



## Legislation Details (With Text)

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**Title:** RESOLUTION R-1617-124: A RESOLUTION OF THE CITY OF NORMAN, OKLAHOMA (THE "CITY") APPROVING THE INCURRENCE OF INDEBTEDNESS BY THE NORMAN MUNICIPAL AUTHORITY (THE "AUTHORITY") ISSUING ITS SALES TAX REVENUE NOTE, SERIES 2017 (THE "NOTE"); PROVIDING THAT THE ORGANIZATIONAL DOCUMENT CREATING THE AUTHORITY IS SUBJECT TO THE PROVISIONS OF THE INDENTURE; AUTHORIZING THE ISSUANCE OF SAID NOTE; WAIVING COMPETITIVE BIDDING WITH RESPECT TO THE SALE OF SAID NOTE AND APPROVING THE PROCEEDINGS OF THE AUTHORITY PERTAINING TO THE SALE OF SAID NOTE; RATIFYING AND CONFIRMING A SALES TAX AGREEMENT BY AND BETWEEN THE CITY AND THE AUTHORITY PERTAINING TO THE YEAR-TO-YEAR PLEDGE OF CERTAIN SALES TAX REVENUES; AND CONTAINING OTHER PROVISIONS RELATING THERETO.

**Sponsors:**

**Indexes:**

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**Attachments:** 1. Text File R-1617-124, 2. R-1617-124

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| 6/13/2017 | 1    | City Council |        |        |

**RESOLUTION R-1617-124:** A RESOLUTION OF THE CITY OF NORMAN, OKLAHOMA (THE "CITY") APPROVING THE INCURRENCE OF INDEBTEDNESS BY THE NORMAN MUNICIPAL AUTHORITY (THE "AUTHORITY") ISSUING ITS SALES TAX REVENUE NOTE, SERIES 2017 (THE "NOTE"); PROVIDING THAT THE ORGANIZATIONAL DOCUMENT CREATING THE AUTHORITY IS SUBJECT TO THE PROVISIONS OF THE INDENTURE; AUTHORIZING THE ISSUANCE OF SAID NOTE; WAIVING COMPETITIVE BIDDING WITH RESPECT TO THE SALE OF SAID NOTE AND APPROVING THE PROCEEDINGS OF THE AUTHORITY PERTAINING TO THE SALE OF SAID NOTE; RATIFYING AND CONFIRMING A SALES TAX AGREEMENT BY AND BETWEEN THE CITY AND THE AUTHORITY PERTAINING TO THE YEAR-TO-YEAR PLEDGE OF CERTAIN SALES TAX REVENUES; AND CONTAINING OTHER PROVISIONS RELATING THERETO.

**BACKGROUND:** On October 13, 2015, the voters of Norman approved Ordinance O-1516-5, levying a 15-year temporary, dedicated one-half percent (½%) NORMAN FORWARD Quality of Life Sales Tax (NFST), effective January 1, 2016. The NORMAN FORWARD Initiative provides for funding over \$148,000,000 in recreational, athletic, library, park and infrastructural improvements, including the following:

- New Central and Eastside Branch Libraries - \$44,000,000
- James Garner Avenue Extension - \$6,000,000
- New Indoor Aquatic Facility - \$14,000,000
- Westwood (Outdoor) Pool Reconstruction - \$12,000,000
- Westwood Tennis Center Renovation - \$1,000,000
- Reaves Park Baseball Complex Renovation - \$10,000,000
- Griffin Park Land Purchase - \$10,000,000
- Griffin Park Soccer Complex Reconstruction - \$11,000,000
- New Football and Softball Complex - \$2,500,000
- New Indoor Multi-Sport Facility - \$8,500,000
- Neighborhood Park/Trail Development - \$14,500,000

- Community Park Development - \$9,500,000
- Canadian River Trails Park Development - \$2,000,000
- Road and Infrastructure Improvements - \$ 2,730,000

Other authorized NORMAN FORWARD improvements could include public art installations, senior center construction or renovation, and support personnel.

