

RESOLUTION 2018- 56

**A RESOLUTION BY THE BOARD OF COUNTY COMMISSIONERS OF ST. JOHNS COUNTY, FLORIDA, AUTHORIZING THE COUNTY ADMINISTRATOR, OR DESIGNEE, TO EXECUTE A TRANSFER AND ASSUMPTION AGREEMENT REGARDING DISSOLUTION OF THE TOWN OF HASTINGS; AND PROVIDING AN EFFECTIVE DATE AND TO RECOGNIZE AND APPROPRIATE REMAINING TOWN OF HASTINGS FUNDS WITHIN THE FISCAL YEAR 2018 BUDGET.**

**RECITALS**

**WHEREAS**, On August 14, 2017, pursuant to the Formation of Municipalities Act, Chapter 165, *Florida Statutes*, the Town of Hastings (Town) passed and adopted Ordinance No. 2017-03 ("Dissolution Ordinance"), providing for the dissolution of the Town upon approval of a majority of the qualified electors; and

**WHEREAS**, on November 7, 2017, the Dissolution Ordinance was approved by the electors; and

**WHEREAS**, the Town of Hastings ("Town") has commenced proceedings to dissolve the Town on February 28, 2018 ("Dissolution"); and

**WHEREAS**, by operation of Chapter 165, Florida Statutes, upon Dissolution certain assets of the Town will be transferred to St. Johns County ("County") and certain debt of the Town will be retired by the County using the County's General Fund including \$611,400 in outstanding United States Department of Agriculture principal water and sewer bonds, \$62,458 in outstanding Capital City Bank principal debt and \$237,000 in outstanding DOT principal obligations for which additional accrued interest will be calculated once debt retirement dates are set; and

**WHEREAS**, the Town and the County desire to enter into a Transfer and Assumption Agreement prior to Dissolution setting forth procedures and protocols the Town and the County intend to follow both before and after Dissolution regarding the transfer of assets and the assumption of debts; and

**WHEREAS**, the County did not anticipate the dissolution of the Town of Hastings when adopting the Fiscal Year 2018 Budget; and

**WHEREAS**, County staff recommends the use of up to \$794,055 from General Fund Reserves and \$768,481 from Utility Services Fund Reserves to provide a continuity of services in the Town of Hastings and to meet current County operating standards.

**NOW, THEREFORE, BE IT RESOLVED BY TOWN COMMISSION OF THE TOWN OF HASTINGS, FLORIDA as follows:**

1. The above Recitals are incorporated by reference into the body of this Resolution and such Recitals are adopted as finds of fact.

2. The County Administrator, or designee, is hereby authorized to execute a transfer and assumption agreement, in substantially the same form and format as attached hereto, providing for the orderly transfer and assumption of all of the assets and debts of the Town to the County in accordance with applicable provisions of state law and the Dissolution Ordinance.

3. The Board of County Commissioners recognizes and appropriates the remaining Town of Hastings Funds within the within the County's Fiscal Year 2018 Budget.

4. The Board of County Commissioners approves the use of up to \$794,055 from General Fund Reserves and \$768,481 from Utility Services Fund Reserves to provide a continuity of services in the Town of Hastings and to meet current County operating standards.

5. To the extent that there are typographical and/or administrative errors that do not change the tone, tenor, or concept of this Resolution, then this Resolution may be revised without subsequent approval by the Board of County Commissioners.

6. This Resolution shall be effective upon its passage and adoption by the St. Johns County Board of Commissioners.

**PASSED AND ADOPTED** by the Board of County Commissioners of St. Johns County, Florida, this 20 day of February, 2018.

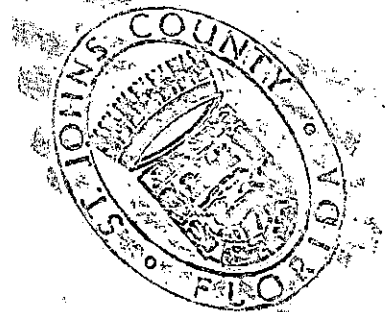
**BOARD OF COUNTY COMMISSIONERS  
OF ST. JOHNS COUNTY, FLORIDA**

  
By: Henry Dean, Chair

RENDITION DATE 2/21/18



ATTEST: Hunter S. Conrad, Clerk  
By: Deputy Clerk



## ASSUMPTION AGREEMENT

The Town of Hastings, Florida (the "Town"), and St. Johns County, Florida (the "County"), in connection with the dissolution of the Town, which is effective as of February 28, 2018, and the assumption of the Town's debt obligations as a result thereof, particularly with respect to the Town's outstanding Water and Sewer Revenue Bonds described below, outstanding Promissory Note in favor of Capital City Bank described below and the outstanding Promissory Note in favor of State of Florida, Department of Transportation, described below, do hereby covenant and agree as follows:

