



Legislation Details (With Text)

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Title: Adopt a resolution authorizing the City Manager to enter into a Line of Credit Agreement with the Riverwalk Foundation for an amount not to exceed \$120,000.

Sponsors:

Indexes:

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Attachments: 1. Line of Credit Resolution

Date	Ver.	Action By	Action	Result
5/1/2018	1	City Council	adopted	Pass

CITY COUNCIL AGENDA ITEM

ACTION REQUESTED:

Adopt a resolution authorizing the City Manager to enter into a Line of Credit Agreement with the Riverwalk Foundation for an amount not to exceed \$120,000.

DEPARTMENT: City Manager's Office

SUBMITTED BY: Douglas Krieger, City Manager

BOARD/COMMISSION REVIEW:

N/A

BACKGROUND:

On April 17, 2018, Council voted unanimously to approve the final design of the Jaycees Park and to approve the park as an addition to the Riverwalk.

The park will be built by the Riverwalk Foundation with funding it receives from private donors. The total anticipated cost to build the park is approximately \$420,000. Committed donations total approximately \$520,000. The excess funding will be used to cover park maintenance and future costs.

The next step is for donors who have committed to funding the Jaycees Park to submit their donations to the Riverwalk Foundation. It is anticipated that all the pledges may not be tendered quickly enough for the Foundation to have sufficient capital to cover the initial costs of the project. For example, the Jaycees have already made a \$40,000 donation, but the remainder of its \$200,000 commitment is due incrementally over the next nine years (although the Jaycees expect to complete their commitment early).

DISCUSSION:

In order to assure that Jaycees Park can be completed timely, staff recommends that the City Council authorize the City Manager to establish a line of credit, as a construction loan, not to exceed \$120,000 for the purpose of meeting the Riverwalk Foundation's construction expenses for the Jaycees Park project.

Units of local government may enter into agreements to use their revenues to pay costs, service debt, or extend loans related to activities that involve a public purpose. It is within Council's authority to determine that it is in the public interest to assist the Riverwalk Foundation to meet its monetary obligations concerning the establishment of the Jaycees Park. That authority extends to authorizing the City Manager to enter into a Line of Credit Agreement with the Riverwalk Foundation.

If authorized by Council, the agreement will contain the following terms:

- The Riverwalk Foundation will be able to draw from the line of credit as necessary to meet funding obligations related to the establishment of Jaycees Park.
- The amount the Riverwalk Foundation may borrow from the City will be capped at \$120,000.
- Any money the Riverwalk Foundation borrows from the City will be paid back with interest. The applicable compounding interest rate will be 1.43% per annum, which is equal to rate of return for the City's fixed income composite for calendar year 2017.
- Any money the Riverwalk Foundation borrows from the City must be paid back with applicable interest within a reasonable amount of time, but no later than the expiration of the Jaycees Donation Agreement (January 21, 2027).

Once the availability of a line of credit is authorized, the Riverwalk Foundation will procure the necessary engineering and construction may commence.

Park Design Update

As engineering is completed for the park, minor changes to the design may become necessary. The only changes known at this time to differ from the design provided to City Council on April 17 are: (1) incorporation of power units into furniture instead of certain power pedestals; and (2) the addition of a combination drinking fountain / water bottle refilling station. Any major changes to the park or increases in total costs will be brought back to the City Council for consideration.

FISCAL IMPACT:

The City may receive a nominal amount of interest based on the 1.43% interest rate that the City intends to apply to any money borrowed by the Riverwalk Foundation through the line of credit.