In order to maintain the aggressive construction schedule envisioned for the NORMAN FORWARD projects, the Ordinance directed that major components of the program be financed through debt issuances, so that the projects could progress in advance of the sales tax funds being collected over the 15-year life of the NFST. In subsequent discussions with the NMA Trustees/City Council, it was recommended that approximately \$111 million of the capital project costs be funding through three debt issuances to be determined over time (other NORMAN FORWARD capital projects are directed to be financed on a pay-as-you-go basis).

On December 8, 2015, the Norman Municipal Authority (NMA) Trustees approved Resolution 1516-63, and the City Council approved Resolution 1516-64, authorizing the issuance of \$43,160,000 in Sales Tax Revenue Notes to finance the first portions of NORMAN FORWARD capital costs. The major projects paid for with this first “tranche” of NFST indebtedness were the design, land acquisition and clearing for the Central Branch Library; design and construction of the East Branch Library; design and reconstruction of the Westwood Aquatic Center; design and construction of the Westwood Tennis Center expansion; and engineering and master planning designs for the James Garner Avenue extension, Griffin Park Soccer and Reaves Park Baseball/Softball complexes. These projects are currently underway.

**DISCUSSION:** Finance Department staff, along with the City’s bond counsel and financial advisory teams has solicited competitive financing proposals for the second of the three debt financings to pay for NORMAN FORWARD projects. While the financing documents will authorize proceeds of the proposed Norman Municipal Authority Sales Tax Notes, Series 2017 to be used for any of the NORMAN FORWARD projects, the proceeds of this financing are anticipated to be used primarily for the costs of constructing, furnishing and equipping the new Central Branch Library. The amount of the proposed 2017 NMA Notes is based on the Central Library and other NORMAN FORWARD project costs to be completed within the next 2-3 years and is slightly below the previously-projected amount of the second NFST debt tranche.

Proposals from qualified local and regional banking institutions to provide approximately \$30,950,000 in financing, secured by a pledge of the Norman Forward Sales and Use Tax proceeds, and a backup pledge of dedicated capital sales tax, were solicited. Responses in the form of interest rate proposals will be received on June 13, 2017, and the lowest and best interest rate bid will be forwarded for consideration of the NMA Trustees and Council. Information on the tabulated interest rate bid proposals will be distributed at the meeting, as an attachment to this memorandum.

Assuming successful responses are received, the Norman Municipal Authority (NMA) Trustees and Council will consider two resolutions. Several actions are accomplished by the Resolutions, if approved. Resolution R-1617-123 is generally a Resolution of the NMA to issue the debt, and R-1617-124 is a Resolution of the City of Norman authorizing the issuance of the debt by the NMA in an aggregate amount not to exceed \$30,950,000.

The NMA Resolution (R-1617-123) would authorize the following actions:

- Authorize the issuance of the NFST Revenue Notes;
- Pledge the revenues of the Norman Forward Sales and Use Tax along with a portion of the City’s dedicated capital sales and use tax, subject to annual appropriation, to the repayment of the Note indebtedness;
- Waiving competitive bidding and authorizing the Notes to be sold on a negotiated basis;
- Authorize a Sales Tax Agreement between the City and the NMA;
- Establish the tax-exempt nature of the Note; and
- Authorize the Chair of the NMA Board of Trustees to execute final documents related to the financing

The City of Norman Resolution (R-1617-124) would authorize the following actions:

- Approve the incurrence of the indebtedness by the NMA;
- Waive competitive bidding and authorize the Note to be sold on a negotiated basis;
- Ratify the Sales Tax Agreement between the City of Norman and the NMA;

- Establish the tax-exempt nature of the Note; and
- Authorize the Mayor to execute final documents related to the financing.

Upon the favorable consideration of these Resolutions by the Council and NMA Trustees, staff would then proceed with the closing of the financing as executed by the Chairperson/Mayor.

**RECOMMENDATION:** It is recommended that the Resolutions be adopted.