BILL 2019-68

First Reading

Agenda Item

TO: Mayor and City Council

FROM: Carmen Weigand, Director of Finance; and Zachary Johnson, Director of Utilities

DATE: December 2, 2019

RE: MPUA Financing

Purpose

Staff has been working with MPUA and their municipal finance program to secure funding for the Animal Control Facility. We were able to secure a quote from Central Bank of the Midwest for a 10 year variable rate, starting at 3.85% for the first 5 years. We submitted this option to the Finance Committee and received their approval. This ordinance will authorize the City to enter into the Lease-Purchase transaction.

Recommendation

Staff recommends the following ordinance be passed and approved allowing the City to utilize funds made available through the MPUA Municipal Finance Program and the Central Bank of the Midwest for the construction of the Animal Control Facility.

Bill 2019-68

ORDINANCE AUTHORIZING THE CITY OF CAMERON, MISSOURI, TO ENTER INTO A LEASE-PURCHASE TRANSACTION FOR CERTAIN PUBLIC IMPROVEMENTS AND AUTHORIZING AND APPROVING CERTAIN ACTIONS IN CONNECTION WITH THE EXECUTION AND DELIVERY OF SAID LEASE-PURCHASE TRANSACTION

WHEREAS, the City of Cameron, Missouri (the "Lessee"), desires to provide for certain public improvements, consisting of the acquisition, construction and equipping of an approximately 2,184 square foot animal care facility (the "Project"), and for the leasing by the Lessee of the Project with an option to purchase; and

WHEREAS, after considering various financial alternatives for providing funds to pay the costs of the Project, the Lessee hereby determines that it is in the Lessee's best financial interest to provide for the acquisition, construction and equipping of the Project through the lease-purchase arrangement described in this Ordinance; and

WHEREAS, in order to accomplish the foregoing, it is necessary and desirable for the Lessee to take the following actions:

1. Enter into a Lease-Purchase Agreement (the "Lease"), substantially in the form attached hereto as **Exhibit A**, with Central Bank of the Midwest, a state chartered banking institution organized and existing under the laws of the State of Missouri (the "Lessor"), as lessor, and the Missouri Association of Municipal Utilities, as administrator (the "Administrator"), pursuant to which the Lessee will lease, as lessee, the Project from the Lessor, as lessor, with an option to purchase, for a lease term not to exceed 10 years and two months and for Base Rentals with aggregate principal components of Base Rentals not to exceed $600,000 and interest components of Base Rentals to be computed as described in the Lease;

2. Enter into an Escrow Agreement (the "Escrow Agreement"), substantially in the form attached hereto as **Exhibit B**, among the Lessee, the Lessor, the Administrator and UMB Bank, N.A., as escrow agent (the "Escrow Agent"); and

3. Enter into a Tax Compliance Agreement (the "Tax Agreement"), substantially in the form attached hereto as **Exhibit C**, with the Escrow Agent, setting forth certain representations, facts, expectations, terms and conditions relating to the use and investment of the proceeds of the Lease in order to establish and maintain the exclusion of the interest portion of Base Rentals under the Lease from gross income for federal income tax purposes and in order to provide guidance for complying with the arbitrage rebate provisions of the Internal Revenue Code upon the terms and conditions as set forth in the Tax Agreement.

FIRST READING

(the Lease, the Escrow Agreement and the Tax Agreement are referred to herein as the "Lessee Documents").

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

Section 1. Approval of Lessee Documents. The Lessee Documents are hereby approved in substantially the forms submitted to and reviewed by the governing body on the date hereof, with such changes therein and final payment terms as shall be approved by the Mayor of the Lessee, such officer's execution thereof to be conclusive evidence of the approval thereof.

Section 2. Appropriation of Base Rent. The City hereby appropriates up to $47,500 to pay the Base Rent coming due during the current fiscal year.

Section 3. Further Authority. The Lessee shall, and the officials and agents of the Lessee are hereby authorized and directed to, take such action, 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 Lessee with respect to the Lessee Documents and the Project.

Section 4. The Mayor is hereby authorized and directed to execute and deliver the Lessee Documents on behalf of and as the act and deed of the Lessee.

Section 5. The City Clerk is directed to attest to the Mayor's signature.

Section 6. Effective Date. This Ordinance shall be in full force and effect from and after its passage and approval.

Read and passed on first reading this 2nd day of December, 2019.
Read and passed on second reading and final reading this ___ day of December, 2019.

_____
Mayor Darlene Breckenridge

ATTEST:

_____
City Clerk

FIRST READING