

CITY OF HIGH POINT

AGENDA ITEM



Title: Interlocal Cooperation Agreement with Guilford County on Downtown Multi-Use Sports and Entertainment Facility

From: Greg Demko, City Manager

Meeting Date: September 18, 2017

Public Hearing: N/A

Advertising Date

Advertised By:

Attachments: Interlocal Cooperation Agreement for Economic Development Purposes

PURPOSE:

In accordance with State law, the City of High Point and Guilford County can agree to jointly exercise the authority and functions of the other unit of government when such is memorialized in a contract or agreement. The attached Interlocal Cooperation Agreement will provide appropriations from Guilford County for revenues derived from the incremental property tax values in the Stadium Influence Area for the purposes to pay debt service on the Multi-Use Sports & Entertainment Facility Limited Obligation Bonds, Series 2017.

BACKGROUND:

The Catalyst Project financial feasibility projections included anticipated revenue sharing from Guilford County to provide additional funds from their incremental taxes resulting from the development in the Stadium Influence Area. Those revenues will be restricted to and used for debt service on the limited obligation bonds which are being issued for the multi-use stadium construction.

The Interlocal Cooperation Agreement provides the authority for Guilford County to appropriate those tax revenues to the City of High Point for 20 years beginning with fiscal year 2019-2020, or until the bonds are paid off, whichever comes first.

BUDGET IMPACT:

The additional revenues will be included in the recommended annual budgets beginning with the Fiscal Year 2019-2020 Annual Budget.

RECOMMENDATION / ACTION REQUESTED:

The City Council is recommended to authorize the Mayor to execute the Interlocal Cooperation Agreement for Economic Development Purposes with Guilford County.

**RESOLUTION APPROVING AN INTERLOCAL COOPERATION AGREEMENT FOR
ECONOMIC DEVELOPMENT PURPOSES WITH GUILFORD COUNTY**

WHEREAS, pursuant to the provisions of Section 160A-461 of the General Statutes of North Carolina, the City of High Point ("City") is authorized to enter into interlocal agreements with other units of local government and local political subdivisions in order to execute any undertaking; and

WHEREAS, Guilford County, North Carolina ("County") is a body politic and corporate county in the State of North Carolina, established and regulated by Chapter 98 of the Public Local and Private Laws of 1941, as amended by Chapter 793 of the 1969 Session Laws of Chapter 594 of the 1985 Session Laws, which operates the Guilford County Animal Shelter; and

WHEREAS, the County and the City desire to undertake an economic development project in the City of High Point, the purpose of which is to construct a multi-use stadium and entertainment venue as the anchor element of what is known as the Catalyst Project of the City of High Point; and

WHEREAS, the intent of this interlocal agreement is that the County agrees to support this economic development activity by committing to the City of High Point an annual amount of funds equal to the then current City of High Point tax rate (64.75 cents/hundred as of the date of this Agreement) applied against the increased tax revenue realized by the County as a result of the increase in assessed valuation on taxable real property within the Stadium Influence Area over the period of 20 years from the date established in this Agreement, and

WHEREAS, the County and City agree that no joint agency is required to be created to effectuate the goals and purposes of this Agreement, as both governments agree that the City of High Point shall administer the project to be supported by this Agreement, and

WHEREAS, municipalities are authorized under NCGS 160A-209 to levy property taxes for, among other purposes, Auditoriums, Coliseums and Convention Centers; Community Development; and Economic Development; and

WHEREAS, the City and the County desire to enter into an interlocal cooperation agreement to undertake an economic development project known as the Catalyst Project of the City of High Point.

THEREFORE, BE IT RESOLVED by the High Point City Council, that the Mayor is hereby authorized to execute the Interlocal Cooperation Agreement wherein Guilford County agrees to support this economic development activity by committing to the City of High Point an annual amount of funds equal to the then current City of High Point tax rate (64.75 cents/hundred as of the date of this Agreement) applied against the increased tax revenue realized by the County as a result of the increase in assessed valuation on taxable real property within the Stadium Influence Area over the period of 20 years from the date established in this Agreement.

Adopted this the 18th day of September, 2017.

Lisa B. Vierling
High Point City Clerk

William S. Bencini, Jr., Mayor

INTERLOCAL COOPERATION AGREEMENT FOR ECONOMIC DEVELOPMENT PURPOSES

WHEREAS, Article 20 of Chapter 160A of the General Statutes of North Carolina authorizes counties and cities to jointly exercise the powers or functions of the other unit of government pursuant to a contract or agreement, which contract or agreement shall be ratified by resolution of the governing board of each participating unit. As required by law, the agreement must be of reasonable duration as determined by the participating units of government, and

WHEREAS, the County of Guilford (“County”) and the City of High Point (“City”) desire to undertake an economic development project in the City of High Point, the purpose of which is to construct a multi-use stadium and entertainment venue as the anchor element of what is known as the Catalyst Project of the City of High Point. The intent of this interlocal agreement is that Guilford County agrees to support this economic development activity by committing to the City of High Point an annual amount of funds equal to the then current City of High Point tax rate (64.75 cents/hundred as of the date of this Agreement) applied against the increased tax revenue realized by the County as a result of the increase in assessed valuation on taxable real property within the Stadium Influence Area over the period of 20 years from the date established in this Agreement, and

WHEREAS, the County of Guilford and City of High Point agree that no joint agency is required to be created to effectuate the goals and purposes of this Agreement, as both governments agree that the City of High Point shall administer the project to be supported by this Agreement, and

WHEREAS, municipalities are authorized under NCGS 160A-209 to levy property taxes for, among other purposes, Auditoriums, Coliseums and Convention Centers; Community Development; and Economic Development.

