


CITY OF COOS BAY
Agenda Staff Report

MEETING DATE: December 3, 2013	AGENDA ITEM NUMBER :
-----------------------------------	----------------------

TO: Mayor and City Councilors

FROM: Jim Hossley, Public Works Director 
THROUGH: Rodger Craddock, City Manager

ISSUE: Adoption of Resolution 13-13 Accepting IFA Loan for Coos Bay Wastewater System Repairs Design & Construction – Phase 2

BACKGROUND:

On November 5th, the City Council approved acceptance of the Infrastructure Finance Authority (IFA) loan and grant – Phase 2. The total amount of the loan and grant is \$7,784,025. Tonight staff is requesting the Council approve the attached Resolution to satisfy the State of Oregon requirement to confirm the Council's acceptance of the terms of the grant and loan. The amount of the loan is \$7,034,025 with an interest rate of 1.00% and 20-year payback. Repayment of the loan does not commence until all projects financed by the loan are completed. The grant award to the City is \$750,000.

The IFA loan and grant will fund 12 wastewater projects totaling \$7,784,025. The projects vary from design projects to construction projects. All projects are associated with our Sanitary Sewer System (treatment and collections) and our Storm Drain Collection System. The 12 projects are on our 20-year Take Down schedule that we prepared two years ago and presented to the Department of Environmental Quality (DEQ). We expect to complete the projects in 4 years thus completing all the projects on the Take Down list through the year 2017.

ADVANTAGES:

By accepting the \$7,034,025 loan, the City will be awarded a \$750,000 grant. The City will be able to complete needed projects and meet our MAO requirements.

DISADVANTAGES:

None

BUDGET:

The City will use sewer fees to pay the debt service on this loan. This loan is accounted for in the Rate Study prepared by Donovan Enterprises.

RECOMMENDATION:

If it pleases the City Council, adopt Resolution 13-13.

ATTACHMENTS:

Resolution 13-13

City of Coos Bay

Resolution 13-13

A RESOLUTION OF THE CITY OF COOS BAY, COOS COUNTY, OREGON, AUTHORIZING A LOAN FROM THE WATER FUND BY ENTERING INTO A FINANCING CONTRACT WITH THE OREGON INFRASTRUCTURE FINANCE AUTHORITY.

The City of Coos Bay (the “Governing Body”) of the City of Coos Bay (the “Recipient”) finds:

A. The Recipient is a “municipality” within the meaning of Oregon Revised Statutes 285B.410(8).

B. Oregon Revised Statutes 285B.5660 through 285B.599 (the “Act”) authorizes any municipality to file an application with the Oregon Business Development Department (“the IFA”) to obtain financial assistance from the Water Fund.

C. The Recipient has filed an application with the IFA to obtain financial assistance for a “water project” within the meaning of the Act.

D. The IFA has approved the Recipient’s application for financial assistance from the Water Fund pursuant to the Act.

E. The Recipient is required as a prerequisite to the receipt of financial assistance (including a loan and a grant) from the IFA, to enter into a Financing Contract with the IFA in substantially the form attached hereto as Exhibit A.

F. The project described in Exhibit D to the Financing Contract (the “Project”) is a “water project” within the meaning of the Act which is needed by, and is in the public interest of the Recipient.

G. Notice relating to the Recipient’s consideration of the adoption of this resolution was published in full accordance with the City of Coos Bay’s charter and laws for public notification

NOW, THEREFORE, BE IT RESOLVED by the Governing Body of the Recipient as follows:

1. Loan Authorized. The Governing Body authorizes the City Manager to execute the Financing Contract and the Promissory Note (the “Financing Documents”) and such other documents as may be required to obtain financial assistance including a loan from the IFA on the condition that the principal amount of the loan from the IFA to the Recipient is not in excess of \$7,034,025 and the interest rate is a percent deemed reasonable by the City Manager and in the best interest of the City of Coos Bay. The proceeds of the loan from the IFA shall be applied solely to the “Costs of the Project” as such term is defined in the Financing Contract.

2. Security. Amounts payable by the Recipient shall be payable from the sources described in Section 4 of the Financing Contract and the Oregon Revised Statutes Section 28B.581(2) which include:

- a. any sources of funds that are legally available to the Recipient,
- b. the revenues, if any, of the Project, including special assessment revenues, if any, and

- c. the Recipient's general fund including the general revenues of the Recipient, other funds which may be available for such purpose and a pledge of the Recipient's taxing power within the restrictions of Article XI, Section 11 and 11b of the Constitution of the State of Oregon. The obligation of the Recipient to make payments pursuant to the Financing Contract is a full faith and credit obligation of the Recipient that is not subject to annual appropriation.
3. Additional Documents. The City Manager is hereby authorized to enter into any agreements and to execute any documents or certificates which may be required to obtain financial assistance from the IFA for the Project pursuant to the Financing Documents.
4. Tax-Exempt Status. The Recipient covenants no to take any action or omit to take any action if the taking or omission would cause interest paid by the Recipient pursuant to the financing Documents not to qualify for the exclusion from gross income provided by Section 103(a) of the Internal Revenue Code of 1986, as amended. The City Manager of the Recipient may enter into covenants on behalf of the Recipient to protect the tax-exempt status of the interest paid by the Recipient pursuant to the Financing Documents and may execute any Tax Certificate, Internal Revenue Service form or other documents as shall be require by the IFA or their bond counsel to protect the tax-exempt status of such interest.
5. Reimbursement Bonds. The Recipient may reimburse expenditures of the Project with amounts received from the IFA pursuant to the Financing Contract. Additionally, the Recipient understands that the IFA may fund or reimburse itself from the funding of amounts paid to the Recipient pursuant to the Financing Documents with the proceeds of bonds issued by the State of Oregon pursuant to the Act. This resolution shall constitute "official intent" within the meaning of Section 1.150-2 of the Income Tax Regulations promulgated by the United States Department of the Treasury with respect to the funding or the reimbursement for the funding of the costs of the Project with the proceeds of the Recipient's loan pursuant to the Financing Documents and with the proceeds of any bond issued by the State of Oregon pursuant to the Act.
6. Declaration of Emergency. The Governing Body declares that an emergency exists in order that there be no delay in financing the Project as provided in this resolution. Therefore, this resolution shall be in force and effect from and after passage by the Governing Body.

The foregoing resolution was duly adopted by the City of Coos Bay, Coos County, Oregon this 3rd day of December, 2013.

Crystal Shoji, City Manager

ATTEST:

Susanne Baker, City Recorder