



City Council

Staff Report

TO: Honorable Mayor and City Council

FROM: John Jansons, City Manager

DATE: March 28, 2016

SUBJECT: Consideration of draft Resolution 2016-012 approving updated promissory note and authorized signatories for the CoBank Loan for the Waste Water Treatment Plant project.

RECOMMENDED ACTION:

That the City Council approve draft Resolution 2016-012 approving updated promissory note and authorized signatories for the CoBank Loan for the Waste Water Treatment Plant (WWTP) project.

BACKGROUND / DISCUSSION:

As council is aware the City of Farmersville is engaged in the process of the upgrade to the Cities Waste Water Treatment Facility. The City has secured funding for this project in the form of a \$5,000,000 loan from the United States Department of Agriculture (USDA), and a combination of loan and grants from the State Revolving Fund (SRF) for \$13,000,000 for a total of \$18,000,000. Due to the nature of the flow of funding and the upfront cost requirements for design and engineering it was necessary that the City secure interim financing in order to cover these upfront costs.

As part of continued secure interim financing, it is necessary that an updated resolution be passed approving the securing of this funding through CoBank.

A copy of the revised resolution giving authorization to secure the loan and authorization to execute related documents is attached.

COORDINATION AND REVIEW:

The recommended action was coordinated with the Finance Department, CoBank and previously approved by the City Attorney and City Council.

FISCAL IMPACT:

There is no fiscal impact associated with updating this previously approved action.

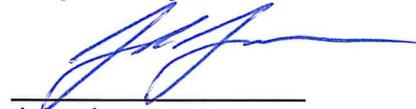
CONCLUSION:

It is respectfully recommended that the City Council consider a request by Farmersville High School Football for complimentary use of City Community Center on May 7th, 2016.

ATTACHMENTS: 1

- 1) Draft Resolution 2016-012

Prepared By:



John Jansons
City Manager

Resolution 2016-012

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FARMERSVILLE APPROVING THE COBANK NOTE AND TAKING OTHER ACTIONS IN CONNECTION THEREWITH

WHEREAS, the City of Farmersville (the "City") has undertaken a major expansion and upgrade to its Wastewater Treatment Facility (the "Project"); and

WHEREAS, the City has entered into an Installment Sale Agreement with the California State Water Resources Control Board to provide financing for a portion of the Project; and

WHEREAS, the City has received a commitment from United States Department of Agriculture, Rural Development ("USDA-RD") to provide additional funding for the Project; and

WHEREAS, in anticipation of the receipt of the USDA-RD funding, the City desires to enter into the Master Loan Agreement and Promissory Note and Multiple Advance Term Loan Supplement with CoBank, ACB, a federally chartered instrumentality of the United States ("CoBank") to provide bridge and interim funding for the Project; and

WHEREAS, the City has full power and authority to borrow money and to secure the same with its own property and property delivered to it for marketing or otherwise; and

WHEREAS, all prerequisite acts and proceedings preliminary to the adoption of this Resolution have been taken and done in due and proper form, time and manner;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FARMERSVILLE AS FOLLOWS:

Section 1. The Mayor, City Manager, City Clerk or City Clerk Pro-Tempore, Finance Director ("Officers") of the City are jointly and severally authorized and empowered to obtain for and on behalf of the City from time to time, from CoBank, ACB ("CoBank"), a loan or loans or other financial accommodations (including, without limitation, letters of credit, note purchase agreements and bankers acceptances) (collectively, a "Loan") under this Resolution; and for such purposes: (1) to execute such application or applications (including exhibits, amendments and/or supplements thereto) as may be required for all borrowings; (2) to obligate the City to pay such rate or rates of interest as the Officers so acting shall deem proper, and in connection therewith to purchase such interest rate risk management products as may be offered from time to time by CoBank; (3) to obligate the City to such other terms and conditions as the Officers so acting shall deem proper; (4) to obligate the City to make such investments in CoBank as required by CoBank; (5) to execute and deliver to CoBank or its nominee all such written loan agreements, documents and instruments as may be required by CoBank in regard to or as evidence of any Loan made pursuant to the terms of this Resolution and such Loan Documents shall include the City's consent to suit for enforcement of the Loan Documents and all appropriate judicial remedies available at law or equity, even though sovereign immunity may otherwise bar such suit; (6) to pledge, grant a security interest or lien in, or assign property of the City or property of others on which it is entitled to borrow, of any kind and in

