



CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Adopt Resolution renewing line of credit with Farmers and Merchants Bank (\$3,000,000) at no cost to the City of Lodi for the Lodi Electric Utility through June 30, 2008.

MEETING DATE: June 20, 2007

PREPARED BY: Deputy City Manager

RECOMMENDED ACTION: Adopt Resolution approving the line of credit with Farmers and Merchants Bank for \$3,000,000 through June 30, 2008.

BACKGROUND INFORMATION: On July 19, 2006, the Lodi Electric Utility secured a short-term line of credit with Farmers and Merchants Bank through June 30, 2007. The line of credit was not needed during this year, however, extending the line of credit for another year is appropriate in order to provide for emergency cash reserves.

Farmers and Merchants Bank provides the City of Lodi with all of its banking services and has approved the line of credit to be used for Electric Utility operations and other emergency needs should they arise through June 30, 2008. If the line of credit is exercised, the loan would be secured with a certificate of deposit with the bank. Securing the repayment of loans in this manner allows for very favorable interest rates.

FISCAL IMPACT: It is anticipated that there will be no additional costs for renewing the line of credit with the Farmers and Merchants Bank. It is not anticipated that the line of credit will be utilized, but if it is, there will be a short term interest cost associated with the amount and for the time the line of credit is utilized.

FUNDING AVAILABLE: The costs for renewing the line of credit are budgeted in the Electric Utility Fund.

James R. Krueger
Deputy City Manager

APPROVED: _____
Blair King, City Manager

RESOLUTION NO. 2007-_____

A RESOLUTION OF THE LODI CITY COUNCIL AUTHORIZING AND APPROVING THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT TO FARMERS & MERCHANTS BANK OF CENTRAL CALIFORNIA AND THE BORROWING OF FUNDS THEREUNDER

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WHEREAS, Farmers & Merchants Bank of Central California (the "Bank") has offered to provide a revolving line of credit to the City of Lodi (the "City") in the amount of three million dollars (\$3,000,000) to be available through June 30, 2008, pursuant to a loan agreement between the City and the Bank (the "Loan Agreement") which is attached hereto and incorporated herein by reference; and

WHEREAS, Government Code Sections 53850 et seq. authorize the City to borrow money by the issuance of temporary notes under the Loan Agreement; and

WHEREAS, in order to make best use of the credit facility provided by the Bank, it is desirable to delegate to the Deputy City Manager the authority to make borrowings under the line of credit.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Lodi as follows:

1. Recitals. The City Council hereby finds and determines that the foregoing recitals are true and correct.

2. Approval of Loan Agreement. The proposed form of the Loan Agreement between the Bank and the City, including the form of promissory notes to be delivered by the City thereunder, as presented to this meeting, is hereby approved in substantially final form. The City Manager of the City of Lodi is hereby authorized, for and on behalf of the City Council, to execute and deliver to the Bank the Loan Agreement in substantially said form, with such changes therein as such officer, with the advice of the City Attorney, may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

3. Delegation of Authority to Make Borrowings Under Loan Agreement. The City Council hereby authorizes the Deputy City Manager of the City, for and on behalf of the City Council, to execute and deliver to the Bank promissory notes representing borrowings under the Loan Agreement; provided that such additional borrowings are made in conformance with the terms, conditions, and limitations of the Loan Agreement and the temporary borrowing provisions of Government Code Sections 53850 et seq., all as determined by the Deputy City Manager. Such promissory notes shall be issued in substantially the form attached to the Loan Agreement as Exhibit B, with interest thereon, determined in accordance with the provisions of the Loan Agreement, with such changes therein as such officer, with the advice of the City Attorney, may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

4. Authorization to Execute Documents. City officials and staff are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents that they may deem necessary or advisable in order to proceed with the borrowings authorized hereby and otherwise carry out, give effect to, and comply with the terms and intent of this Resolution. Such actions already taken by such officials and staff are hereby ratified, confirmed, and approved.

Dated: June 20, 2007

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I hereby certify that Resolution No. 2007-____ was passed and adopted by the City Council of the City of Lodi in a regular meeting held June 20, 2007, by the following vote:

AYES: COUNCIL MEMBERS –
NOES: COUNCIL MEMBERS –
ABSENT: COUNCIL MEMBERS –
ABSTAIN: COUNCIL MEMBERS –

RANDI JOHL
City Clerk

2007-____