



CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Adopt Resolution Declaring the City of Lodi's Intent to Reimburse Certain Expenditures from Proceeds of Indebtedness for Wastewater Projects

MEETING DATE: August 1, 2007

PREPARED BY: Public Works Director

RECOMMENDED ACTION: Adopt a resolution declaring the City of Lodi's intent to reimburse certain expenditures from proceeds of indebtedness for wastewater projects.

BACKGROUND INFORMATION: The City of Lodi has entered into the Phase 3 construction project of the White Slough Water Pollution Control Facility, which is necessary to meet current and anticipated State of California regulatory requirements and improve treatment process reliability.

The City is also planning to rehabilitate approximately five (5) miles of the Domestic Outfall Pipeline, a 48-inch diameter reinforced concrete pipe initially installed during the late 1960's. The Phase 3 project is underway and the intended financing will be needed to pay for final project costs. Staff anticipates the initial phases of the pipelines work to commence in 2008. In order to recapture what are deemed as reimbursable expenses from future bond proceeds, it is necessary for the Council to adopt a resolution declaring this intent.

The resolution does not commit the City to make any expenditures, incur any indebtedness, seek other financing means, or proceed with the project. The resolution only provides the City with the ability to seek reimbursements for already incurred and future cost should the City proceed with Certificates of Participation in the future. This resolution is solely for the purposes of establishing compliance with the requirements of Section 1.150-2 of the Treasury Regulations.

FISCAL IMPACT: The City's Financial Advisor, Tom Dunphy, has recommended taking this step, but he is also assisting the City in looking at alternatives to COP financing.

FUNDING AVAILABLE: Not applicable.

Richard C. Prima, Jr.
Public Works Director

Prepared by Rebecca Areida, Management Analyst II
RCP/RA/pmf

cc: Stephen Schwabauer, City Attorney
Charles Swimley, Water Services Manager
Tom Dunphy

APPROVED: _____
Blair King, City Manager

A RESOLUTION OF THE LODI CITY COUNCIL DECLARING
ITS INTENT TO REIMBURSE CERTAIN EXPENDITURES
FROM PROCEEDS OF INDEBTEDNESS

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WHEREAS, the City of Lodi (the "City") owns and operates a wastewater system (the "System") serving the City and its inhabitants; and

WHEREAS, the City intends to acquire, install and construct additions, replacements and improvements to the System, including outfall relocation, secondary plant improvements, a treatment wetland and other improvements (the "Project"); and

WHEREAS, the City expects to pay certain expenditures (the "Reimbursement Expenditures") in connection with the Project prior to the issuance of indebtedness for the purpose of financing costs associated with the Project on a long-term basis; and

WHEREAS, the City reasonably expects that debt obligations in an amount not expected to exceed \$28,000,000 will be issued in connection with the Project and that certain of the proceeds of such debt obligations will be used to reimburse the Reimbursement Expenditures; and

WHEREAS, proceeds of such debt obligations will be allocated to reimbursement expenditures no later than 18 months after the later of (i) the date the cost is paid, or (ii) the date the Project (or each component thereof) is placed in service or abandoned (but in no event more than three years after the cost is paid).

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

Section 1. The City finds and determines that the foregoing recitals are true and correct.

Section 2. The City hereby declares its official intent to use proceeds of indebtedness to reimburse itself for Reimbursement Expenditures.

Section 3. This declaration is made solely for purposes of establishing compliance with the requirements of Section 1.150-2 of the Treasury Regulations. This declaration does not bind the City to make any expenditure, incur any indebtedness, or proceed with the Project.

Section 4. This resolution shall take effect from and after its adoption.

Dated: August 1, 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 August 1, 2007, by the following vote:

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

RANDI JOHL
City Clerk