



AGENDA REPORT

Meeting Date: September 10, 2015
Item Number: G-1
To: Honorable Chair & Board Members
From: Noel Marquis, Assistant Director of Administrative Services - Finance
Subject: **RESOLUTION OF THE BOARD OF DIRECTORS OF THE CITY OF BEVERLY HILLS PUBLIC FINANCING AUTHORITY DECLARING INTENTION TO REIMBURSE EXPENDITURES FROM THE PROCEEDS OF TAX-EXEMPT OBLIGATIONS OF THE AUTHORITY**
Attachments: 1. Resolution

RECOMMENDATION

Staff recommends that the Board of Directors adopt the resolution declaring intention to reimburse expenditures from the proceeds of the tax-exempt obligations of the Authority in the aggregate principal amount of approximately \$60,000,000.

INTRODUCTION

The City Council recently approved the Water Enterprise Plan (WEP). The WEP will, over the next ten years, provides an increased level of water self-reliance by increasing the City's ability to acquire and produce more of its own water, thereby reducing reliance on the Metropolitan Water District (MWD). This plan will require approximately \$60,000,000 of funding. Funding may be provided through the use of Tax-Exempt Bonds, internal loans or other funding resources developed as the project moves forward.

As a part of the project the City intends to acquire certain properties and construct certain capital improvements to its municipal water system consisting generally of new groundwater production facilities in the Hollywood Basin and Central Basin, including without limitation wells, treatment plants, pipelines, and all related improvements (the "Project"). If the City Council directs the use of Tax-Exempt Obligations, the City would enter into an installment sale arrangement or lease financing arrangement for the purpose of obtaining funds to finance the Project. The Financing Authority would authorize the issuance and sale of revenue bonds, in one or more series, in an aggregate principal amount of approximately \$60,000,000 (the "Bonds").

DISCUSSION

This Resolution is required in order to use the proceeds of the Bonds to reimburse advances made by the Financing Authority or the City 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 Financing Authority declare its intention to reimburse such advances from the proceeds of the Bonds. Note that this action does not require the Authority to issue bonds. It merely indicates that there is a reasonable expectation that a bond issue will occur in the future and gives the Authority and City the option to be reimbursed for expenditures made prior to issuance if desired.

FISCAL IMPACT

This action would allow the Authority and City to recover any expenditure made for the Water Enterprise Plan between the date 60 days prior to the adoptions of this resolution and the date the Tax-Exempt Obligations are authorized by the Authority and the City Council and issued.



Noel Marquis
Finance Approval



Don Rhoads
Approved By

Attachment 1

RESOLUTION NO. ____

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

WHEREAS, the City of Beverly Hills (the “City”) intends to acquire certain properties and acquire and construct certain capital improvements to its municipal water system consisting generally of new groundwater production facilities in the Hollywood Basin and Central Basin, including without limitation wells, treatment plants, pipelines, and all related improvements, as well as water conservation projects (collectively, the “Project”); and

WHEREAS, in order to provide funds to finance the Project, the City of Beverly Hills Public Financing Authority (the “Financing 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 Financing Authority intends to authorize the issuance and sale of its revenue bonds, in one or more series, in an aggregate principal amount of approximately \$60,000,000 (the “Bonds”); and

WHEREAS, in order to use the proceeds of the Bonds to reimburse advances made by the Financing Authority or the City 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 Financing 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 Financing 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 Financing 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 Financing Authority anticipates that the Bonds will be issued in one or more series in an aggregate principal amount which is sufficient to raise funds for the Project in the approximate amount of \$60,000,000.

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

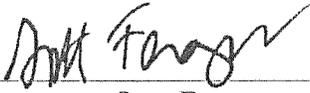
Adopted and approved this 10th day of September, 2015.

Julian A. Gold, Mayor

ATTEST:

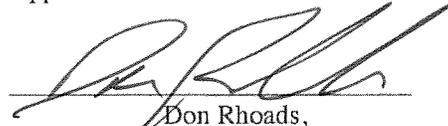
Byron Pope, Secretary

Approved as to form:



Scott Ferguson
Jones Hall, APLC
Bond Counsel

Approved as to content:



Don Rhoads,
Director of Administrative Services &
Chief Financial Officer