

UTILIZATION OF TIF FUNDS
FOR REPAYMENT OF HUD SECTION 108 LOAN
RE THE MORAN PROJECT

In the year Two Thousand Fourteen.....
Resolved by the City Council of the City of Burlington, as follows:

That WHEREAS, in 2009, the U.S. Department of Housing and Urban Development (HUD) released its Notice Of Funding Availability for the Brownfields Economic Development Initiative (BEDI), which made \$20 million available for that nationally competitive program; and

WHEREAS, BEDI funding, was deemed by the City to be an important resource to pursue for the then existing plan for the redevelopment of the Moran Plant; and

WHEREAS, the BEDI program required that an applicant submit an application for funding under the Section 108 Loan Guarantee Program for the project, in at least a 1:1 ratio of Section 108 to BEDI funds requested; and

WHEREAS, the City of Burlington is eligible to receive Community Development Block Grant funds as an entitlement city under HUD regulations, and is therefore eligible for funding under the Section 108 Loan Guarantee Program; and

WHEREAS, the City Council of the City of Burlington, Vermont, on June 1, 2009 approved the filing of an application for a Section 108 Loan Guarantee commitment in the amount of \$2,091,000, to meet requirements for a request for BEDI grant funds which application by the City was simultaneously filed in the amount of \$1,040,000, pursuant to the FY 2009 BEDI Notification of Funding Availability (NOFA); and

WHEREAS, on August 24, 2009, the City was informed that HUD had approved the City's BEDI grant application in the amount of \$1,040,000 and, on August 11, 2010, the City's

Section 108 Loan Guarantee Commitment application in the amount of \$2,091,000 was also approved, and the City then took steps to advance the then existing plan to redevelop the Moran plant including making a pledge to use tax increment financing (TIF) revenues from the Waterfront TIF District to repay the \$2,091,000 Section 108 Loan for use in conjunction with the BEDI grant for the Moran redevelopment (see attached March 21, 2011 City Council resolution); and

WHEREAS, on July 1, 2012, Mayor Miro Weinberger determined that the above referenced plan to redevelop the Moran plant was not feasible and announced that the City would explore new options for redevelopment of the Moran building as well as redevelopment of other Waterfront sites; and

WHEREAS, the City of Burlington engaged in an extensive, inclusive, very public, more than year-long Public Investment Action Plan (PIAP) which solicited over one hundred proposals for new projects in the City's Waterfront TIF District, culminating on January 13, 2014 with Mayor Miro Weinberger's announcement of a slate of six PIAP projects to be facilitated by the City's proposed investment of up to \$9.6 million of public investment and related costs; and

WHEREAS, among the slate of six PIAP projects advanced was the "New Moran" proposal; a mixed use redevelopment of the Moran building with a focus on multi-purpose arts and events space, local foods, and green energy innovation; and

WHEREAS, the City submitted amended applications for both the \$1,040,000 BEDI grant and the \$2,091,000 Section 108 Loan (the "Section 108 Loan") referenced above in order to reflect all changes relevant to the application as presented by the New Moran proposal; and

WHEREAS, on March 4, 2014, at the annual city meeting, the voters of the City approved by in excess of a 2/3 vote a ballot question to authorize City Council to pledge the credit of the City in a total principal amount not to exceed \$9.6 million dollars for public

improvements and related costs relative to the PIAP project; to include the \$2,091,000 Section 108 Loan for the New Moran project (see attached ballot question); and

WHEREAS, on June 27, 2014, the City received approval of its amended BEDI grant Section 108 Loan applications, and now seeks to have City Council pledge, and ratify to the extent necessary its earlier 2011 pledge, to use TIF revenues to repay the Section 108 Loan for use in conjunction with the BEDI grant as amended, and furthermore to authorize execution of said Section 108 Loan and BEDI grant agreement documents.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Burlington, Vermont hereby approves the Section 108 Loan and the pledge of the credit of the City in an amount not to exceed \$2,091,000, being incurred to finance improvements within the Waterfront TIF District as approved by the voters at the March 4, 2014 annual City meeting;

BE IT FURTHER RESOLVED that the promissory note to evidence the repayment of the Section 108 Loan, when incurred, shall be a valid and binding obligation of the City payable according to the terms and tenor thereof from tax increments from properties within the Waterfront TIF District, which tax increments may be pledged to the payment of the Section 108 Loan;

BE IT FURTHER RESOLVED that to secure the repayment of the Section 108 Loan, the City shall pledge present and future Community Development Block Grants;

BE IT FURTHER RESOLVED the full faith and credit of the City shall be pledged to payment of the Section 108 Loan in the event that the tax increments from properties within the Waterfront TIF District are not sufficient to pay the principal and interest on the Section 108 Loan Bonds;

BE IT FURTHER RESOLVED that the Mayor, the Chief Administrative Officer, and the Assistant Chief Administrative Officer for Finance are, and each one of them is, hereby authorized and directed to execute and deliver a contract for loan guarantee assistance with the Secretary of Housing and Urban Development, and to execute and deliver a pledge and

assignment of tax increment revenues as well as a pledge of future Community Development Block Grant (CDBG) grants as security for the Section 108 Loan, a fiscal agency agreement for advances and repayment of the Section 108 Loan, and such other agreements, certificates as to use of proceeds and all other documents, agreements and instruments necessary or convenient in connection with the Section 108 Loan and the repayment thereof, subject to the review by the City Attorney.