BILL 2012-28

****** Second and Final Reading ******

Agenda Item

TO: Mayor and City Council

FROM: Mark S. Gaugh, City Manager

DATE: May 7, 2012

RE: Certificates of Participation Ordinance

Issues

The City Council recently approved the process to obtain funding for Walnut Street storm water improvements and the reconstruction of Eighth Street from Harris to Godfrey. The project will be funded through borrowed funds where the loan payments will be made from annual revenues received from the Transportation and Storm Water sales taxes passed by the voters last November. The Walnut St. project is currently under design and is tentatively scheduled for bidding and construction next spring. Eighth St. is planned to begin the design phase immediately upon approval of the contract amendment to the Walnut St. contract, where the cost to design Eighth St. was included. Construction of Eighth St. from Harris to Godfrey is planned to take place this summer. It is a smaller, less extensive project than the work on Walnut Street, so it can begin much sooner.

Recommendation

Staff recommends that the Council approve the attached ordinance for the Lease Purchase transaction.

Bill 2012-28

AN ORDINANCE AUTHORIZING THE CITY OF CAMERON, CLINTON AND DeKALB COUNTIES, MISSOURI TO ENTER INTO A LEASE PURCHASE TRANSACTION TO PAY COSTS OF STORM WATER CONTROL IMPROVEMENTS AND STREET IMPROVEMENTS, AND APPROVING THE EXECUTION OF CERTAIN DOCUMENTS IN CONNECTION THEREWITH; AND ADOPTING A TAX-EXEMPT FINANCING COMPLIANCE PROCEDURE.

WHEREAS, the City of Cameron, Clinton and DeKalb Counties, Missouri (the "City") desires to obtain funds to pay the costs of storm water control improvements and street 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, materials 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 (Storm Water Control Improvements Project), Series 2012A (the "Series 2012A Certificates"), and the Certificates of Participation (Street Improvements Project), Series 2012B (the "Series 2012B Certificates" and, collectively with the Series 2012A Certificates, the "Series 2012 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 2012 Certificates will be executed and delivered, the form of which is attached hereto as **Exhibit D**;

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5. Approve an Official Statement relating to the Lease and the Series 2012 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 2012 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."

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.

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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. Tax-Exempt Financing Compliance Procedure. To promote compliance with the ongoing requirements of federal tax and securities laws and regulations related to the Series 2012 Certificates and other currently outstanding and future tax-exempt obligations of the City, the City hereby adopts the Tax-Exempt Financing Compliance Procedure, attached hereto as **Exhibit G**, as its official policy and procedure with respect to all tax-exempt obligations issued by the City.

Section 4. 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, the Tax-Exempt Financing Compliance Procedure, 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.

Section 5. 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 7th day of May, 2012.
Read and passed on second reading this 21st day of May, 2012.
Read and passed on third reading by roll call this 21st day of May, 2012.

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(SEAL) Mayor Dennis M. Clark

ATTEST:

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City Clerk/Finance Clerk

Second and Final

Second and Final

EXHIBIT A

TO ORDINANCE

LEASE PURCHASE AGREEMENT

Second and Final

EXHIBIT B

TO ORDINANCE

CONTINUING DISCLOSURE AGREEMENT

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EXHIBIT C

TO ORDINANCE

TAX COMPLIANCE AGREEMENT

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EXHIBIT D

TO ORDINANCE

DECLARATION OF TRUST

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EXHIBIT E

TO ORDINANCE

OFFICIAL STATEMENT

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EXHIBIT F

TO ORDINANCE

CERTIFICATE PURCHASE AGREEMENT

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EXHIBIT G

TO ORDINANCE

TAX-EXEMPT FINANCING COMPLIANCE PROCEDURE

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