

Additional Information regarding the Library Project

The Library Bond

What is the Library Bond? In 2017, the City Council authorized issuance of Infrastructure Bond, 2017, Series A-2 for \$7,000,000 to pay for the Library and Community Center Renovation Project. The bond was issued pursuant to the authority of Sections 4-101 through 4-255 of the Housing and Community Development Article of the Annotated Code of Maryland. The full faith and credit of the City of Takoma Park is irrevocably pledged to the payment of the principal of the Bond and the interest that will accrue. The bond was issued in connection with the Local Government Infrastructure Financing Program of the State's Community Development Administration.

The bond is not subject to prepayment prior to June 1, 2026. After that date, the bond amount could be refinanced to take advantage of a lower interest rate, if it were available.

The annual bond payment is shown on the attached schedule, but is approximately \$390,000 per year for 30 years. If the bond is not paid off early, the total amount paid by the City, including interest (\$4,599,638.86) and trustee fees (\$66,221.09) will be \$11,665,859.96. The True Interest Cost is 3.61%.

Could the City use the bond funds for other purposes? The bond was intentionally titled, "Library and Community Center Renovation Project" to provide some flexibility with the funds and to ensure that we could improve the Computer Center and bathrooms that serve the Library, as well as renovate other parts of the site if needed. If the Library were not pursued, the funds could be used for the Police Department renovation and for removal of the library building and renovation of the computer area, senior room and bathrooms. (Note, due to the poor condition of the Library building, the fact that it does not meet ADA requirements, and the fact that the floor is below the flood plain, the building should be removed if not renovated to Code.) There would likely be some funds not used and we would need to consult with bond counsel and the staff in the Local Government Infrastructure Financing Program regarding how those funds should be handled.

If the City wished to build a City facility in another location, Charlie Day, our contact at the State, has stated we could "Pursue a 'Reallocation', wherein the City will direct all or a portion of remaining unspent loan proceeds toward one or more new projects that qualify for tax-exempt financing and have a similar useful life to the original projects financed. This will require existing loan documents be modified adding the new project(s). This has become a fairly common practice, particularly in instances where a project experiences substantial delays or other infrastructure priorities take precedence. The costs associated with a reallocation will be influenced by how many new projects are identified and there complexity. Assuming it is a straight forward reallocation, which does not experience numerous starts and stops, preliminary cost estimates for this endeavor will be in the neighborhood of \$7,500-\$10,000.00. As a reallocation falls outside the scope of the original financing, the City will need to agree in writing to cover these costs. Note: Transaction costs associated with a reallocation effort are eligible to be covered from unspent 2017 A loan proceeds."

Mr. Day notes another option: "Pursue a 'Defeasance', wherein the City will direct all or a portion of remaining unspent loan proceeds to defease a corresponding amount of CDA bonds, and prepay a certain amount of CDA bonds at the earliest optional redemption date (June 1, 2026). This endeavor requires the City, the trustee/escrow agent, and CDA prepare and execute an Escrow Deposit

Agreement. The agreement will instruct, at closing, sufficient funds be placed into the escrow account, and directed to purchase eligible securities (U.S. Government obligations, i.e. SLGS if available), such that the cash flows (principal and interest) generated from these investments will closely mirror the corresponding CDA bond debt service payments. CDA bondholders whose bonds are defeased will receive their semi-annual debt service payments out of the escrow account; CDA and the City will no longer be party to the corresponding bonds that are defeased. As a defeasance effort falls outside the scope of the original financing, the City will need to agree in writing to cover these costs. Cost estimates will vary, and are dependent on the complexity of the transaction. A defeasance endeavor is generally more complex and time consuming, and at a minimum involves CDA's financial adviser, CDAs bond counsel, the trustee, and trustee's counsel, along with the City. Note: It is rare for a local government to pursue a defeasance. Specific to the most recent defeasance effort involving a local government, the transaction costs were in excess of \$37,000, though it is important to mention, this transaction was highly unusual, and it involved frequent starts and stops. Transaction costs associated with a defeasance effort are eligible to be covered from the 2017 A loan proceeds as well."

