

Resolution No. _____

Resolution of the Council of the City of Palo Alto Authorizing the
Reimbursement of Funding for the Advanced Water Purification System
(AWPS) 1 MGD Project from the State Water Resource Control Board

R E C I T A L S

A. The City of Palo Alto (the "City") desires to finance the costs of constructing and/or reconstructing certain public facilities and improvements relating to its water and wastewater system, including certain treatment facilities, pipelines and other infrastructure (the "Project"); and

B. The City intends to finance the construction and/or reconstruction of the Project or portions of the Project with moneys ("Project Funds") provided by the State of California, acting by and through the State Water Resources Control Board (State Water Board); and

C. The State Water Board may fund the Project Funds with proceeds from the sale of obligations the interest upon which is excluded from gross income for federal income tax purposes (the "Obligations"); and

D. Prior to either the issuance of the Obligations or the approval by the State Water Board of the Project Funds the City desires to incur certain capital expenditures (the "Expenditures") with respect to the Project from available moneys of the City; and

E. The City has determined that those moneys to be advanced on and after the date hereof to pay the Expenditures are available only for a temporary period and it is necessary for the State Water Board to reimburse the City for the Expenditures from the proceeds of the Obligations.

F. On November 18, 2019, the City Council adopted Resolution No. 9868 authorizing reimbursement of funding for the AWPS 1 MGD Project with a reasonably expected maximum principal amount of \$22 million.

G. The estimated capital cost for the AWPS 1 MGD Project is \$66.8 million based on the project's revised 100% design.

H. The City now wishes to amend Resolution No. 9868 and adopt this Resolution increasing the reasonably expected maximum principal amount to \$66.8 million.

NOW, THEREFORE, the Council of the City of Palo Alto RESOLVES as follows:

SECTION 1. The City hereby states its intention and reasonably expects to reimburse Expenditures paid prior to the issuance of the Obligations or the approval by the State Water Board of the Project Funds.

SECTION 2. The City hereby amends Resolution NO. 9868 to increase the reasonably expected maximum principal amount of the Project Funds to \$66.8 million.

SECTION 3. This resolution is being adopted no later than 60 days after the date on which the City will expend moneys for the construction portion of the Project costs to be reimbursed with Project Funds.

SECTION 4. Each City expenditure will be of a type properly chargeable to a capital account under general federal income tax principles.

SECTION 5. To the best of our knowledge, the City is not aware of the previous adoption of official intents by the City that have been made as a matter of course for the purpose of reimbursing expenditures and for which tax-exempt obligations have not been issued.

SECTION 6. This resolution is adopted as official intent of the City in order to comply with Treasury Regulation §1.150-2 and any other regulations of the Internal Revenue Service relating to the qualification for reimbursement of Project costs.

SECTION 7. All the recitals in this Resolution are true and correct and this City so finds, determines and represents.

SECTION 8. The Council finds that its authorization of funding reimbursement does not constitute a project requiring review under the California Environmental Quality Act (CEQA) or CEQA Guidelines. This action does not meet the definition of a project under Public Resources Code Section 21065 and CEQA Guidelines Section 15378(b)(5), because it is an administrative governmental activity which will not cause a direct or indirect physical change in the environment.

INTRODUCED AND PASSED:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

ATTEST:

City Clerk

APPROVED AS TO FORM:

Senior Deputy City Attorney

Mayor

APPROVED:

City Manager

Director of Public Works