

## REPORT TO CITY COUNCIL

**DATE:** SEPTEMBER 13, 2023

**TO:** HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

**FROM:** NATHAN HAMBURGER, CITY MANAGER

**BY:** CHRISTY TRUELSEN, DIRECTOR OF FINANCE

**SUBJECT:** ADOPT RESOLUTION NO. 23-2045, A RESOLUTION OF THE CITY OF AGOURA HILLS, CALIFORNIA, DECLARING ITS INTENT TO REIMBURSE CERTAIN EXPENDITURES FOR THE LADYFACE GREENWAY PROJECT FROM THE PROCEEDS OF BONDS

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The City will be constructing the Ladyface Greenway Project ("Project") utilizing several grant sources and potentially bond financing. The Project timeline anticipates the bidding process to begin in November 2023. Following the award of the construction bid and the certainty in the total project costs, it is anticipated that the City would then look to complete a bond sale in January 2024. This would be completed prior to the start of the Project to ensure funds are available for use.

The purpose of this request is to recommend the adoption of a resolution which will enable City staff to incur costs related to the sale of the bonds. The resolution allows project costs incurred up to 60 days prior to Council approval, as well as certain costs incurred more than 60 days prior to Council approval of the resolution, to be reimbursed using the proceeds of the bonds. This is consistent with what the City has done on prior bond issuances as there is significant preparation work completed by staff and consultants.

This action does not authorize the sale of bonds as that item will be presented to the City Council for consideration in December 2023.

The City Attorney's office, as the City's bond counsel, has reviewed the resolution and approved as to form.

### **RECOMMENDATION**

Staff recommends the City Council adopt Resolution No. 23-2045, A resolution of the City Council of the City of Agoura Hills, California, declaring its intent to reimburse certain expenditures for the Ladyface Greenway Project from the proceeds of bonds.

Attachment: Resolution No. 23-2045

## RESOLUTION NO. 23-2045

### A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF AGOURA HILLS, CALIFORNIA, DECLARING ITS INTENT TO REIMBURSE CERTAIN EXPENDITURES FOR THE LADYFACE GREENWAY PROJECT FROM THE PROCEEDS OF BONDS

**WHEREAS**, the City Council of the City of Agoura Hills (the "City") desires to finance all or a portion of the costs of constructing the Ladyface Greenway Project, which includes, without limitation, the design and construction of the greenway to be located over Palo Comado Creek, a concrete channel, adjacent to Agoura Road, from Cornell Road to the Whizen Shopping Center driveway closest to Cornell Road 1 (collectively, the "Project").

**WHEREAS** the City intends that its payments for such Project costs be reimbursed to the City from the proceeds of bonds or other obligations to be issued by the City, by the Agoura Hills Public Financing Authority, or by a related public entity (the "Bonds").

**WHEREAS** the City expects to expend moneys (other than moneys derived from the issuance of bonds or other obligations) on expenditures relating to the costs of the Project, prior to the issuance of the Bonds. All expenditures will be properly chargeable to a capital account under general federal income tax principles. The City reasonably expects to reimburse such capital expenditures with the proceeds of the Bonds.

**WHEREAS** the City expects that the maximum principal amount of Bonds which will be issued to pay for the costs of the Project (and related issuance costs) will not exceed \$8,000,000.

**WHEREAS** at the time of the reimbursement, the City will evidence the reimbursement in a writing which identifies the allocation of the proceeds of the Bonds for the purpose of reimbursing the City for the capital expenditures made prior to the issuance of the Bonds.

**WHEREAS** the City expects to make the reimbursement allocation no later than 18 months after the later of (i) the date on which the earliest original expenditure for the Project is paid or (ii) the date on which the Project is placed in service (or abandoned), but in no event later than three years after the date on which the earliest original expenditure for the Project are paid.

**WHEREAS** Section 1.150-2 of the U.S. Treasury Regulations governs the allocation of expenditures of a reimbursement bond. A reimbursement bond is that portion of an issue of bonds (or other obligations) allocated to reimburse an original expenditure (i.e., an expenditure for a governmental purpose that is originally paid from a source other than a reimbursement bond) that was paid before the date of issue of the bonds. Section 1.150-2 provides rules to determine when an allocation of proceeds of bonds to reimburse an original expenditure will be treated as an expenditure of those proceeds.

**WHEREAS** in order for such an allocation of those proceeds to be treated as an expenditure, the issuer (or in certain cases, a conduit borrower) of the bonds must, in accordance with Section 1.150-2 and generally not later than 60 days after payment of the original expenditure, adopt an official intent for the original expenditure. The official intent is a declaration of intention by the issuer to reimburse the original expenditure with proceeds of bonds. This Resolution is intended to be a “declaration of official intent” in accordance with Section 1.150-2 of the U.S. Treasury Regulations.

**NOW, THEREFORE, BE IT RESOLVED**, by the City Council of the City of Agoura Hills as follows:

1. In accordance with Section 1.150-2 of the U.S. Treasury Regulations, the City hereby declares its intention to issue Bonds in a principal amount not expected to exceed \$8,000,000, the proceeds of which will be used to pay for the costs of the Project (and related issuance costs), including the reimbursement to the City for capital expenditures relating to the Project made prior to the issuance of the Bonds.
2. This Resolution shall take effect immediately upon its passage.

**PASSED, APPROVED AND ADOPTED** this 13<sup>th</sup> day of September 2023, by the following vote to wit.

AYES: ( )  
NOES: ( )  
ABSENT: ( )  
ABSTAIN: ( )

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Chris Anstead, Mayor

ATTEST:

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Kimberly M. Rodrigues, City Clerk