In sum, use of the bond for a purpose other than the Library would not result in any near-term financial savings to the City and refinancing of the bond is also not possible in the near term.

General note: While neither the State of Maryland nor the City Charter mandates a limit on municipal debt, it is a financial policy of the City that its net tax-supported debt should not exceed one percent of the assessed valuation of taxable property. That level is \$23.9 million. The City's total debt is \$14.3 million, well within our financial policy limits.

State Grant Funds for the Library

Thanks to our Maryland District 20 representatives, the City of Takoma Park has been granted a total of \$300,000 from the State of Maryland for the Library project. These can only be used for capital construction activities of the Takoma Park Library. They are to be matched by City funds, which can come from the \$7 million of Library Bond funds or the Cable Grant funds. As we spend City funds, we keep the documentation to submit as our match. The \$300,000 from the State grant is to be spent in FY21 using the match of funds we will have spent to date.

Capital Cable Grant Funds

The City has approximately \$3.5 million in capital grant funds paid from the three cable TV companies that serve Takoma Park and operate here under franchise agreements with the City and the County. These funds can only be spent on capital expenses related to wiring, public safety wiring and facilities for that infrastructure or for programming-related space. Many areas of the Library project meet the criteria as space for the infrastructure or programming. At this time it is expected that approximately \$2.5 million in capital cable grants will be spent on the Library. It is not legally permitted to use the funds for operating expenses or for providing access for residents to get online outside of our facility.

Library services and resources impact City residents in multiple ways

As noted in the FY21 Proposed Budget, the estimated circulation of print materials for FY 20 is 112,092, and the in-library use of materials is 33,651 (estimated prior to closure).

An estimated 364 programs are projected to have 15,278 participants (estimated prior to closure).

Some Library Children's Program and Participation Statistics:

- **We have five regular public programs each week during the school year:** Circle Time, Spanish Circle Time, Pre-school programs on Monday mornings, Early Literacy programs on Wednesday mornings, and three classes of the PBES 4th graders most Friday afternoons.

The approximate number of programs each week is 20. The approximate number of participants in these programs each week is 265.

- **We have eight other programs that are either monthly, or semi-monthly.** The monthly programs include: Comics Jam, Caldecott Club, French Circle Time, Alternative Games, LEGO Club, Kids Art, and Bedtime Stories. One other program -- Scribbler's Cabal -- happens most Fridays, so it is counted in the total.

The approximate number of programs we offer each month, including the five weekly programs mentioned above, is 28. The approximate number of participants in these programs is 1,300.

In addition, we offer many author and illustrator programs, with varying attendance.

School Class Programs

We have programs for the 4th graders at Piney Branch Elementary School (PBES) most Fridays during the school year.

There are 9 classes of four graders, so the classes come in groups of 3. We do each program 3 times, so we can reach all 9 classes. **Altogether, we do a total of 24 programs annually for the 4th graders.**

In addition, we do twice-yearly programs for the kindergarten, first and second grade classes at Takoma Park Elementary School (TPES). There are an average of 10 classes per grade, so the classes come in groups of 2-3 for the programs. **So we do approximately 30 programs annually for these classes.**

Adding together the number of programs for PBES 4th graders (24) and the kindergarten, first and second grade classes at TPES (30), we do an approximate number of **54 programs annually for the public elementary schools next door.**

Note that Takoma Park E.S. is 56.7% students of color and Piney Branch E.S. is 63.6%.

- Those school class numbers don't include the programs that Kati Nolfi does for two local preschools on Monday mornings at the Library. She offers programs once monthly to each of the two schools throughout the year, so that's approximately 24 programs annually.
- If all school programs -- PBES, TPES and preschool -- are added together, we do a total of 78 programs (54 public school plus 24 preschool) annually for preschoolers, kindergartners, first graders, second graders and fourth graders.

Programs for adults

We have two book discussion groups in collaboration with the Library Friends: One meets bi-monthly, and the other involves a series of discussions on a featured classic work, introduced by a visiting lecturer, twice a year.