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

1. Term and Termination. The term of this Agreement and commitment to pay a portion of increased tax revenues shall be 20 years, beginning with the first annual payment on December 31, 2019, or until the debt is fully retired, defeased or escrowed for payment at maturity, whichever occurs first. The term of this agreement shall be 20 years, unless terminated earlier according to this Section.

2. Contingent on Stadium Construction. This Agreement for participation by Guilford County is contingent on the completion of construction of a multi-use stadium and entertainment venue (“Stadium”) as the anchor project of the Catalyst Project by the City of High Point. If construction is delayed past the opening of the 2019 minor league baseball season, this agreement shall begin on December 31 of the year in which minor league play commences in the Stadium constructed in the Catalyst Project area as shown on Exhibit A attached hereto. If no Stadium is constructed in the Catalyst Project Area by the City of High Point, then the County of Guilford shall have no further obligation to the City under this Agreement.

3. Financial Support for Economic Development Project.

(a) Guilford County agrees to support this economic development activity by committing to the City of High Point an annual amount of funds equal to the then current City of High Point tax rate (64.75 cents/hundred as of the date of this Agreement) applied against the increased tax revenue collected by the County as a result of the increase in assessed valuation on taxable real property within the Stadium Influence Area, as shown on Exhibit B attached hereto, over the term established in this Agreement. The City tax rate to be applied to the increased tax revenues collected by the County as a result of the increase in assessed valuation of real property shall be the then current City tax rate, but never more than 64.75 cents/hundred.

(b) Payments shall be made on December 31 of each year during the term of this Agreement, with any payment or payments after December 31 necessary to true up to the correct amount being made on the last day of each month beginning in January of the year immediately following the December 31 prior year payment.

(c) The amount of increase in assessed valuation in the Stadium Influence Area shall be measured from the base valuation date of July, 2017 (the "Base Date") as certified by the Guilford County Tax Assessor and as used by the County for the tax bills sent out for 2017. A full and complete record of the valuations for the real property situated in the Stadium Influence Area as of the Base Date shall be produced by the County, a copy shared with the City, and accurate copies of the data kept by both the County and City throughout the Term of this Agreement. The amount of increase in the assessed valuation of real property in the Stadium Influence Area from the Base Date shall be recalculated by the County as of July of each year using the assessed values used in calculating tax bills for each successive year for the term of this Agreement.

4. Use of County Funds Restricted.

(a) The City of High Point commits that all funds received from the County under this Agreement will be used to repay debt on the Stadium. Further, the City commits that all increased municipal tax revenues received by the City as a result of the increase in assessed valuation on taxable property within the Stadium Influence Area will be used to repay debt on the Stadium. Pro forma amortization schedules for the repayment of debt are attached for information purposes, such schedules subject to change as sources and uses of funds become more definite.

(b) Notwithstanding the provisions of subsection (a) of this Section, in any year in which revenues from funds earmarked in subsection (a) for debt repayment are in excess of the amounts necessary for debt repayment the City commits that the excess funds will be used to prepay or defease bonds or escrow in a sinking fund for payment of future debt service payments.

5. Use of Other Project Revenues. The City of High Point commits that funds received by the City from team or tenant rent at the Stadium, any ticket surcharges assessed against admission tickets, and any funds received from the High Point Convention and Visitors Bureau, will be used for debt repayment and contributions to a capital maintenance and replacement fund exclusively for the Stadium. However, in no event shall any funds received from the County pursuant to this agreement be used for any purpose other than debt repayment.

6. Miscellaneous Provisions.

(a) No new hire personnel are contemplated as necessary to the execution of this undertaking. Employees of the City shall carry out the duties and responsibilities necessary to manage the Stadium project and any reports necessary for the County. No new hire personnel are contemplated as necessary for County participation in this undertaking.

(b) The method of financing this undertaking is the apportionment of increased tax revenues collected by the County as a result of the increased assessed valuation of real property in the Stadium Influence Area. Each party shall bear their respective costs of administration of this undertaking and this Agreement.

(c) Nothing in this Agreement is intended to result in ownership of real property by the County by virtue of this Agreement.

6. Amendment. this Agreement may be amended by mutual written agreement of the County and the City, ratified by the governing board of each party.

This the 21st day of September, 2017.

COUNTY OF GUILFORD

By: _____
Jeff Phillips
Chair, Board of County Commissioners

CITY OF HIGH POINT

By: _____
William S. Bencini, Jr.
Mayor, City of High Point



City of High Point

Proposed Redevelopment Area