



City of Biggs Memorandum

To: Honorable Mayor and Members of the City Council

Date: June 23, 2014

From: Brian Martin, PE – City Engineer

Subject: Phase I Wastewater Treatment Improvement Project – Reimbursement Resolution

BACKGROUND

On May 8, 2012, the City adopted Resolution No. 2012-07 which authorized an application for a SRF loan for the City's Phase 1 Wastewater Treatment Improvement Project. At the same meeting the City adopted Resolution No. 2012-08 which was a resolution expressing the City's expectation to be reimbursed for expenses prior to loan approval.

Since that time the City has completed the necessary environmental document for the Phase I Wastewater Treatment Improvement Project, prepared the design and plans and specifications for the project, advertised for bids and is now in the process of awarding a construction contract for construction of the project facilities. Based on the lowest responsive, responsible bid received, the City has submitted an updated Final Budget Approval Form to the State. The State's Credit Review Staff has reviewed this document and confirmed that the City will be approved for the increased project amount; however, they are requiring that the City pass a new reimbursement resolution because the prior resolution passed in 2012 is for less than the current funding request.

FISCAL IMPACT

The prior Resolution No. 2012-08 called for a financing request of \$3,122,000. Due to the higher cost of the project based on the construction bids received, the current financing request has been increased to \$3,344,335.00.

RECOMMENDATION

Based on the above, it is recommended that the City adopt Resolution No. 2014-12 which requests \$3,144,335.00 from the SRF for the construction of the Phase 1 Wastewater Treatment Improvement Project.

RESOLUTION NO. 2014-12

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BIGGS EXPRESSING
EXPECTATION TO BE REIMBURSED FOR EXPENSES PAID
PRIOR TO LOAN APPROVAL**

WHEREAS, the City of Biggs (the “Agency”) desires to finance the costs of constructing and/or reconstructing certain public facilities and improvements relating to its water and wastewater system, including certain treatment facilities, pipelines and other infrastructure (the “Project”); and

WHEREAS, the Agency intends to finance the construction and/or reconstruction of the Project or portions of the Project with moneys (“Project Funds”) provided by the State of California, acting by and through the State Water Resources Control Board (State Water Board); and

WHEREAS, the State Water Board may fund the Project Funds with proceeds from the sale of obligations the interest upon which is excluded from gross income for federal income tax purposes (the “Obligations”), and

WHEREAS, prior to either the issuance of the Obligations or the approval by the State Water Board of the Project Funds the Agency desires to incur certain capital expenditures (the “Expenditures”) with respect to the Project from available moneys of the Agency; and

WHEREAS, the Agency has determined that those moneys to be advanced on and after the date hereof to pay the Expenditures are available only for a temporary period and it is necessary to reimburse the Agency for the Expenditures from the proceeds of the Obligations.

NOW, THEREFORE, THE AGENCY DOES HEREBY RESOLVE, ORDER AND DETERMINE AS FOLLOWS:

SECTION 1. The Agency reasonably expects to be reimbursed for Expenditures paid prior to the issuance of the Obligations or the approval by the State Water Board of the Project Funds.

SECTION 2. The reasonably expected maximum principal amount of the Project Funds is \$3,344,335.00

SECTION 3. This resolution is being adopted no later than 60 days after the date on which the Agency will expend moneys for the portion of the Project costs to be reimbursed with Project Funds.

SECTION 4. Each Agency expenditure will be of a type properly chargeable to a capital account under general federal income tax principles.

SECTION 5. To the best of our knowledge, this Agency is not aware of the previous adoption of official intents by the Agency that have been made as a matter of course for the purpose of reimbursing expenditures and for which tax-exempt obligations have not been issued.

SECTION 6. This resolution is adopted as official intent of the Agency in order to comply with Treasury Regulation §1.150-2 and any other regulations of the Internal Revenue Service relating to the qualification for reimbursement of Project costs.

SECTION 7. All the recitals in this Resolution are true and correct and this Agency so finds, determines and represents.

I HEREBY CERTIFY that the foregoing **RESOLUTION** was duly introduced, passed and adopted at a special meeting of the City Council of the City of Biggs, held on the 26th day of June, 2014 by the following vote:

AYES: Council Members: _____

NOES: Council Members: _____

ABSENT: Council Members: _____

ABSTAIN: Council Members: _____

ATTEST:

Roben Dewsnup, CITY CLERK

Roger Frith, MAYOR