



City of Grand Island

Tuesday, July 10, 2018

Council Session

Item G-2

#2018-198 - Approving Authorizing Amendment No. 2 to Clean Water State Revolving Fund (CWSRF) Loan Agreement No. C317981

Staff Contact: John Collins, P.E. - Public Works Director

Council Agenda Memo

From: Jon Menough PE, Wastewater Treatment Plant Engineer

Meeting: July 10, 2018

Subject: Consideration of Authorizing Amendment No. 2 to Clean Water State Revolving Fund (CWSRF) Loan Agreement No. C317981

Presenter(s): John Collins PE, Public Works Director

Background

On June 10, 2014, a public hearing was held and resolution 2014-162 was approved by Council in support of receiving up to \$40,000,000 in Clean Water State Revolving Fund (CWSRF) loans administered by the Nebraska Department of Environmental Quality (NDEQ) to continue Sanitary Sewer Collection System and Wastewater Treatment Plant Improvement.

As presented at the public hearing, CWSRF loan terms will provide repayment of principal and interest beginning 3 years following the award of each loan or at initiation of each project, whichever is sooner. The first interest payment was due June 15, 2015, with principal payments not being required for 3 years. Interest rates range from 2 ¼% for green projects - 2 1/2% for non-green projects. These rates include a 1% administration fee.

On June 10, 2014 City Council approved Resolution No. 2014-162, which authorized a maximum principal amount of debt expected to be issued for Sanitary Sewer Collection System and Wastewater Treatment Plant Improvements at \$74,275,000, with debt expected to include up to \$40,000,000 in principal amount of loan funds from the Clean Water State Revolving Loan Fund program.

Ordinance No. 9493 was approved by City Council on July 29, 2014 giving formal approval to the NDEQ borrowing in a principal amount of up to \$40,000,000.

On September 9, 2014 City Council approved Resolution No. 2014-273 which gave approval for the City to enter into loan contracts in the total amount of \$7,000,000 between the Nebraska Department of Environmental Quality and the City of Grand Island, Nebraska; designated as Project No. C317867 (non-green), in the amount of \$6,000,000 and Project No. C317981 (green), in the amount of \$1,000,000.

On March 10, 2015 City Council approved Resolution No. 2018-68 authorizing Amendment No. 1 to increase the maximum borrowing amount from \$1,000,000 to \$29,000,000, thereby bringing the total amount of the loans under the contracts to a drawable amount of \$35,000,000.

Discussion

At this time NDEQ is proposing to reduce the administrative fee for the CWSRF loan agreement used to finance the Phase II North Interceptor from 1.0% to 0.749%. Such change is retroactive to the signing date of Loan Agreement C317981, with the administration fee waived for the first year of the loan agreement as stated in the initial language. The overall dollar amount of administration fee reduction is \$657,989.00. The administration fees that have already been paid in excess of the revised fee percent will be credited on the next two (2) billing cycles December 15, 2018 and June 15, 2019, which total \$110,943.06. In order to receive the administration fee reduction, the City of Grand Island must amend Loan Agreement C317981 a second time.

Alternatives

It appears that the Council has the following alternatives concerning the issue at hand. The Council may:

1. Move to approve
2. Refer the issue to a Committee
3. Postpone the issue to future date
4. Take no action on the issue

Recommendation

City Administration recommends that the Council approve a resolution authorizing execution of Amendment No. 2 to Loan Agreement C317981 with Nebraska Department of Environmental Quality (NDEQ) for Sanitary Sewer Collection System and Wastewater Treatment Plant Improvements.

Sample Motion

Move to approve the resolution.

AMENDMENT NO. 2

To

LOAN AGREEMENT
(Governmental Borrower)

Between the

NEBRASKA DEPARTMENT OF ENVIRONMENTAL QUALITY

and

CITY OF GRAND ISLAND, NEBRASKA

NDEQ Project No. C317981

DATED AS OF _____, 2018

AMENDMENT NO. 2
LOAN AGREEMENT
BETWEEN THE
NEBRASKA DEPARTMENT OF ENVIRONMENTAL QUALITY
AND
THE CITY OF GRAND ISLAND, NEBRASKA
PROJECT NO. C317981

This **Amendment No. 2 to the** LOAN AGREEMENT (hereinafter "Loan AGREEMENT"), is entered into by and between the State of Nebraska, acting by and through the Nebraska Department of Environmental Quality (hereinafter "NDEQ") and the City of Grand Island, Nebraska, (hereinafter "Borrower").

1. The Loan Agreement (Project No. C317983) (hereinafter "Loan Agreement") between NDEQ and the Borrower dated September 12, 2014 and Amendment No. 1 March 25, 2015, and signed by Jim Macy, Director of NDEQ, and the Mayor of the City of Grand Island, is hereby acknowledged and incorporated by this reference as if fully set out herein.

