



Board of Aldermen Request for Action

MEETING DATE: 1/16/2024

DEPARTMENT: Administration and Finance

AGENDA ITEM: Resolution 1307 – Authorizing the Offering for sale of Certificates of Participation.

REQUESTED BOARD ACTION:

Motion to approve Resolution 1307 – a resolution authorizing the offering for sale of Certificates of Participation.

SUMMARY:

The City is planning to issue Certificates of Participation (COPs) for the construction of the 144th Street Lift Station and West Interceptor. As noted in the work session, this project is in the final design phase. Staff is currently working with property owners to secure easements for the force main. The project includes a regional lift station that will accept wastewater from Hills of Shannon allowing the decommissioning of that pump station and converting it to gravity, ability to decommission the McDonalds and Platte Valley Bank lift stations, serve the Fairview Crossing Development and additional development in South Smithville, and have capacity for Forest Oaks. The west force main will extend from the 144th Street pump station to Cliff Drive. The preliminary hearing in the condemnation process is set for January 19. The project will bid in early Spring.

During the development of the FY2023 Budget, staff projected the need to debt finance this projects, due to cashflow constraints. At that time, a rate study concluded that utility rate increases are necessary to continue funding water and sewer line replacement projects, fund ongoing system maintenance projects, and fund system capacity upgrades as revenues would not sustain "pay-as-you-go" financing.

This project was initially slated for 2023, but has been delayed with easement acquisition and design taking longer than anticipated. As noted above, this project is now set to bid in early spring.

As staff has worked with financial advisors Piper Sandler, the need for additional cashflow for projects has been identified and the Stonebridge Lift station project has been included for addition to the projects to be funded through this debt issuance, as outlined at the work session.

Bond proceeds totaling \$6.694,610 are anticipated to fund project expenditures of \$6.5 million plus cost of issuance.

This resolution indicates the intention of the Board to issue debt. In the next few weeks, staff and representatives from Piper Sandler, the City's financial advisor, will participate in a rating call, the result of which will be establishing the city's bond rating for issuance of the debt. Final steps include the sale of the COPs, approving the financing ordinance, and the delivery of funds for the project. As we progress through this process, Piper Sandler will provide updates to the Board on the process.

PREVIOUS ACTION:

Resolution 1191 was approved February 21, 2023 declaring the intent to reimburse expenses related to utility projects.

Financing of this project has been discussed over the last several months relating to the utility budget and was included in discussions relating to development of the FY2024 budget.

POLICY OBJECTIVE:

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FINANCIAL CONSIDERATIONS:

ATTACHMENTS:

- | | |
|--|-----------------------------------|
| <input type="checkbox"/> Ordinance | <input type="checkbox"/> Contract |
| <input checked="" type="checkbox"/> Resolution | <input type="checkbox"/> Plans |
| <input type="checkbox"/> Staff Report | <input type="checkbox"/> Minutes |
| <input type="checkbox"/> Other: | |

RESOLUTION 1307

A RESOLUTION AUTHORIZING THE OFFERING FOR SALE OF CERTIFICATES OF PARTICIPATION FOR THE BENEFIT OF THE CITY OF SMITHVILLE, MISSOURI

WHEREAS, the City of Smithville, Missouri (the "City") desires to finance the costs to acquire, construct, install, improve, furnish and equip various projects related to the City's sewer system, including without limitation (1) the construction and installation of a sewer pump station, force main, and lift station at 144th Street and West Bypass (the "144th Street and West Bypass Project") and (2) the construction, installation and improvement of a sewer pump station, force main, and lift station at Stonebridge (the "Stonebridge Project," and together with the 144th Street and West Bypass Project" the "Project"); and

WHEREAS, the City has selected the firm of Piper Sandler & Co. (the "Municipal Advisor"), as municipal advisor, and Gilmore & Bell, P.C., as special counsel ("Special Counsel"), for a series of certificates of participation (the "Certificates") to be delivered for the benefit of the City in the approximate amount of approximately \$6,500,000 to finance the costs of the Project; and

WHEREAS, the City desires to authorize the Municipal Advisor and Special Counsel to proceed with the offering for sale of the Certificates; and

WHEREAS, the City desires to authorize the Municipal Advisor and Special Counsel to proceed with the preparation, review and distribution of the Notice of Sale, the Preliminary Official Statement and the final Official Statement relating to the Certificates.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF ALDERMEN OF THE CITY OF SMITHVILLE, MISSOURI, AS FOLLOWS:

Section 1. The City hereby authorizes the Municipal Advisor and Special Counsel to proceed with the preparation, review and distribution of the Notice of Sale, the Preliminary Official Statement and the final Official Statement for the Certificates. Upon completion of the preparation of the Notice of Sale and the Preliminary Official Statement, the Municipal Advisor is hereby authorized to proceed with the offering for sale of the Certificates. The final terms of the Certificates shall be determined and approved by subsequent ordinance of the Board of Aldermen of the City.

Section 2. The Board of Aldermen hereby authorizes the execution of the final Official Statement by the Mayor, the City Administrator or other appropriate officers of the City with such changes and additions thereto as such officials shall deem necessary or appropriate, such official's signature thereon being conclusive evidence of such official's and the City's approval thereof. The Board of Aldermen hereby consents to the use and public distribution by the Municipal Advisor of the Notice of Sale, the Preliminary Official Statement and the final Official Statement in connection with the offering for sale of the Certificates.

Section 3. For the purpose of enabling the purchaser of the Certificates to comply with the requirements of Rule 15c2-12(b)(1) of the Securities and Exchange Commission, the Mayor, the City Administrator or other appropriate officers of the City are hereby authorized, if requested, to provide the purchaser a letter or certification to the effect that the City deems the information contained in the Preliminary Official Statement to be "final" as of its date, except for the omission of such information as is permitted by Rule 15c2-12(b)(1), and to take such other actions or execute such other documents as such officers in their reasonable judgment deem necessary to enable the purchaser to comply with the requirements of such Rule.

Section 4. The City agrees to provide to the purchaser of the Certificates within seven business days of the date of the agreement to purchase the Certificates or within sufficient time to accompany any confirmation that requests payment from any customer of the purchaser, whichever is earlier, sufficient copies of the final Official Statement to enable the purchaser to comply with the requirements of Rule 15c2 12(b)(4) of the Securities and Exchange Commission and with the requirements of Rule G 32 of the Municipal Securities Rulemaking Board.

Section 5. The City expects to make capital expenditures after the date of this Resolution in connection with the Stonebridge Project, and the City hereby declares its intent to reimburse itself for such expenditures with the proceeds of the tax-exempt financing to be subsequently authorized. The maximum amount of proceeds of the Certificates to be spent in connection with the Stonebridge Project is not expected to exceed \$2,570,000.

Section 6. The Mayor, the City Administrator and other officers and representatives of the City are hereby authorized and directed to take such other action as may be necessary to carry out the offering for sale of the Certificates.

Section 7. This Resolution shall be in full force and effect from and after its adoption by the Board of Aldermen.

PASSED by the Board of Aldermen of City of Smithville, Missouri on January 16, 2024.

CITY OF SMITHVILLE, MISSOURI

Damien Boley, Mayor

[SEAL]

ATTEST:

Linda Drummond, City Clerk