any amount as security for any or all obligations (past, present and/or future) of the City to CoBank; (7) from time to time extend, amend, renew or refinance any such Loan; (8) to reborrow from time to time, subject to the provisions of this Resolution, all or any part of the amounts repaid to CoBank on any Loan made pursuant hereto (whether for the same or a different purpose); (9) to execute and deliver to CoBank an Electronic Commerce Master Service Agreement, a separate Service Agreement for each different service requested by the City, and such other agreements, addenda, documents or instruments as may be required by CoBank in the event that the City elects to use CoBank's electronic banking system (the "System"); (10) to execute and deliver to CoBank any agreements, addenda, authorization forms and other documents or instruments as may be required by CoBank in the event that the City elects to use any services or products related to the Loan that are offered by CoBank now or in the future, including without limitation an automated clearing house (ACH) service; (11) to direct and delegate to designated employees of the City the authority to direct, by written or telephonic instructions or electronically, if the City has agreed to use the System for such purpose, the disposition of the proceeds of any Loan authorized herein or any property of the City at any time held by CoBank; and (12) to delegate to designated employees of the City the authority to request by telephonic or written means or electronically, if the City has agreed to use the System for such purpose, loan advances and/or other financial accommodations, and in connection therewith, to fix rates and agree to pay fees. In the absence of any direction or delegation authorized in (11) or (12) above, all existing directions and/or delegations shall remain in full force and effect and shall be applicable to any Loan authorized herein.

Section 2. The Master Loan Agreement ("Agreement") and the Promissory Note and Multiple Advance Term Loan Supplement ("CoBank Note"), each in substantially the form submitted at this meeting and made a part hereof as though set forth in full herein are hereby approved. The Mayor and City Clerk are hereby authorized and directed to execute and deliver the Agreement and CoBank Note in the form presented at this meeting with such changes insertions and omissions as may be requested by Bond Counsel and approved by the Mayor, said execution being conclusive evidence of such approval.

Section 3. Each of the Officers are hereby jointly and severally authorized to: (1) establish a Cash Investment Services Account at CoBank; (2) make such investments therein as any Officer shall deem proper; (3) direct by written or telephonic instructions or electronically, if the City has agreed to use the System for such purposes, the disposition of the proceeds therein; (4) delegate to designated employees of the City the authority set forth in (2) and (3) above; and (5) execute and deliver all documents and agreements necessary to carry out this authority.

Section 4. Each of the Officers are hereby jointly and severally authorized and directed to do and/or cause to be done, from time to time, all things which may be necessary and/or proper for the carrying out of the terms of these Resolutions.

Section 5. All prior acts by the Officers or other employees or agents of the City to accomplish the purposes of these Resolutions are hereby approved and ratified.

Section 6. Any Officer of the City is hereby authorized and directed to cast the ballot of the City in any and all proceedings in which the City is entitled to vote for the selection of a member of CoBank's board of directors or for any other purpose.

Section 7. This Resolution shall remain in full force and effect until a certified copy of a duly adopted resolution effecting a revocation or amendment, as the case may be, shall have been

received by CoBank. The authority hereby granted shall apply with equal force and effect to the successors in office of the Officers herein named.

Section 8. The City Clerk of the City is hereby authorized and directed to certify to CoBank a copy of these Resolutions, the names and specimen signatures of the present Officers above referred to, and if and when any change is made in the personnel of any said Officers, the fact of such change and the name and specimen signatures of the new Officers. CoBank shall be entitled to rely on any such certification until a new certification is actually received by CoBank.

IN WITNESS WHEREOF, this Resolution is adopted and approved the 11th day of April 2016.

BY:

Greg Gomez, Mayor of the City of Farmersville

(SEAL)

ATTEST: _____

City Clerk Pro Tempore of the City of Farmersville

CERTIFICATE

The undersigned, City Clerk of the City, hereby certifies that the City Council, at a meeting duly called, noticed, convened and held on the 11th day of April, 2016, at which a quorum was present, did adopt the foregoing resolution and that said resolution has not been revoked or amended in any way.

Dated this 11th day of April, 2016.

By: _____

Title: _____

**AMENDMENT
TO THE
PROMISSORY NOTE AND MULTIPLE ADVANCE TERM LOAN SUPPLEMENT**

THIS AMENDMENT is entered into as of March 28, 2016, between **CoBANK, ACB** (“CoBank”) and **CITY OF FARMERSVILLE, Farmersville, California**, a general law city under the laws of the State of California (the “Borrower”).

BACKGROUND

CoBank and the Borrower are parties to Promissory Note and Multiple Advance Term Loan Supplement dated as of December 22, 2014 (such agreement is hereinafter referred to as the “Promissory Note and Supplement”). CoBank and the Borrower now desire to amend certain sections of the Promissory Note and Supplement. For that reason, and for valuable consideration (the receipt and sufficiency of which are hereby acknowledged), CoBank and the Borrower agree that the following sections of the Promissory Note and Supplement are hereby amended to read as follows:

1. Section 3 of the Promissory Note and Supplement is hereby amended and restated to read as follows:

SECTION 3. Term. The term of the Commitment shall be from the date hereof, up to and including December 20, 2018, or such later date as CoBank may, in its sole discretion, authorize in writing.

