

CITY OF IMPERIAL
CITY COUNCIL ACTIONS
AGENDA REPORT

DATE: 11/15/19

SUBJECT: CITY COUNCIL ADOPTION OF A RESOLUTION APPROVING LEGAL DOCUMENTS AND AUTHORIZING THE TAKING OF CERTAIN ACTIONS IN CONNECTION WITH THE ISSUANCE BY THE IMPERIAL PUBLIC FINANCING AUTHORITY OF ITS REVENUE BONDS (WATER FACILITY) SERIES 2019 IN THE AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$10,000,000.

DEPARTMENT: Finance / Public Services

Imperial City Council adopts Resolution approving legal financing documents authorizing the issuance of Revenue Bonds (Water Facility) Series 2019 in the aggregate principal amount not to exceed \$10,000,000.

The City intends to cause the issuance of new debt for Water System Improvements. The debt will be issued by the Imperial Public Financing Authority in a principal amount not to exceed \$10,000,000. The proceeds will fund capital improvement projects and refund 2005 bonds for water.

The documents to be approved include an Indenture of Trust, Installment Purchase Agreement, Continuing Disclosure Agreement, Escrow Agreement, Bond Purchase Agreement and Preliminary Official Statement.

FISCAL IMPACT:

\$10,000,000 principal amount of Water Revenue Bonds expected to be issued to fund Water Treatment Facility Improvements.

ATTACHMENTS:

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF IMPERIAL APPROVING AN INDENTURE OF TRUST, INSTALLMENT PURCHASE AGREEMENT, CONTINUING DISCLOSURE AGREEMENT, ESCROW AGREEMENT, BOND PURCHASE AGREEMENT AND PRELIMINARY OFFICIAL STATEMENT AND AUTHORIZING TAKING OF CERTAIN ACTIONS IN CONNECTION WITH THE ISSUANCE BY THE IMPERIAL PUBLIC FINANCING AUTHORITY OF ITS REVENUE BONDS (WATER FACILITY) SERIES 2019 IN THE AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$10,000,000.

RESOLUTION NO. 2019-53

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF IMPERIAL APPROVING AN INDENTURE OF TRUST, INSTALLMENT PURCHASE AGREEMENT, CONTINUING DISCLOSURE AGREEMENT, BOND PURCHASE AGREEMENT, ESCROW AGREEMENT AND PRELIMINARY OFFICIAL STATEMENT; AND AUTHORIZING THE TAKING OF CERTAIN ACTIONS IN CONNECTION WITH THE ISSUANCE BY THE IMPERIAL PUBLIC FINANCING AUTHORITY OF ITS REVENUE BONDS (WATER FACILITY) SERIES 2019 IN THE AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$10,000,000

WHEREAS, the Imperial Public Financing Authority (the “Authority”) is a joint exercise of powers agency duly created, established and authorized to transact business and exercise its powers, all under and pursuant to the Joint Exercise of Powers Act (Articles 1 through 4 of Chapter 5, Division 7, Title 1 of the California Government Code) (the “Act”) pursuant to a Joint Exercise Powers Agreement, dated as of December 20, 2002, by and between the City of Imperial (the “City”) and the Redevelopment Agency of the City of Imperial as amended on February 6, 2019 to add the Imperial Parking Authority as a member of the Public Financing Authority and to remove the Redevelopment Agency of the City as a member and the powers of such Authority include the power to issue bonds for any of its corporate purposes; and

WHEREAS, the City owns and operates that certain water system (the “Water System”); and

WHEREAS, the City has executed and delivered Parity Certificates of Participation (Water Treatment Facility) Series 2005 (the “2005 Certificates”) in the aggregate principal amount of \$2,160,000; and

WHEREAS, the City now desires to (i) prepay the 2005 Certificates and (ii) finance certain improvements to the Water System (collectively, the “Financing”); and

WHEREAS, it has been proposed that the Authority assist the City in providing funds to accomplish the Financing by entering into an Installment Purchase Agreement with the City (the “2019 Installment Purchase Agreement”), and providing for the issuance of its Revenue Bonds (Water Treatment Facility) Series 2019 (the “2019 Water Bonds”); and

WHEREAS, the City has determined that it is necessary and desirable to enter into the 2019 Installment Purchase Agreement, whereby the Authority will purchase certain improvements relating to the Water System in consideration for providing funds to accomplish the Financing including the funding of a debt service reserve fund for the 2019 Water Bonds and paying the costs of issuance of the 2019 Water Bonds, and the City will purchase the same improvements from the Authority in consideration for installment payments to be made under the 2019 Installment Purchase Agreement in an amount equal in time and amount to the debt service payments on the 2019 Water Bonds; and