### W I T N E S S E T H:

**WHEREAS**, the Town has, pursuant to its ordinance enacted September 5, 1967 relating to the issuance of water and sewer revenue bonds by the Town (the "Original Instrument") and its Resolution No. 88-1 adopted January 18, 1988, as supplemented, issued its Water and Sewer Revenue Bond, Series 1988, which is currently outstanding in the principal amount of \$60,000.00; and

**WHEREAS**, the Town has, pursuant to the Original Instrument and its Resolution No. 89-4 adopted January 30, 1989, as supplemented, issued its Water and Sewer Revenue Bond, Series 1989, which is currently outstanding in the principal amount of \$23,000.00; and

**WHEREAS**, the Town has, pursuant to the Original Instrument and its Resolution No. 90-5 adopted December 10, 1990, as amended and restated by Resolution No. 92-2 adopted January 13, 1992, as supplemented, issued its Water and Sewer Revenue Bonds, Series 1990, which are currently outstanding in the aggregate principal amount of \$388,700.00, and consist of two bonds in the outstanding principal amounts of \$325,700.00 and \$63,000.00; and

**WHEREAS**, the Town has, pursuant to the Original Instrument and its Resolution No. 95-1 adopted January 9, 1995, as amended and restated by Resolution No. 95-01-A adopted March 13, 1995, as supplemented, issued its Water and Sewer Revenue Bond, Series 1995, which is currently outstanding in the principal amount of \$48,700.00; and

**WHEREAS**, the Town has, pursuant to the Original Instrument and its Resolution No. 99-01 adopted March 8, 1999, as supplemented, issued its Water and Sewer Revenue Bond, Series 1999, which is currently outstanding in the principal amount of \$91,000.00; and

**WHEREAS**, the above-referenced bonds (collectively, the "Bonds") are secured by and payable from the gross revenues of the Town's water and sewer system and certain municipal excise taxes as described in the Original Instrument and the above-referenced bond resolutions; the Bonds are payable on January 1 of each year until paid in full in accordance with the terms of the Bonds; and the Bonds are owned by U.S.

Department of Agriculture, Rural Utilities Service (the "Bondholder"), whose address is 971 W. Duval St., Suite 190, Lake City, FL 32055, Attention: Kenda Robison, and phone number is : (386) 269-3522; and

**WHEREAS**, the Town has, pursuant to its Resolution No. 2015-002 adopted April 13, 2015, issued its Promissory Note dated April 14, 2015 (the "Bank Note"), in favor of Capital City Bank (the "Bank"), which is currently outstanding in the principal amount of \$62,457.81; and

**WHEREAS**, the Bank Note is payable from legally available non-ad valorem revenues of the Town budgeted and appropriated to pay the Note as described in the loan documents relating to the Bank Note; the Bank Note is payable monthly on the thirteenth day of each month until paid in full; and the Bank Note is owned by the Bank, whose address is 304 East Tennessee St., Tallahassee, FL 32301, Attention: Daniel Petronio, and phone number is (850) 402-7954; and

**WHEREAS**, the Town has, pursuant to a Stipulation of Settlement entered into in February 2005, issued its Promissory Note dated March 14, 2005 (the "DOT Note") in favor of State of Florida, Department of Transportation ("DOT"), which is currently outstanding in the principal amount of \$237,000; and

**WHEREAS**, the DOT Note is unsecured; the DOT Note is payable annually on April 1 of each year until paid in full; and the Note is owned by DOT, whose address is 605 Suwannee Street, Tallahassee, FL 32399-0450, Attention: Bonnie Kirchgessner, and phone number is (850) 414-4889; and

**WHEREAS**, on August 14, 2017, pursuant to the Formation of Municipalities Act, Chapter 165, *Florida Statutes*, the Town enacted Ordinance No. 2017-03 (the "Dissolution Ordinance"), providing for the dissolution of the Town upon approval of a majority of the qualified electors; and

**WHEREAS**, on November 7, 2017, the Dissolution Ordinance was approved by the electors; and it was certified by the St. Johns County Supervisor of Elections on November 9, 2017; and

**WHEREAS**, the Dissolution Ordinance included a dissolution plan to facilitate the winding up of the affairs of the municipal corporation (the "Dissolution Plan"); and

**WHEREAS**, the Dissolution Plan provides for the final dissolution of the Town on February 28, 2018 (the "Dissolution Date"); and

**WHEREAS**, by operation of the Dissolution Ordinance, the Dissolution Plan and Chapter 165, *Florida Statutes*, upon dissolution of the Town on the Dissolution Date, the County will become responsible for all outstanding indebtedness of the Town, including the Bonds, the Bank Note and the DOT Note; and

**WHEREAS**, the County and the Town desire to take certain actions to set forth their expectations and agreement with respect to the assumption of the Town's obligations with respect to the Bonds, the Bank Note and the DOT Note by the County.

