BILL 2014-32

****** First Reading ******

Agenda Item

TO: Mayor and City Council

FROM: Mark S. Gaugh, City Manager

DATE: August 18, 2014

RE: Ordinance - Water Improvement Financing

Issues

The attached ordinance authorizes the issuance of Certificates of Participation for water and wastewater improvements project in the amount of $5,068,000. This project consists of automated metering infrastructure for water and electric services, energy improvements at City facilities, along with major wastewater treatment plant improvements/repairs and sewer collection system repairs in basin F-0001. The wastewater collection system work is only part of the overall work needed in the sewer system. Over time, we will need to address all the sub-basins that collect sewage and pump it to the wastewater treatment plant.

These improvements have components that will reduce energy costs, operational costs and will improve accuracy of our utility billing process. The AMI and energy modifications are expected to pay for itself within the term of the loan. The wastewater improvements will even save some energy at the treatment plant through improved electrical efficiency. Collection system work will not save energy, but will help reduce sanitary sewer overflows in the system by making manhole repairs and re-lining broken sewer lines.

Recommendation

Staff recommends that the Council enact the attached ordinance authorizing the financing of water and wastewater improvements.

Bill 2014-32

AN ORDINANCE AUTHORIZING THE CITY OF CAMERON, CLINTON AND DEKALB COUNTIES, MISSOURI TO ENTER INTO A LEASE PURCHASE TRANSACTION TO PAY COSTS OF WATER AND SEWER SYSTEM IMPROVEMENTS, AND APPROVING THE EXECUTION OF CERTAIN DOCUMENTS IN CONNECTION THEREWITH

WHEREAS, the City of Cameron, Clinton and DeKalb Counties, Missouri (the "City") desires to obtain funds to pay the costs of water and sewer system improvements (the "Project"); and

WHEREAS, in order to facilitate the foregoing and to pay the costs thereof, it is necessary and desirable for the City to take the following actions:

1. Enter into an annually renewable Lease Purchase Agreement (the "Lease") with UMB Bank, N.A., as trustee (the "Trustee"), pursuant to which the City, as lessee, will lease on a year-to-year basis from the Trustee, with an option to purchase, equipment acquired and installed in connection with the Project (the "Leased Property"), the form of which is attached hereto as **Exhibit A**;

2. Enter into a Continuing Disclosure Agreement (the "Continuing Disclosure Agreement") with the Trustee pursuant to which the City agrees to provide certain financial and other information with respect to the Certificates of Participation (Water and Sewer System Improvements), Series 2014 (the "Series 2014 Certificates"), evidencing proportionate interests in the right to receive Basic Rent Payments payable pursuant to the Lease, the form of which is attached hereto as **Exhibit B**;

3. Enter into a Tax Compliance Agreement (the "Tax Compliance Agreement") with the Trustee pursuant to which the City makes certain representations and covenants related to the exclusion of the interest portions of Basic Rent under the Lease from gross income for purposes of federal income taxation, the form of which is attached hereto as **Exhibit C**;

4. Approve a Declaration of Trust (the "Declaration of Trust") to be made and delivered by the Trustee, pursuant to which the Series 2014 Certificates will be executed and delivered, the form of which is attached hereto as **Exhibit D**;

5. Approve an Official Statement relating to the Lease and the Series 2014 Certificates, to be in substantially the same form as the Preliminary Official Statement (the "Official Statement"), the form of which is attached hereto as **Exhibit E**; and

6. Approve a Certificate Purchase Agreement (the "Certificate Purchase Agreement"), among the City, Piper Jaffray & Co., as the initial purchaser of the Series 2014 Certificates (the "Purchaser"), and the Trustee, the form of which is attached hereto as **Exhibit F**.

The Lease, the Continuing Disclosure Agreement, the Tax Compliance Agreement, the Official Statement and the Certificate Purchase Agreement are referred to together herein as the "City Documents."

First Reading

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

Section 1. Authorization and Approval of City Documents and Declaration of Trust. The City Documents and the Declaration of Trust are hereby approved in substantially the forms submitted to and reviewed by the City Council on the date hereof, with such changes therein as are approved by the Mayor. The Mayor's execution of the City Documents will be conclusive evidence of such approval.

The obligation of the City to pay Basic Rent Payments (as defined in the Lease) under the Lease is subject to annual appropriation and will constitute a current expense of the City and will not in any way be construed to be an indebtedness or liability of the City in contravention of any applicable constitutional, charter or statutory limitation or requirement concerning the creation of indebtedness or liability by the City, nor will anything contained in the Lease constitute a pledge of the general tax revenues, funds or moneys of the City, and all provisions of the Lease will be construed so as to give effect to such intent.

The Mayor is hereby authorized and directed to execute and deliver the City Documents and to approve changes to the Declaration of Trust on behalf of and as the act and deed of the City. The City Clerk is hereby authorized to affix the City's seal to the City Documents and attest said seal.

Section 2. Approval of Official Statement. The final Official Statement is hereby authorized and approved, supplementing, amending and completing the preliminary Official Statement, with such changes therein and additions thereto as are approved by the officer of the City executing the final Official Statement, said officer's execution thereof to be conclusive evidence of said officer's approval thereof, and the public distribution of the final Official Statement by the Purchaser are in all respects hereby authorized and approved. The Mayor of the City is hereby authorized to execute and deliver the final Official Statement on behalf of and as the act and deed of the City.

For the purpose of enabling the Purchaser to comply with the requirements of Rule 15c2-12(b)(1) of the Securities and Exchange Commission, the City hereby deems the information regarding the City contained in the preliminary Official Statement to be "final" as of its date, except for the omission of such information as is permitted by Rule 15c2-12(b)(1), and the appropriate officers of the City are hereby authorized, if requested, to provide the Purchaser a letter or certification to such effect and to take such other actions or execute such other documents as such officers in their reasonable judgment deem necessary to enable the Purchaser to comply with the requirement of such Rule.

Section 3. Further Authority. The City will, and the officials and agents of the City are hereby authorized and directed to, take such actions, expend such funds and execute such other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the intent of this Ordinance and to carry out, comply with and perform the duties of the City with respect to the City Documents and the other documents authorized or approved hereby and the Project. Without limiting the foregoing, the Mayor or the City Manager is hereby authorized, if required, to execute any certificate or agreement to allow the Purchaser to comply with Rule 15c2-12 of the Securities and Exchange Commission.

First Reading

Section 4. Effective Date. This Ordinance shall be in full force and effect from and after its passage and approval.

Read and passed on first reading only the 18th day of August 2014.
Read and passed on second reading this _____ day of _____ 2014.

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(SEAL) Mayor Dennis M. Clark

ATTEST:

_____

City Clerk/Finance Clerk

First Reading