



Item: Resolution 10122, Resolution relating to financing certain proposed improvements; establishing compliance with reimbursement bond regulations under the Internal Revenue Code.

From: Melissa Kinzler, Fiscal Services Director

Initiated By: Fiscal Services Department, Public Works Department

Presented By: Melissa Kinzler, Fiscal Services Director

Action Requested: Adoption of Resolution 10122

Suggested Motion:

1. Commissioner moves:

“I move the City Commission (adopt/deny) Resolution 10122.”

2. Mayor Winters requests a second to the motion, Commission discussion, public comment, and calls for the vote.

Summary: Resolution 10122 is a reimbursement resolution for costs associated with improvements at the Water Treatment Plant. This resolution will allow reimbursement by bond proceeds for improvements that have occurred at the Water Treatment Plant prior to the bond issuance.

Background: At the March 4, 2014 and March 3, 2015 City Commission Work Sessions, as part of the Water, Sewer, and Storm Drain rate increase presentations, the Public Works Department discussed the many water upgrades needed at the Water Treatment Plant due to a regulatory requirement imposed by the EPA. The Public Works Department went into great detail about what construction would be required to meet the regulatory requirements and the different phases needed to update the Water Treatment Plant. The construction cost of this phase of the upgrades is estimated to be close to \$26.7 million.

The resolution authorizing the issuance and fixing terms and condition for the estimated \$26.7 million Water Treatment Plant improvements will be presented at a future date.

Fiscal Impact: Adoption of this resolution will allow the Water Fund to be reimbursed for costs of improvements at the Water Treatment Plant once the improvement bond has been issued.

Alternatives: If this resolution is rejected, improvements at the Water Treatment Plant prior to the improvement bonds being issued would not be reimbursed and would be paid out of the Water Fund's current budget.

Concurrences: The Public Works Department, Fiscal Services Department, the Montana Department of Natural Resources and Dorsey and Whitney have worked together on this resolution.

Attachments/Exhibits: Resolution 10122

CERTIFICATE AS TO RESOLUTION AND ADOPTING VOTE

I, the undersigned, being the duly qualified and acting recording officer of the City of Great Falls, Montana (the "City"), hereby certify that the attached resolution is a true copy of Resolution No. 10122, entitled: "RESOLUTION RELATING TO FINANCING CERTAIN PROPOSED IMPROVEMENTS; ESTABLISHING COMPLIANCE WITH REIMBURSEMENT BOND REGULATIONS UNDER THE INTERNAL REVENUE CODE" (the "Resolution"), on file in the original records of the City in my legal custody; that the Resolution was duly adopted by the City Commission of the City at a regular meeting on October 6, 2015, and that the meeting was duly held by the City Commission and was attended throughout by a quorum, pursuant to call and notice of such meeting given as required by law; and that the Resolution has not as of the date hereof been amended or repealed.

I further certify that, upon vote being taken on the Resolution at said meeting, the following Commissioners voted in favor thereof: _____

_____ ; voted against the same: _____
_____ ; abstained from voting thereon: _____
_____ ; or were absent: _____.

WITNESS my hand officially this 6th day of October, 2015.

Lisa Kunz, City Clerk

RESOLUTION NO. 10122

RESOLUTION RELATING TO FINANCING OF CERTAIN
PROPOSED IMPROVEMENTS; ESTABLISHING
COMPLIANCE WITH REIMBURSEMENT BOND
REGULATIONS UNDER THE INTERNAL REVENUE CODE

BE IT RESOLVED by the City Commission of the City of Great Falls, Montana (the “City”), as follows:

Section 1. Recitals.

1.01 The United States Department of Treasury has promulgated final regulations governing the use of proceeds of tax-exempt bonds, all or a portion of which are to be used to reimburse the City for project expenditures paid by the City prior to the date of issuance of such bonds. Those regulations (Treasury Regulations, Section 1.150-2) (the “Regulations”) require that the City adopt a statement of official intent to reimburse an original expenditure not later than 60 days after payment of the original expenditure. The Regulations also generally require that bonds be issued and the reimbursement allocation be made from the proceeds of such bonds within 18 months (or three years, if the reimbursement bond issue qualifies for the “small issuer” exception from the arbitrage rebate requirement) after the later of (i) the date the expenditure is paid or (ii) the date the project is placed in service or abandoned, but (unless the issue qualifies for the “small issuer” exception from the arbitrage rebate requirement) in no event more than three years after the date the expenditure is paid. The Regulations generally permit reimbursement of capital expenditures and costs of issuance of the bonds.

1.02 The City desires to comply with requirements of the Regulations with respect to certain projects hereinafter identified.

Section 2. Official Intent Declaration.

2.01 The City proposes to undertake certain projects, which projects and the estimated costs thereof are generally described on Exhibit A hereto, which is hereby incorporated herein and made a part hereof (the “Projects”).

2.02 Other than (i) expenditures to be paid or reimbursed from sources other than the Bonds (as hereinafter defined), (ii) expenditures permitted to be reimbursed under the transitional provision contained in Section 1.150-2(j)(2) of the Regulations, (iii) expenditures constituting preliminary expenditures within the meaning of Section 1.150-2(f)(2) of the Regulations, or (iv) expenditures in a “de minimus” amount (as defined in Section 1.150-2(f)(1) of the Regulations), no expenditures for the Projects have heretofore been paid by the City and no expenditures will be paid by the City until after the date of this Resolution.

2.03 The City reasonably expects to reimburse some or all of the expenditures made for costs of the Projects out of proceeds of bonds in an estimated maximum aggregate principal amount of \$26,700,000 (the “Bonds”) after the date of payment of all or a portion of the costs of the Projects. All reimbursed expenditures shall be capital expenditures, a cost of issuance of the

Bonds or other expenditures eligible for reimbursement under Section 1.150-2(d)(3) of the Regulations.

Section 3. Budgetary Matters. As of the date hereof, there are no City funds reserved, allocated on a long-term basis or otherwise set aside (or reasonably expected to be reserved, allocated on a long-term basis or otherwise set aside) to provide permanent financing for the expenditures related to the Projects, other than pursuant to the issuance of the Bonds. The statement of intent contained in this resolution, therefore, is determined to be consistent with the City's budgetary and financial circumstances as they exist or are reasonably foreseeable on the date hereof.

Section 4. Reimbursement Allocations. The City Fiscal Services Director shall be responsible for making the "reimbursement allocations" described in the Regulations, being generally the transfer of the appropriate amount of proceeds of the Bonds to reimburse the source of temporary financing used by the City to make prior payment of the costs of the Projects. Each allocation shall be evidenced by an entry on the official books and records of the City maintained for the Bonds or the Projects and shall specifically identify the actual original expenditure being reimbursed.

Adopted this 6th day of October, 2015.

Michael J. Winters, Mayor

Attest:

Lisa Kunz, City Clerk

APPROVED FOR LEGAL CONTENT:

Sara Sexe, City Attorney

EXHIBIT A

<u>Description of Projects</u>	<u>Estimated Cost</u>
Improvements to the water treatment plant, including construction of new electrical switchgear, a chemical feed and new UV building to house the ammonia feed system and UV reactors, a new administration facility, and related improvements; and paying associated costs of issuance.	\$26,700,000