Programs during Closure

Karen, Dave and Kati are all creating and presenting on-line programs for kids while the Library is closed.

- Karen has videotaped a Circle Time program and plans to do more.
- Kati Nolfi has created a number of storytime videos, featuring books, songs and rhymes, featuring her two kids. She does two or three a week, and they may be accessed on the Library Facebook page.
- Dave Burbank has taken two of our most popular programs – Comics Jam and Sketch Club – online via Zoom.

Digital Resources

Though too numerous to list, one of the most popular is Hoopla, which gives patrons simultaneous access to books, audiobooks, music, movies, TV shows. **There were 2526 circulations between March of 2019 and 2020, with an average of 194 circulations per month.** There was an uptick this March with 267 circulations. Patrons log on with their Library cards, but growth is constrained by a cap of 5 checkouts per month per patron.

Excerpts from the Library Bond documents



MARYLAND DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
 COMMUNITY DEVELOPMENT ADMINISTRATION
 LOCAL GOVERNMENT INFRASTRUCTURE BONDS
 2017 SERIES A-1 & 2017 SERIES A-2
 FINAL
 LOAN PAYMENTS
 2017 Takoma Park 2* - 30 Year

Loan Maturity	Principal	Interest	Total	Trustee Fees	Total Payment	Annual Payment	Outstanding Principal Balance
08/02/17							7,000,000.00
10/01/17		77,803.50	77,803.50	717.30	78,520.80		7,000,000.00
04/01/18	129,000.00	117,685.97	246,685.97	717.30	247,403.27	325,924.07	6,871,000.00
10/01/18		116,363.72	116,363.72	717.30	117,081.02		6,871,000.00
04/01/19	158,000.00	116,363.72	274,363.72	717.30	275,081.02	392,162.04	6,713,000.00
10/01/19		114,744.22	114,744.22	717.30	115,461.52		6,713,000.00
04/01/20	158,000.00	114,744.22	272,744.22	717.30	273,461.52	388,923.04	6,555,000.00
10/01/20		113,124.72	113,124.72	717.30	113,842.02		6,555,000.00
04/01/21	163,500.00	113,124.72	276,624.72	717.30	277,342.02	391,184.04	6,391,500.00
10/01/21		111,448.84	111,448.84	717.30	112,166.15		6,391,500.00
04/01/22	166,500.00	111,448.84	277,948.84	717.30	278,666.15	390,832.29	6,225,000.00
10/01/22		109,742.22	109,742.22	785.99	110,528.20		6,225,000.00
04/01/23	169,000.00	109,742.22	278,742.22	785.99	279,528.20	390,056.41	6,056,000.00
10/01/23		108,009.97	108,009.97	785.99	108,795.95		6,056,000.00
04/01/24	173,500.00	108,009.97	281,509.97	785.99	282,295.95	391,091.91	5,882,500.00
10/01/24		106,231.59	106,231.59	796.04	107,027.63		5,882,500.00
04/01/25	175,500.00	106,231.59	281,731.59	796.04	282,527.63	389,555.27	5,707,000.00
10/01/25		104,244.11	104,244.11	796.04	105,040.15		5,707,000.00
04/01/26	178,500.00	104,244.11	282,744.11	796.04	283,540.15	388,580.00	5,528,500.00
10/01/26		102,044.16	102,044.16	796.04	102,840.21		5,528,500.00
04/01/27	184,500.00	102,044.16	286,544.16	796.04	287,340.21	390,180.00	5,348,000.00
10/01/27		99,230.54	99,230.54	911.12	100,141.66		5,344,000.00