**NOW, THEREFORE**, the parties hereto, for valuable consideration and agreeing to be bound by the same, do hereby agree as follows:

**SECTION 1.** The Town hereby agrees to take all actions reasonably deemed necessary by the County to effectuate the assumption by the County of the Town's obligations with respect to the Bonds, the Bank Note and the DOT Note. The County hereby agrees to take all actions reasonably deemed necessary by the County to prepay and retire the Town's obligations in connection with the Bonds and the Bank Note as soon as practicable. The County hereby agrees to take all actions deemed necessary by the County to pay the Town's obligations in connection with the DOT Note as amounts thereunder become due and payable until the DOT Note is paid in full.

**SECTION 2.** The County hereby agrees to consolidate the water and sewer system assets acquired as a result of the dissolution of the Town into the County's water and sewer system and combine the respective enterprise funds into one enterprise fund; provided, however, separate divisions may be maintained with respect to the combined enterprise fund to allow for the operating, customer accounting, and financial data of each division of the enterprise fund to be managed independently to facilitate appropriate rate making and revenue generating activities.

**SECTION 3.** All funds held at the Dissolution Date in any accounts established in connection with the Bonds, the Bank Note and the DOT Note and all sums collected by the County thereafter in connection therewith shall continue to be held by the County on behalf of the Bondholder, the Bank and DOT, respectively, until such debt is retired by the County as described above. Notwithstanding the foregoing, because the County has no legal authority to impose the excise tax pledged by the Town as additional security for the Bonds, such tax will not be imposed after the Dissolution Date.

**SECTION 4.** The County hereby agrees, to the extent permitted by law and subject to the provisions of Section 3 above, to take all other reasonable action as may be necessary to ensure the Bondholder and the Bank retain the security and revenues that they would have otherwise been entitled to prior to the Town's dissolution until such debt is retired by the County.

**SECTION 5.** This Agreement may be executed in one or more counterparts, all of which will be considered one and the same agreement.

**SECTION 6.** If any provision of this Agreement shall be held or deemed to be or shall, in fact, be illegal, inoperative or unenforceable in any context, the same shall not affect any other provision herein or render any other provision (or such provision in any other context) invalid, inoperative or unenforceable to any extent whatsoever.

**SECTION 7.** This Agreement shall be governed by and construed in accordance with the laws of the State of Florida.

**IN WITNESS WHEREOF**, the parties hereto have entered into this Agreement as of February 28, 2018.

ST. JOHNS COUNTY, FLORIDA

By: \_\_\_\_\_  
Chairman of the Board of County Commissioners

Approved as to legal sufficiency:

By: \_\_\_\_\_  
County Attorney

TOWN OF HASTINGS, FLORIDA

By: \_\_\_\_\_  
Mayor

Approved as to legal sufficiency:

By: \_\_\_\_\_  
Town Attorney

### Town of Hastings Dissolution - Five Year Projection

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Estimated Hastings Ad Valorem & Other Revenue	105,756	-	-	-	-
Rental Income - Land	2,625	4,500	4,500	4,500	4,500
<b>Subtotal Revenues</b>	<b>108,381</b>	<b>4,500</b>	<b>4,500</b>	<b>4,500</b>	<b>4,500</b>
Personnel Expense	(69,809)	(105,319)	(108,478)	(111,733)	(115,085)
Other Operating Expense	(179,057)	(167,365)	(172,386)	(177,558)	(182,884)
Payoff - Hastings Bank Loan	(68,170)				
Payoff - Hasting Utility Bond Debt	(613,400)				
Credit - Hastings Library Lease	28,000				
<b>Subtotal Operating Expense</b>	<b>(902,436)</b>	<b>(272,684)</b>	<b>(280,864)</b>	<b>(289,290)</b>	<b>(297,969)</b>
<b>Required General Fund Transfer</b>	<b>(794,055)</b>	<b>(268,184)</b>	<b>(276,364)</b>	<b>(284,790)</b>	<b>(293,469)</b>

**Town of Hastings Utility Dissolution - Five Year Projection**

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Projected Utility Revenues	190,684	334,406	342,097	349,965	358,014
Personnel Expense	(165,705)	(292,086)	(300,849)	(309,875)	(319,171)
Other Operating Expense	(288,460)	(417,521)	(430,046)	(442,948)	(456,236)
Subtotal Operating Expense	(454,165)	(709,607)	(730,896)	(752,822)	(775,407)
Capital Investment Projects*	(500,000)	(100,000)	(100,000)	(100,000)	(100,000)
FDOT Note Payment	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)
Subtotal Debt Service	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)
Total Expense	(959,165)	(814,607)	(835,896)	(857,822)	(880,407)
Required Utility Transfer	(768,481)	(480,201)	(493,799)	(507,857)	(522,393)

\* FY 18 Capital Investment of approximately \$500,000 will be covered by a transfer from the Main Utility Capital Improvement