2. Section 7 of the Promissory Note and Supplement is hereby amended and restated to read as follows:

SECTION 7. Promissory Note. The Borrower promises to repay the unpaid principal balance of the loans on December 20, 2018, or such later date as CoBank may, in its sole discretion, authorize in writing. If any installment due date is not a Business Day, then such installment shall be due and payable on the next Business Day. In addition to the above, the Borrower promises to pay interest on the unpaid principal balance of the loans at the times and in accordance with the provisions set forth above.

3. Section 11(B) of the Promissory Note and Supplement is hereby amended and restated to read as follows:

SECTION 11. Additional Affirmative Covenants. In addition to the affirmative covenants set forth in the MLA, the Borrower will:

(B) RUS/RUS Commitment to Lend. Take all actions necessary so that the RD/RUS Commitment to Lend letter is provided to CoBank, in form acceptable to CoBank, on or before December 20, 2016, to make the Commitment available for Interim Funding.

4. Except as set forth in this Amendment, the Promissory Note and Supplement, including all amendments thereto, shall continue in full force and effect as written.

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed by their duly authorized officers as of the date shown above.

CITY OF FARMERSVILLE

By: _____ By: _____
Title: City Clerk Pro Tempore Title: Mayor

CoBANK, ACB

By: _____
Title: _____

CoBANK, ACB
INCUMBENCY CERTIFICATE

The undersigned, as City Clerk Pro Tempore of the Borrower named below, hereby certifies that the following persons are the current, duly elected or appointed Officers enumerated in applicable Resolutions of the Borrower's City Council and that the following are the specimen signatures of those Officers:

OFFICERS

NOTE: INSERT THE NAMES AND OBTAIN THE SIGNATURES OF ONLY THOSE OFFICERS AUTHORIZED BY THE RESOLUTION REFERRED TO ABOVE.

<p>MAYOR</p> <hr/> <p>Signature</p> <p>Gregorio Gomez</p> <hr/> <p>TYPE or PRINT name</p>
<p>FINANCE DIRECTOR</p> <hr/> <p>Signature</p> <p>Steve Huntley</p> <hr/> <p>TYPE or PRINT name</p>

<p>CITY CLERK PRO TEMPORE</p> <hr/> <p>Signature</p> <hr/> <p>TYPE or PRINT name</p>
<p>CITY MANAGER</p> <hr/> <p>Signature</p> <p>John Jansons</p> <hr/> <p>TYPE or PRINT name</p>

Dated this _____ day of _____, 20____.

City Clerk Pro Tempore

Change of address? Yes No

CITY OF FARMERSVILLE
909 West Visalia Road
Farmersville, California 93223

Phone: (559) 747-0458



6340 S. Fiddlers Green Circle
Greenwood Village, CO 80111
Phone: 303-740-4000
Fax: 303-740-4002
www.cobank.com

April 1, 2016

Mary Maikoeter

303-740-6453

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Mr. Steve Huntley, Finance Director
City of Farmersville
909 West Visalia Road
Farmersville, California 93223

Dear Mr. Huntley:

Enclosed are the documents that amend your term loan with CoBank. It is important that these documents be executed by an officer authorized by your board resolution (a copy is included for your reference) and who has signed on the most recent incumbency certificate (a copy with the authorized titles and signatures circled is included). Please return the documents to CoBank at your earliest convenience.

You are welcome to expedite the processing of this transaction by faxing the signed documentation to Loan Processing Closing, provided that all such documentation (bearing the ORIGINAL ink signatures) is promptly mailed to CoBank at the address shown below. The fax number for Loan Processing Closing is 1-877-222-1603.

The following document is enclosed and is required to be returned:

Amendment No. RI1360T01A to the Promissory Note and Multiple Advance Term Loan Supplement No. RI1360T01. Please review the agreement and have it signed by an officer authorized by the resolution.

Additionally enclosed are the following documents:

1. **Incumbency Certificate.** Complete only if authorized officers have changed since the last Incumbency Certificate was submitted to CoBank. Please have all authorized officers sign and have the Corporate Secretary or Assistant Secretary complete the certification.
2. **Notice To Borrower.** Please keep this notice with your records.

If these documents are acceptable to you, please have them signed by an authorized officer and return to CoBank. A self-addressed Federal Express return ticket is included for returning the executed documents to Loan Processing Closing, CoBank, ACB, 6340 South Fiddlers Green Circle, Greenwood Village, Colorado 80111.

If you have any questions regarding the documents, please don't hesitate to contact Julia McCusker at 800-542-8072 (ext. 45858). We will send you a copy of the agreement(s) after we

Mr. Steve Huntley
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have approved and countersigned the documentation. Thank you for your continued patronage and support of CoBank.

Sincerely,



Elena Tolson
Legal Specialist

Enclosures