RESOLUTION 2014-23

Agenda Item

TO: Mayor and City Council

FROM: Mark S. Gaugh, City Manager

DATE: July 21, 2014

RE: Resolution for Certificates of Participation

Issues

The attached Resolution authorizes the offering for sale of Certificates of Participation for the funding of several capital projects. For the water and electric systems, the funding would provide for the replacement of weirs on one of the treatment basins, along with AMI equipment and meter replacements. On the wastewater side, this funding is the first phase of wastewater improvements. The City will pay any wastewater design costs that occur between now and the actual receipt of funds from the operating/reserve budget. Once funds are received, they can be used to "pay back" the reserve fund. These costs are expected to be a small part of the overall expense for the work.

These capital improvements, taken as a whole, will result in decreased energy costs and more efficient reading of water and electric consumption. Over the long term, they will pay for themselves and result in a net reduction in operating costs, with the exception of any improvements to the sewer collection system. These expenses should result in less inflow reaching the lift stations and plant, so there will be some reduction in costs, but these will be difficult to quantify. The improvements need to be done to comply with regulations and to replace worn out infrastructure.

Recommendation

Staff recommends that the Council approve the Resolution for funding through Certificates of Participation for capital improvements.

Resolution 2014-23

A RESOLUTION AUTHORIZING THE OFFERING FOR SALE OF APPROXIMATELY $5,050,000 PRINCIPAL AMOUNT OF CERTIFICATES OF PARTICIPATION TO PROVIDE FUNDS TO PAY COSTS OF WATER SYSTEM EQUIPMENT AND SEWERAGE SYSTEM IMPROVEMENTS IN THE CITY OF CAMERON, CLINTON AND DEKALB COUNTIES, MISSOURI, AND DECLARING THE INTENTION OF THE CITY COUNCIL TO REIMBURSE CERTAIN CAPITAL EXPENDITURES WITH PROCEEDS OF THE CERTIFICATES OF PARTICIPATION

WHEREAS, the City of Cameron, Clinton and DeKalb Counties, Missouri (the "City"), desires to obtain funds to pay the costs of (1) acquiring, improving, and repairing water system equipment within the City, and (2) constructing, equipping, and furnishing sewer system improvements within the City (the "Projects"), and expects to make capital expenditures after the date of this Resolution in connection with the Projects.

WHEREAS, in order to reimburse itself for such expenditures and provide funds to pay the costs of the Projects, at a later date, the City Council will authorize the City to enter into a lease purchase agreement with a trustee bank to pay or reimburse approximately $5,050,000 for costs of the Projects, and to pay closing costs relating to the lease purchase agreement, and, in connection therewith, to authorize the trustee bank to deliver a like principal amount of participation certificates in the lease purchase agreement (the "Certificates of Participation"); and

WHEREAS, the City Council has previously appointed the firm of Piper Jaffray & Co., of Leawood, Kansas, to serve as underwriter for the Certificates of Participation, and hereby determines it to be advisable to engage the firm of Gilmore & Bell, P.C., of Kansas City, Missouri, as the City's special tax counsel in connection with the authorization, issuance, sale and delivery of the Certificates of Participation, and to authorize certain preliminary actions to be taken in connection therewith.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CAMERON, CLINTON AND DEKALB COUNTIES, MISSOURI, AS FOLLOWS:

Section 1. The City Council expects to make capital expenditures after the date of this Resolution in connection with the Projects, and the City Council hereby declares its intent that the City reimburses itself for such expenditures with the proceeds of Certificates of Participation to be subsequently authorized in an amount that is not expected to exceed $5,500,000.

Section 2. The City Council hereby engages the law firm of Gilmore & Bell, P.C., to serve as the City's special tax counsel in connection with the authorization, issuance, sale and delivery of the Certificates of Participation, and authorizes and directs such law firm to proceed

with the preparation of the official statement and all legal proceedings necessary for the lease purchase agreement and the Certificates of Participation, for the purposes described herein.

Section 3. The City Council further authorizes the firm of Piper Jaffray & Co., as underwriter, to proceed with the offering for sale of the Certificates of Participation; provided that the final terms of the lease purchase agreement and the Certificates of Participation shall be subject to the City Council's subsequent approval.

Section 4. All officers and representatives of the City are hereby authorized and directed to take such other action as may be necessary to carry out the intent and purposes of these resolutions.

Section 5. This Resolution shall be in full force and effect from and after its approval by the City Council.

PASSED THIS 21st DAY OF JULY 2014.

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(SEAL) Mayor Dennis M. Clark

ATTEST:

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City Clerk/Finance Clerk