04/01/28	191,500.00	99,230.54	290,730.54	911.12	291,641.66	391,700.00	5,152,500.00
10/01/28		96,310.16	96,310.16	911.12	97,221.28		5,152,500.00
04/01/29	197,500.00	96,310.16	293,810.16	911.12	294,721.28	391,942.00	4,955,000.00
10/01/29		93,298.29	93,298.29	911.12	94,209.41		4,955,000.00
04/01/30	202,000.00	93,298.29	295,298.29	911.12	296,209.41	390,418.81	4,753,000.00
10/01/30		90,217.79	90,217.79	911.12	91,128.91		4,753,000.00
04/01/31	206,500.00	90,217.79	296,717.79	911.12	297,628.91	388,757.81	4,546,500.00
10/01/31		86,939.60	86,939.60	911.12	87,850.72		4,546,500.00
04/01/32	215,500.00	86,939.60	302,439.60	911.12	303,350.72	391,201.44	4,331,000.00
10/01/32		83,478.08	83,478.08	1,028.20	84,506.30		4,331,000.00
04/01/33	220,500.00	83,478.08	303,978.08	1,028.20	305,006.30	389,512.61	4,110,500.00
10/01/33		79,798.40	79,798.40	1,028.20	80,826.63		4,110,500.00
04/01/34	229,500.00	79,798.40	309,298.40	1,028.20	310,326.63	391,153.25	3,881,000.00
10/01/34		75,968.53	75,968.53	1,078.93	77,047.46		3,881,000.00
04/01/35	237,500.00	75,968.53	313,468.53	1,078.93	314,547.46	391,594.93	3,643,500.00
10/01/35		72,005.16	72,005.16	1,078.93	73,084.09		3,643,500.00
04/01/36	244,500.00	72,005.16	316,505.16	1,078.93	317,584.09	390,668.18	3,399,000.00
10/01/36		67,924.97	67,924.97	1,078.93	69,003.90		3,399,000.00
04/01/37	254,000.00	67,924.97	321,924.97	1,078.93	323,003.90	392,007.80	3,145,000.00
10/01/37		63,680.25	63,680.25	1,442.35	65,128.60		3,145,000.00
04/01/38	262,500.00	63,680.25	326,180.25	1,442.35	327,628.60	392,757.20	2,882,500.00
10/01/38		58,370.63	58,370.63	1,442.35	59,812.97		2,882,500.00
04/01/39	272,500.00	58,370.63	330,870.63	1,442.35	332,312.97	392,125.95	2,610,000.00
10/01/39		52,852.50	52,852.50	1,442.35	54,294.85		2,610,000.00
04/01/40	282,500.00	52,852.50	335,352.50	1,442.35	336,794.85	391,089.70	2,327,500.00
10/01/40		47,131.88	47,131.88	1,538.55	48,670.42		2,327,500.00
04/01/41	293,000.00	47,131.88	340,131.88	1,538.55	341,670.42	390,340.84	2,034,500.00
10/01/41		41,198.63	41,198.63	1,538.55	42,737.17		2,034,500.00
04/01/42	307,500.00	41,198.63	348,698.63	1,538.55	350,237.17	392,974.34	1,727,000.00
10/01/42		34,971.75	34,971.75	1,538.55	36,510.30		1,727,000.00
04/01/43	317,000.00	34,971.75	351,971.75	1,538.55	353,510.30	390,020.59	1,410,000.00
10/01/43		28,552.50	28,552.50	1,693.10	30,245.60		1,410,000.00
04/01/44	333,000.00	28,552.50	361,552.50	1,693.10	363,245.60	393,491.21	1,077,000.00
10/01/44		21,809.25	21,809.25	1,693.10	23,502.35		1,077,000.00
04/01/45	345,500.00	21,809.25	367,309.25	1,693.10	369,002.35	392,504.71	731,500.00
10/01/45		14,812.88	14,812.88	1,693.10	16,505.98		731,500.00
04/01/46	358,000.00	14,812.88	372,812.88	1,693.10	374,505.98	391,011.96	373,500.00
10/01/46		7,563.38	7,563.38	1,693.10	9,256.48		373,500.00
04/01/47	373,500.00	7,563.38	381,063.38	1,693.10	382,756.48	392,012.96	0.00
	7,000,000.00	4,599,638.86	11,599,638.86	66,221.09	11,665,859.96	11,665,859.96	

