RESOLUTION 2016-17

Agenda Item

TO: Mayor and City Council

FROM: Zachary Johnson, Utility Director

DATE: August 15, 2016

RE: Resolution for Certificates of Participation

Issues

In an effort to save money, the City decided to split the funding for the 2014 Sewer Project into two phases. Phase I consisted of design and bidding for the collection system and the treatment plant, and the collection system construction. This was funded through Certificates of Participation issued in August of 2014. The attached Resolution authorizes the offering for sale of COPs in the amount of $3.9 million for the funding of Phase II of the project. Phase II costs include the Treatment plant construction, and administrative construction costs for the treatment plant and collection system. Currently the City is funding the Phase II expenditures. The proceeds from the COP's will be used to repay the Sewer Fund for these expenses.

These capital improvements are necessary to comply with state and federal regulations. The improvements will also increase plant efficiency and the upgrades to the collection system will result in less inflow reaching the lift stations and plant, so there will be some reduction in operating costs.

Recommendation

Staff recommends that the Council approve the Resolution for funding through Certificates of Participation for Phase II of the Wastewater Project.

Resolution 2016-17

A RESOLUTION AUTHORIZING THE OFFERING FOR SALE OF APPROXIMATELY $3,850,000 PRINCIPAL AMOUNT OF CERTIFICATES OF PARTICIPATION TO PROVIDE FUNDS TO PAY COSTS OF 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 constructing, equipping, and furnishing sewer system improvements within the City (the "Project"), and expects to make capital expenditures after the date of this Resolution in connection with the Project; and

WHEREAS, in order to reimburse itself for such expenditures and provide funds to pay the costs of the Project, 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 $3,850,000 for costs of the Project, 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 hereby determines it to be advisable to appoint 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 Project, and the City Council hereby declares its intent that the City reimburse itself for such expenditures with the proceeds of Certificates of Participation to be subsequently authorized in an amount that is not expected to exceed $3,850,000.

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. The terms of Gilmore & Bell's engagement, as described in the letter presented with this Resolution, are hereby accepted and the Mayor is authorized and directed to execute and deliver the acceptance of such terms, on behalf of the City.

Section 3. The City Council further appoints 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. The terms of Piper Jaffray & Co.'s underwriting services, as described in the agreement presented with this Resolution, are hereby accepted and the Mayor is authorized and directed to execute and deliver the acceptance of such terms, on behalf of the City.

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 15th DAY OF AUGUST, 2016.

(SEAL) _____
Mayor Jerri Ann Eddins

ATTEST:

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City Clerk/Finance Clerk