



Legislation Text

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AN ORDINANCE AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF GENERAL OBLIGATION LAKE FRONT RESTORATION BONDS OF THE CITY OF DULUTH IN AN AMOUNT NOT TO EXCEED \$2,700,000 UPON TERMS AND CONDITIONS TO BE PROVIDED BY RESOLUTION OF THE CITY COUNCIL AND PROVIDING FOR THE PAYMENT THEREOF.

CITY PROPOSAL:

The city of Duluth does ordain:

Section 1. BOND PURPOSE AND AUTHORIZATION.

1.01 The City Council has determined it to be necessary and expedient and in the public interest that the city finance a portion of the Lake Front Restoration Project consisting of (i) seawall restoration adjacent to the Duluth Entertainment and Convention Center and the Great Lakes Aquarium and related adjacent surface improvements; (ii) Brighton Beach restoration and related surface improvements; and (iii) additional Lakewalk restoration (collectively, the "Project"); such Project is hereby determined to be needed to protect and enhance tourist related public improvements.

1.02 Under the provisions of Minnesota Laws 1974, Chapter 130, the City Council may by ordinance provide for the issuance of general obligation bonds to provide the funds necessary to match state, private or federal grant funds for projects within the city's boundaries, which bonds are to be supported by the full faith and credit of the city and are to be issued subject to the provisions of Minnesota Statutes, Section 475, except that they may exceed the limitations in Minnesota Statutes, Section 475.53, by an amount not to exceed \$2,000,000, and they may not be issued if the city's contribution to the project, including the proceeds of the bonds, exceeds 60% of the total project cost where such contribution is used to match state or federal grants, or 70% where it is used to match government and private grants, or 80% where it is used to match private grants alone. The Project is of the nature contemplated by said law. The city has been awarded grants of state funds in the amount of \$13,500,000 and federal funds in the amount of \$4,938,067 for the Project, and it is estimated that such funds, together with the proceeds of bonds issued by the city in an amount not to exceed \$2,700,000, plus other city funds in the amount of \$740,000, will be sufficient to pay the total Project costs, and that the amount of the city's contribution, from the proceeds of the bonds or otherwise, will not exceed the limitations set forth in said law.

1.03 Pursuant to the authority herein recited, the City Council hereby authorizes and directs the issuance and sale of General Obligation Lake Front Restoration Bonds (the "Bonds") of the city in an amount not to exceed \$2,700,000, and pledges the full faith and credit and taxing powers of the city irrevocably for the payment of the principal and interest when due on the Bonds.

Section 2. TERMS OF BONDS.

2.01 The City Council shall, by resolution or resolutions, provide for the issuance and sale of the Bonds in one or more series and shall fix the precise maturities, interest rates, redemption provisions and other terms and conditions of the Bonds, and prescribe the form thereof, and offer to sell the Bonds in such a manner and at such time or times as shall be deemed in the public interest, all in accordance with the provisions of Minnesota Statutes, Chapter 475 and of Minnesota Laws 1974, Chapter 130, and of other applicable laws.

Section 3. REVENUES AND ACCOUNTS.

3.01 The city has created and maintains the lake front restoration account in the capital improvement fund to which there shall be credited all or a portion of the proceeds of the bonds, as provided by Council resolution, together with any additional funds which may be available and are appropriated for the Project or which may be advanced to such fund on condition that such amounts be reimbursed from bond proceeds.

3.02 The City Council may, by resolution or resolutions, establish such further accounts and credit monies from the proceeds of the bonds herein authorized to accounts, all in accordance with Section 54 of the City Charter and Chapter 475 of Minnesota Statutes.

Section 4. REVENUE PLEDGE AND TAX LEVY.

4.01 a) A separate debt service account is hereby created and designated the "2023 General Obligation Lake Front Restoration Bonds Debt Service Account" (the "Debt Service Account") within the city's debt service fund. The money in the Debt Service Account shall be used for no purpose other than the payment of principal and interest on the Bonds.

(b) Into the Debt Service Account shall be created (i) the Pledged Hotel-Motel Tax (as hereinafter defined); (ii) the ad valorem taxes levied pursuant to Section 4.02 hereof; and (iii) any other funds appropriated by the City Council for payment of the principal and interest on the Bonds.

(c) There shall be and is hereby pledged proceeds of the Pledged Hotel Motel Tax, as hereinafter defined, in amounts sufficient to produce sums not less than five percent in excess of the amounts of principal and interest on the Bonds as such principal and interest respectively become due. The city auditor shall credit such amounts to the Debt Service Account at least 30 days prior to each payment date of the Bonds.

(d) For purpose of this Ordinance and the Bonds, "Pledged Hotel-Motel Tax" shall mean revenues received by the city from the one percent hotel-motel tax imposed by Sections 42A-49 and 42A-50(a) of the City Code.

4.02 The full faith and credit and taxing power of the city are hereby irrevocably pledged for the prompt and full payment of the principal of and interest on the Bonds, as such principal and interest respectively become due. If the balance of the Debt Service Account for repayment of the Bonds is ever insufficient, the city auditor shall nevertheless provide sufficient money from any other funds of the city which are available for that purpose, and such other funds shall be reimbursed from

such Debt Service Account when the balances therein are sufficient. It is estimated that the Pledged Hotel-Motel Tax herein pledged and appropriated to the Debt Service Account will be received and credited to the Debt Service Account at the times and in amounts not less than five percent in excess of the amounts needed to meet when due the principal and interest payments thereon and, accordingly, no tax is presently levied for this purpose. It is recognized, however, that the city's liability on the Bonds is not limited to the Pledged Hotel-Motel Tax receipts and the City Council covenants and agrees that it will levy upon all taxable property within the city, and cause to be extended, levied and collected, any taxes found necessary for full payment of principal of and interest on the Bonds, without limitation as to rate or amount. After this Ordinance has been published and becomes effective, the City Council shall by resolution fix the precise annual amounts of the Pledged Hotel-Motel Tax pledged for payment of the principal and interest on the Bonds.

Section 5. CERTIFICATE OF PROCEEDINGS.

5.01 The city clerk is directed to file with the county auditor of St. Louis County, Minnesota, a certified copy of this ordinance, and such other information as the county auditor may require, and to obtain from the county auditor a certificate stating that the bonds herein authorized have been duly entered on her register.

5.02 The officers of the city and the county auditor are authorized and directed to prepare and furnish to the purchasers of the bonds, and to bond counsel, certified copies of all proceedings and records of the city relating to the authorization and issuance of the bonds and such other affidavits and certificates as may reasonably be required to show the facts relating to the legality and marketability of the bonds as such facts appear from the official books and records in the officers' custody or are otherwise known to them. All such certified copies, certificates and affidavits, including any heretofore furnished, constitute representations of the city as to the correctness of the facts recited therein and the actions stated therein to have been taken.

Section 6. EFFECTIVE DATE.

6.01 is ordinance shall take effect and be in force 30 days from and after its passage and publication. This ordinance shall be published one time on the city's official website and remain on such website for a period of at least 30 days..

STATEMENT OF PURPOSE: This ordinance authorizes the issuance of general obligation bonds in an amount not exceeding \$2,700,000 to provide the local match for state and federal grants for the Lake Front restoration project.