



AGENDA REPORT

Meeting Date: August 4, 2009
Item Number: E-4
To: Honorable Chair & Members of the Board of Directors
From: Scott G. Miller, Chief Financial Officer and Administrative Services Dir.
Subject: **RESOLUTION OF THE BOARD OF DIRECTORS OF THE CITY OF BEVERLY HILLS PUBLIC FINANCING AUTHORITY DECLARING INTENTION TO REIMBURSE EXPENDITURES RELATING TO PUBLIC WATER WORKS PROJECT FROM THE PROCEEDS OF TAX-EXEMPT OBLIGATIONS OF THE AUTHORITY**

Attachments: Resolution

RECOMMENDATION

It is recommended that the Board of Directors of the City of Beverly Hills Public Financing Authority approve the attached Resolution declaring the intention to issue Bonds and to use a portion of the proceeds thereof to reimburse expenditures made by the Authority or the City for the replacement of above ground steel water reservoirs (the Project) before the date of issuance of the Bonds, and not more than 60 days before the date of the adoption of this Resolution. The Authority anticipates that the Bonds will be issued in an aggregate principal amount which is sufficient to raise funds for the Project in the approximate amount of \$8,500,000.

INTRODUCTION & DISCUSSION

The City's Fiscal Year 2009-10 Capital Projects Budget includes this Project to replace current above ground steel water reservoirs. The reservoirs need to be replaced due to their age and other issues. At first, staff was going to retrofit the tanks, but engineering estimates indicated that replacement of the reservoirs is much more cost effective than renovating the current ones.

To pay for this construction and construction-related costs, a tax exempt bond is needed. Federal law requires that any costs incurred for this project before the bonds are issued require a resolution of intent, for reimbursement of such costs from future bonding.

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The attached resolution of intent conforms to the Federal Tax requirements and will allow staff to begin the architectural and engineering phases and will allow the Authority and the City to be reimbursed for the costs once the bonds are issued.

FISCAL IMPACT

Adoption of this resolution will allow reimbursement of current costs from future bond issuance for this project. The adoption of this resolution, in-of-itself, has no specific fiscal impact on the Authority or the City.



Scott G Miller
Chief Financial Officer/Administrative
Services Director

RESOLUTION NO. ____

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
CITY OF BEVERLY HILLS PUBLIC FINANCING AUTHORITY
DECLARING INTENTION TO REIMBURSE EXPENDITURES
RELATING TO PUBLIC WATER WORKS PROJECT
FROM THE PROCEEDS OF
TAX-EXEMPT OBLIGATIONS OF THE AUTHORITY**

WHEREAS, the City of Beverly Hills (the “City”) intends to reconstruct above ground steel reservoir tanks for potable water needs located on the following parcels as listed by the County of Los Angeles APN numbers: Tank 7: 4391-007-900; Tank 4B: 4391-025-900; Tank 5: 4391-015-900; Tank 6: 4391-013-900 and Tank 3A: 4350-019-902, Beverly Hills, CA 90210, and related improvements (the “Project”); and

WHEREAS, the Project involves replacement of steel reservoir tanks for potable water for use by the City’s residents and business for their water system needs; and

WHEREAS, in order to provide funds to finance the Project, the City of Beverly Hills Public Financing Authority (the “Authority”) and the City propose to enter into an installment sale arrangement or lease financing arrangement; and

WHEREAS, for the purpose of obtaining funds to finance the Project, the Authority intends to authorize the issuance and sale of its revenue bonds in an aggregate principal amount of approximately \$8,500,000 (the “Bonds”); and

WHEREAS, in order to use the proceeds of the Bonds to reimburse advances made by the City or the Authority for the Project before the date of issuance of the Bonds, but not more than 60 days before the date of adoption of this Resolution, Section 1.150-2 of the United States Income Tax Regulations requires that Board of Directors of the Authority declare its intention to reimburse such advances from the proceeds of the Bonds; and

WHEREAS, it is in the public interest and for the public benefit that the Authority declare its official intent to reimburse the expenditures referenced herein to implement the financing plan for the Project;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the City of Beverly Hills Public Financing Authority as follows:

Section 1. Declaration of Intent. The Board of Directors hereby declares that it reasonably expects to issue the Bonds and to use a portion of the proceeds thereof to reimburse expenditures made by the Authority or the City for the Project before the date of issuance of the Bonds, and not more than 60 days before the date of adoption of this Resolution. The Authority anticipates that the Bonds will be issued in an aggregate principal amount which is sufficient to raise funds for the Project in the approximate amount of \$8,500,000.

Section 2. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

Adopted and approved this ___ day of _____, 2009.

Nancy Krasne, Chairman

ATTEST:

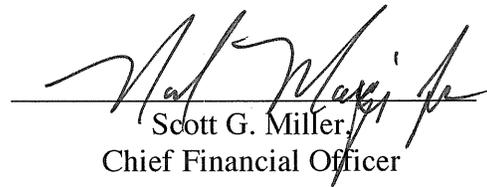
Byron Pope, Secretary

Approved as to form:



Scott Ferguson
Jones Hall, APLC
Bond Counsel

Approved as to content:



Scott G. Miller,
Chief Financial Officer