RESOLUTION 2012-2

Agenda Item

TO: Mayor and City Council

FROM: Mark S. Gaugh, City Manager

DATE: March 19, 2012

RE: Resolution for Financing

Issues

The attached resolution is the beginning of the funding process for financing the storm water improvements on Walnut St., as well as some funding for street improvements. We are planning to fund the Walnut Street work over a period of twenty years. Our estimated revenue from the ¼ cent Storm Water sales tax is $300,000 per year and runs for twenty years. It will take nearly 2/3 of this estimate (approximately $195,000) to make the payments on the financing. So, the remaining $100,000 will allow us to do our other storm projects throughout the years, as well as cover any discrepancies in the amount of tax received during weak economic periods. On the ½ cent Street tax side, we will be financing enough to get the project on Eighth Street funded. This debt will take place over a ten-year period, which is the length of the voter-approved Street tax. Some of the work will be done with in-house crews, so we will not need to borrow the entire amount for work on Eighth Street. Since many of the street projects can be "pay-as-we-go," we will only use funding as it becomes available each year. This way, we are keeping our debt load as low as possible. Our priority list for streets and storm water improvement was developed some time ago, and our plan is to get those projects completed first. Then, we can add additional projects throughout the years as funding allows.

Recommendation

Staff recommends that the Council approve the resolution to go to market for the project funding.

RESOLUTION 2012-2

A RESOLUTION AUTHORIZING THE OFFERING FOR SALE OF APPROXIMATELY $3,280,000 PRINCIPAL AMOUNT OF CERTIFICATES OF PARTICIPATION TO PROVIDE FUNDS TO PAY COSTS OF STORM WATER CONTROL MEASURES AND TRANSPORTATION IMPROVEMENTS IN THE CITY OF CAMERON, CLINTON AND DEKALB COUNTIES, MISSOURI

WHEREAS, the City of Cameron, Clinton and DeKalb Counties, Missouri (the "City"), desires to obtain funds to pay the costs of (1) acquiring, constructing, improving, repairing, maintaining and operating storm water control measures within the City, and (2) transportation improvements, including constructing and improving streets and roads within the City, and acquiring necessary rights-of-way (the "Projects"); and

WHEREAS, in order to 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 approximately $3,280,000 for costs of the Projects, funding a reasonably required reserve fund, and paying 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 in the City's best interest to appoint the firm of Piper Jaffray & Co., of Leawood, Kansas, to serve as underwriter for the Certificates of Participation, and to engage the firm of Gilmore & Bell, P.C. of Kansas City, Missouri, as the City's bond 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 CITY OF CAMERON, CLINTON AND DeKALB COUNTIES, MISSOURI, AS FOLLOWS:

Section 1. The City Council hereby authorizes the law firm of Gilmore & Bell, P.C., as bond counsel, to proceed with the preparation of the official statement and all legal proceedings necessary for the lease purchase agreement to pay costs of the Projects, funding a reasonably required reserve fund, and paying closing costs relating to the lease purchase agreement and delivery by a trustee bank of related Certificates of Participation.

Section 2. 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 3. 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 4. This Resolution shall be in full force and effect from and after its approval by the City Council.

PASSED THIS 19th DAY OF MARCH 2012.

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(SEAL) Frank A. Buck, Mayor

ATTEST:

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City Clerk/Finance Clerk