Specimen

Loan Request 7,000,000.00
 Less: Cost of Issuance 122,029.02
 Plus: Premium (Discount) 110,892.83
 Net Loan Proceeds 6,988,863.81

True Interest Cost 3.61%

**United States of America
State of Maryland
City of Takoma Park, Maryland
Infrastructure Bond, 2017 Series A-2**

No. R-1

\$7,000,000

The City of Takoma Park, a municipal corporation duly organized and existing under the Constitution and laws of the State of Maryland (the "Issuer"), hereby promises to pay to the

Maryland Community Development Administration

or its registered assigns, the principal amount of Seven Million Dollars (\$7,000,000), plus interest on each unpaid principal installment at rates per annum resulting in the total interest cost ("TIC") (expressed as a yield) set forth on Exhibit A attached hereto, in lawful money of the United States of America, as follows: (a) interest on the outstanding and unpaid principal of this Bond shall be due and payable in semiannual payments commencing on October 1, 2017, and continuing on the first day of October and April in each year thereafter until final maturity; (b) principal of this Bond shall be paid commencing on April 1, 2018 and on April 1 in each year thereafter until final maturity in the aggregate amount of principal installments as set forth on Exhibit A. Payment of the principal hereof and the interest due hereon shall be made by check mailed to the address of the registered owner of this Bond as shown on the registration books maintained by the Issuer, or in such other manner and to such other address as the registered owner of this Bond may designate. If any payment of the principal of or interest on this Bond shall be due on a day other than a Business Day (defined herein), such payment shall be made on the next Business Day with like effect as if made on the originally scheduled date. A "Business Day" is any day other than a Saturday, Sunday or legal holiday in the State of Maryland observed as such by the Issuer.

In the event any payment hereon (whether principal, interest or both) is not paid when due and payable, such payment shall continue as an obligation of the Issuer and shall bear interest until paid at the rate or rates of interest borne by this Bond.

This Bond, designated as "City of Takoma Park Infrastructure Bond, 2017 Series A-2" (this "Bond"), is a general obligation of the Issuer, and has been duly issued by the Issuer for the purpose of providing all or a portion of the funds necessary for (i) financing or refinancing costs of certain projects identified and more fully described in the Ordinance identified herein as the Library and Community Center Renovation Project, (ii) funding a portion of a capital reserve fund, and/or (iii) paying issuance and other costs related to this Bond. Unless paid from other sources, the Issuer covenants that so long as any portion of this Bond is outstanding and not paid, it shall levy annually, in the manner prescribed by law, ad valorem taxes on all real and tangible personal property within its corporate limits subject to assessment for unlimited taxation in rate and amount sufficient to provide for the payment of the principal of and interest on this Bond as the same become due and payable.

This Bond is issued pursuant to the authority of Sections 4-101 through 4-255 of the Housing and Community Development Article of the Annotated Code of Maryland, as amended,

Section 823 of the Charter of the Issuer, and Ordinance No. 2017-27 passed by the Council of the Issuer on June 21, 2017 (the "Ordinance"). The full faith and credit of the Issuer are hereby irrevocably pledged to the payment of the principal of this Bond and the interest to accrue hereon.

This bond is issued in connection with the Local Government Infrastructure Financing Program of the Community Development Administration, an agency in the Division of Development Finance of the Department of Housing and Community Development, a principal department of the government of the State of Maryland (the "Administration"). This bond is subject to the terms and conditions of the Repayment Agreement dated as of August 1, 2017, between the Issuer and the Administration (the "Repayment Agreement").

This Bond is not subject to prepayment by the Issuer prior to June 1, 2026. On or after June 1, 2026, this Bond is subject to prepayment by the Issuer in whole or in part at any time, at the principal amount to be prepaid, plus accrued interest thereon.

Notice of prepayment shall be given, the date of prepayment determined, and all prepayments of this Bond shall be applied in accordance with the provision of the Repayment Agreement.

The Issuer may treat the person in whose name this bond is registered as the absolute owner hereof, whether or not this Bond shall be overdue, for the purpose of receiving payment thereof and for all other purposes whatsoever, and shall not be affected by any notice to the contrary, except as provided below.