WHEREAS, Government Code Section 5852.1 requires that the governing body of a public body obtain from an underwriter, financial advisor or private lender and disclose, prior to authorizing the issuance of bonds with a term of greater than 13 months, good faith estimates of the following information in a meeting open to the public: (a) the true interest cost of the bonds, (b) the sum of all fees and charges paid to third parties with respect to the bonds, (c) the amount of proceeds of the bonds expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the bonds, and (d) the sum total of all debt service payments on the bonds calculated to the final maturity of the bonds plus the fees and charges paid to third parties not paid with the proceeds of the bonds;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF IMPERIAL DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. The City hereby approves the issuance of the 2019 Water Bonds in the aggregate principal amounts not to exceed \$10,000,000, in accordance with the terms and conditions of the Indenture of Trust, which Indenture of Trust is hereby approved substantially in the form on file with the City Clerk, with such revisions, amendments and completions as shall be approved by the Mayor, the City Manager, the Finance Director, their designee, or any member of this Council (each, a "Responsible Officer") with the advice of counsel to the City, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 2. The City hereby approves the 2019 Installment Purchase Agreement relating to the 2019 Water Bonds, substantially in the form on file with the City Clerk, with such revisions, amendments and completions as shall be approved by a Responsible Officer with the advice of counsel to the City, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 3. The City hereby approves the Continuing Disclosure Agreement relating to the 2019 Water Bonds, substantially in the form on file with the City Clerk, with such revisions, amendments and completions as shall be approved by a Responsible Officer with the advice of counsel to the City, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 4. The City hereby approves the Bond Purchase Agreement relating to the 2019 Water Bonds, substantially in the form on file with the City Clerk, with such revisions, amendments and completions as shall be approved by a Responsible Officer with the advice of counsel to the City, such approval to be conclusively evidenced by the execution and delivery thereof. The Bond Purchase Agreement shall provide for an underwriter's discount of not greater than 1.00% and net interest cost of not greater than 4.50%.

Section 5. The City hereby approves the Escrow Agreement relating to the prepayment of the 2005 Certificates, substantially in the form on file with the City Clerk, with such revisions, amendments and completions as shall be approved by a Responsible Officer with the advice of counsel to the City, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 6. The City hereby approves the Preliminary Official Statement relating to the 2019 Water Bonds, substantially in the form on file with the City Clerk, with such revisions, amendments and completions as shall be approved by a Responsible Officer with the advice of counsel to the City in order to make the Preliminary Official Statement final as of its date, except for the omission of certain information, as permitted by Section 240.15c2-12(b)(1) of Title 17 of the Code of Federal Regulations (“Rule 15c2-12”), and any certificate relating to the finality of the Official Statements under Rule 15c2-12. A Responsible Officer is authorized and directed to execute and deliver the final Official Statement in substantially the form hereby approved, with such additions and changes as may be approved by counsel and the Responsible Officer executing the same, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 7. In accordance with Government Code Section 5852.1, good faith estimates of the following are set forth on Exhibit A attached hereto: (a) the true interest cost of the 2019 Water Bonds, (b) the sum of all fees and charges paid to third parties with respect to Bonds, (c) the amount of proceeds of the 2019 Water Bonds expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the 2019 Water Bonds, and (d) the sum total of all debt service payments on the 2019 Water Bonds calculated to the final maturity of the 2019 Water Bonds plus the fees and charges paid to third parties not paid with the proceeds of the 2019 Water Bonds.

Section 8. The City Council hereby approves the appointment of (a) Norton Rose Fulbright US LLP, to provide Bond Counsel and Disclosure Counsel services in connection with the 2019 Water Bonds, (b) Hilltop Securities, as Underwriter in connection with the 2019 Water Bonds, and (C) Urban Futures, Inc., as Municipal Advisor in connection with the 2019 Water Bonds. The City Manager is hereby authorized and directed to execute services agreements with these financing team members.

Section 9. The City Manager or any other Responsible Officer of the City, and each of them, is hereby authorized and directed to execute and deliver any and all documents and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by this Resolution, including obtaining a municipal bond insurance policy for all or a portion of the 2019 Water Bonds.

Section 10. The City Clerk shall certify to the adoption of this Resolution, and thenceforth and thereafter the same shall be in full force and effect. Notwithstanding the foregoing, such certification and any of the other duties and responsibilities assigned to the City Clerk pursuant to this Resolution may be performed by a Deputy City Clerk with the same force and effect as if performed by the City Clerk hereunder.

Adopted and approved this _____ day of _____, 2019.

Robert Amparano
Mayor

ATTEST:

Debra Jackson
City Clerk

STATE OF CALIFORNIA)
)
COUNTY OF IMPERIAL) ss.

I hereby certify that the foregoing Resolution No. _____ was duly adopted by the City Council of the City of Imperial at a meeting thereof held on _____, 2019 by the following vote:

Ayes:
Noes:
Abstain:
Absent:

ATTEST:

Debra Jackson, City Clerk

GOVERNMENT CODE SECTION 5852.1 DISCLOSURE

The following information consists of estimates that have been provided by the underwriter and municipal advisor, which has been provided to the City in good faith.

- (1) True interest cost of the 2019 Water Bonds 3.05%
- (2) Finance charge of the 2019 Water Bonds (sum of all costs of issuance and fees/charges paid to third parties): \$237,000
- (3) Net proceeds to be received (net of finance charges, reserves and capitalized interest, if any): \$8,900,000
- (4) Total payment amount through maturity: \$13,670,000