

RESOLUTION NO. 6492(22)

**A Resolution of the City Council of the City of Lompoc,
County of Santa Barbara, State of California,
Approving Terms and Conditions of an Internal Construction
Loan Advancing Funds to the Solid Waste Fund for Interim
Financing for Certain Capital Expenditures for Improvements
to the Solid Waste Landfill**

WHEREAS, the City of Lompoc (City) is a municipal corporation duly organized under the laws of the State of California; and

WHEREAS, the City Council of the City is the governing body of the City; and

WHEREAS, the City Council of the City adopted the City's Debt Management Policy (Policy) at a regular City Council meeting on October 17, 2017; and

WHEREAS, the City operates a Solid Waste Utility including both refuse collection and disposal services at a City owned and operated landfill (Landfill); and

WHEREAS, the City is proceeding to design, engineer, and construct regulatory mandated improvements to its Landfill, consisting primarily of stormwater management improvements at its Landfill, (the Project); and

WHEREAS, in order to provide funds to finance the Project, the City Council intends to issue and sell tax-exempt bonds or certificates of participation or enter into privately placed financing with the aggregate principal amount of approximately \$5 million, which will be payable from City revenues (the Debt Issue); and

WHEREAS, in order to use the proceeds of the Debt Issue to reimburse advances made by the City for the Project before the date of issuance of the Bonds, Section 1.150-2 of the United States Income Tax Regulations requires that the City Council declare its intention to reimburse such advances from the proceeds of the Bonds; and

WHEREAS, the City Council intends to utilize an internal loan to advance funds for the design, engineering, and construction of the regulatory mandated improvements to the Landfill and utilize Debt Issue proceeds to reimburse, to the extent allowable under Resolution No. 6491(22); and

WHEREAS, in accordance with the Policy, the City Council desires to state the terms of the internal loan and to affirm that Bond proceeds are intended to reimburse the internal loan upon completion of the Debt issue or the completion of the Project, whichever is later.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LOMPOC, CALIFORNIA, DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. Declaration of Official Intent. The City currently intends, and reasonably expects to finance the costs of the Project with Bonds, Certificates of Participation or a privately-placed loan as stated in Resolution No. 6491(22) and to use a portion of the proceeds thereof to reimburse expenditures made for the Project by the City before the date of issuance of the Debt Issue.

SECTION 2. Dates of the Capital Expenditures. All of the capital expenditures covered by this Resolution were made not earlier than 60 days prior to the date of this Resolution.

SECTION 3. Issuance of Internal Loan. The City currently intends, and reasonably expects to advance funds from available City resources, in an amount that is sufficient to raise funds for the Project in the approximate amount of up to \$5 million to finance the Project prior to the availability of Debt Issue proceeds for the Project.

SECTION 4. Internal Loan Terms. The City currently intends and reasonably expects to advance funds from available City resources with the following terms and conditions:

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|------------------------------|---|
| Funding source: | Electric Fund No. 752 |
| Interest rate: | 0.559% per annum – in parity with Solid Waste’s CalRecycle financing |
| Interest calculation method: | Annual (Monthly in the year of repayment) |
| Frequency of Payment: | Once – upon receipt of Debt Issue proceeds |
| Date of repayment: | The end of the month in which Debt proceeds are received |
| Prepayment Penalty: | None |
| Construction Term Funding: | Construction draws and interest calculations will be done annually as of the end of each fiscal year in which the Project is in process until the year in which Debt Issue proceeds are received by the Solid Waste Utility |

SECTION 5. Internal Loan Permanent Financing. In the event the City does not secure Debt financing in order to repay the Internal Construction Loan, the Management Services Director shall set permanent terms, in accordance with the Policy, for the full cost of the Project including but not limited to:

- The interest rate the loan will bear until repayment. Appropriate interest rates may be the rate that the investment pool is earning at the time the loan is approved, the rate that the investment pool earns over the term of the loan, the rate of a US Treasury security of an equivalent term of the loan, or a rate that reflects the additional risk or illiquidity of the loan to fully compensate the fund that provides the loan.
- The terms under which the loan will be repaid such as frequency of payment (monthly, semiannually, annually), interest calculation method (360/365, monthly, annually), date of repayment (first of the month, last day of the month, etc.), prepayment penalty, prepayment/early repayment/accelerated payment options and other payment terms.
- Periodic payment amount.
- The maturity date of the loan.

SECTION 6. Intention. It is the intention of the City that the internal construction loan will be repaid from the proceeds of tax-exempt bonds. This statement of such expectations is required to satisfy certain federal tax law requirements for reimbursement bonds.

SECTION 7. Confirmation of Prior Acts. All prior acts and doings of the officials, agents and employees of the City, which are in conformity with the purpose and intent to this Resolution, and in furtherance of the Project, shall be, and they are in all respects, ratified, approved and confirmed.

SECTION 8. Repeal of Inconsistent Resolutions. All other resolutions of the City Council, or parts of resolutions, inconsistent with this Resolution are repealed to the extent of the inconsistency.

SECTION 9. Constitutionality, Severability. If any section, subsection, sentence, clause, phrase, or word of this resolution is for any reason held by a court of competent jurisdiction to be unconstitutional or invalid for any reason, such decision shall not affect the validity of the remaining portions of the resolution. The City hereby declares that it would have passed this resolution and each section, subsection, sentence, clause, phrase, and word thereof, irrespective of the fact that any one or more section(s), subsection(s), sentence(s), clause(s), phrase(s), or word(s) be declared invalid.

SECTION 10. Effective Date. This Resolution is effective on the day of its adoption.

The foregoing Resolution was proposed by Council Member _____, seconded by Council Member _____, and was duly passed and adopted by the Council of the City of Lompoc at its regular meeting on April 19, 2022, by the following vote:

AYES: Council Member(s):

NOES: Council Member(s):

ABSENT: Council Member(s):

Jenelle Osborne, Mayor
City of Lompoc

ATTEST:

Stacey Haddon, City Clerk
City of Lompoc