This Bond is assignable and upon such assignment the assignor shall promptly notify the Issuer by certified mail, and the assignee shall surrender this Bond to the Issuer for transfer on the registration records and verification of the portion of the principal amount hereof and interest hereon paid or unpaid, and every such assignee shall take this Bond subject to such condition. In connection with any transfer of this Bond, the Issuer may make a charge sufficient to reimburse it for any tax, or other governmental charge required to be paid with respect to such transfer and any reasonable fees or expenses of the Issuer incurred in connection with such transfer.

Principal of this Bond is paid in annual installments and this Bond is subject to partial redemption without any notation of such payment being made on this Bond or the surrender of this Bond for cancellation and the issuance of a new Bond or Bonds in the amount of the unpaid principal hereof. Accordingly, the outstanding principal of this Bond may be less than the stated face amount hereof and any purchaser or transferee of this Bond should contact the Issuer and the prior owner of this Bond to ascertain the outstanding face amount hereof.

As declared by Section 4-231(c) of the Housing and Community Development Article of the Annotated Code of Maryland, as amended, this Bond shall have and possess all the attributes of negotiable instruments as provided in Section 19-224 of the Local Government Article of the Annotated Code of Maryland, as amended. This bond is issued with the intent that the laws of the State of Maryland shall govern its construction.

No recourse shall be had for the payment of the principal of, the interest on, or for any claim based hereon or on the Ordinance against any elected or appointed official or employee,

past, present or future of the Issuer or any agency thereof; and any such recourse, claim or liability is expressly waived by acceptance by the owner of the delivery of this Bond.

It is hereby certified and recited that each and every act, condition and thing required to exist, to be done, to have happened and to be performed precedent to and in the issuance of this Bond does exist, has been done, has happened and has been performed in full and strict compliance with the Constitution and laws of the State of Maryland, the Charter of the Issuer, and the proceedings of the Issuer.

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Specimen

ARTICLE IV

EVENTS OF DEFAULT AND REMEDIES

Section 4.01. Events of Default. Each of the following events committed by, or otherwise occurring with respect to, the Local Government is an "Event of Default" under this Pledge Agreement:

(a) failure to pay the principal or Redemption Price of the Local Government Obligation when due and payable, at maturity, by call for redemption, or otherwise; or

(b) failure to pay an installment of interest on the Local Government Obligation when due and payable; or

(c) failure to duly and punctually perform any covenants, conditions, agreement and provisions contained in the Local Government Obligation, this Pledge Agreement or any other Document, which default shall continue for 30 days after notice specifying such default and requiring the same to be remedied shall have been given; or

(d) the Local Government shall fail to make any payment in respect of any of its Indebtedness when due (whether by scheduled maturity, required prepayment, demand or otherwise) and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Indebtedness; or any other failure under any agreement or instrument relating to any such Indebtedness, or any other event, shall occur and shall continue after the applicable grace period, if any, specified in such agreement or instrument; or

(e) the Local Government becomes insolvent and generally fails to pay, or is generally unable to pay, or admits in writing its inability to pay, its debts as they become due or applies for, consents to, or acquiesces in, the appointment of a trustee, receiver or other custodian for the Local Government, as the case may be, or a substantial part of its property, or makes a general assignment for the benefit of creditors.

Upon the occurrence of an Event of Default, the Administration or the Trustee shall send to the Local Government a Notice of Default. The failure to give a Notice of Default following an Event of Default or any defect in such notice shall not constitute a waiver of the default or affect the exercise of any remedy under this Pledge Agreement.

Section 4.02. Remedies.

(a) The Administration shall be entitled to all of the rights and remedies provided in this Pledge Agreement, in the Act, and by law or in equity.

(b) The Administration, or the Trustee as assignee of the Administration, may submit to the Comptroller and the Treasurer a Notice of Default at any time after the occurrence of an Event of Default. The Notice of Default provides that the Administration is authorized to request that the Comptroller and the Treasurer pay over to the Administration and the Trustee any Local