1st day of April, 2019.

Ward 1,

Ward 2,

Ward 3,

Ward 4,

Ward 5,

Ward 6,

Tim Smith, Mayor

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