2. Pursuant to Section 6.04 of the Loan Agreement, the parties hereby amend the Loan Agreement by replacing Section 2.06. Administrative Fee as follows:

Section 2.06. Administrative Fee. The Borrower shall pay to the NDEQ, or at the direction of the NDEQ, to NIFA or the Trustee, an annual administrative fee of **0.749** % per annum of the Loan Amount outstanding from time to time, to be paid in semiannual installments of **0.3745** % of the Loan Amount outstanding. on the date invoices are mailed in accordance with the Loan Repayment Schedule in Attachment A. Following the final disbursement of Loan proceeds to the Borrower and receipt of the Initiation of Operation date, Attachment A shall be prepared by NDEQ pursuant to Section 2.05(a). The fee is waived for the first year from the date of the initial Loan Agreement.

3. Pursuant to Section 6.04 of the Loan Agreement, the parties hereby incorporate and substitute the following attachments hereto: Attachment A, Loan Repayment Schedule; in accordance with the terms and conditions set forth in **the Loan Agreement**.

4. Except as specifically modified herein, all terms and conditions of the original Loan Agreement remain in full force and effect.

5. The amendment or modification made herein shall become effective on the latter of the two dates signed.

IN WITNESS THEREOF, the parties hereto have caused this Loan Agreement to be executed and delivered as of the date set forth below.

CITY OF GRAND ISLAND, NEBRASKA

NEBRASKA DEPARTMENT OF ENVIRONMENTAL QUALITY

By _____

By _____

Title Mayor

Title Director

Date _____

Date _____

RESOLUTION 2018-198

WHEREAS, the City of Grand Island, Nebraska recognizes that a properly sized and functioning sewer system is necessary to the health and welfare of the citizens of the City of Grand Island; and

WHEREAS, the Mayor and City Council have determined that portions of the Grand Island sewer system are in need of significant repair and improvement, and that sewer service is needed in areas in and around Grand Island; and

WHEREAS, funding for the cost of the repair and improvement of portions of the Grand Island sewer system may be obtained by loans from Clean Water State Revolving Funds (“CWSRF”) from the Nebraska Department of Environmental Quality (“NDEQ”), subject to certain requirements and obligations;

WHEREAS, City Council approved Resolution No. 2014-162 on June 10, 2014, which authorized a maximum principal amount of debt expected to be issued for Sanitary Sewer Collection System and Wastewater Treatment Plant Improvements at \$74,275,000, with debt expected to include up to \$40,000,000 in principal amount of loan funds from the Clean Water State Revolving Loan Fund program; and

WHEREAS, City Council approved Ordinance No. 9493 on July 29, 2014 (the “Ordinance”) giving formal approval to the NDEQ borrowing in a principal of not to exceed \$40,000,000, which Ordinance requires that each NDEQ Note and NDEQ Contract (as such terms are defined in the Ordinance) entered into with respect to such amount be approved by resolution of the City Council prior to execution and delivery thereof;

WHEREAS, the execution of the contracts for loans, in the total amount of \$7,000,000.00, between the NDEQ and the City designated as Project No. C317867 (the “Non-Green Contract”), in the amount of \$6,000,000 and Project No. C317981 (the “Green Contract”; and together with the Non-Green Contract, the “NDEQ Contracts”), in the amount of \$1,000,000 were approved by Resolution 2014-273 adopted by the City Council on September 9, 2014, and the Contracts were executed and delivered to NDEQ on September 12, 2014;

WHEREAS, on March 10, 2015 City Council approved Resolution No. 2018-68 authorizing Amendment No. 1 to increase the maximum borrowing amount from \$1,000,000 to \$29,000,000, thereby bringing the total amount of the loans under the contract to a drawable amount of \$35,000,000; and

WHEREAS, NDEQ has proposed to revise the administrative fee for the CWSRF loan agreement used to finance the Phase II North Interceptor from 1.0% to 0.749%, with such change retroactive to the signing date of Loan Agreement C317981 and the administration fee waived for the first year of the loan agreement as stated in the initial language; and

Approved as to Form	☐ _____
July 5, 2018	☐ City Attorney

WHEREAS, the overall dollar amount of administration fee reduction is \$657,989.00, with the administration fees that have already been paid in excess of the revised fee percent credited on the next two (2) billing cycles December 15, 2018 and June 15, 2019, which totals \$110,943.06; and

WHEREAS, in order to receive the administration fee reduction, the City of Grand Island must amend Loan Agreement C317981 a second time.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that the form of Amendment No. 2 between the City and NDEQ is hereby approved; and

BE IT FURTHER RESOLVED, the Mayor, City Clerk, and City Treasurer are hereby directed to execute and deliver Amendment No. 2 and all other documents, certificates and instruments necessary to facilitate the loans evidenced by the Contracts and Amendment No. 2 between NDEQ and the City for the purpose of repairing and improving the City of Grand Island sewer system; and

BE IT FURTHER RESOLVED THAT the Mayor, City Clerk, and City Treasurer, be authorized and directed to sign all necessary documents, to furnish such assurances to the State of Nebraska as may be required by law or regulations, and to receive payment on behalf of the applicant.

- - -

Adopted by the City Council of the City of Grand Island, Nebraska, July 10, 2018.

Jeremy L. Jensen, Mayor

Attest:

RaNae Edwards, City Clerk

- 2 -