

RESOLUTION NO. 2024-_____

A RESOLUTION OF THE LODI CITY COUNCIL DECLARING INTENTION TO
REIMBURSE EXPENDITURES FROM THE PROCEEDS OF OBLIGATIONS TO
BE ISSUED BY THE CITY AND DIRECTING CERTAIN ACTIONS

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WHEREAS, the Lodi Electric Utility (“LEU”) 60kV sub-transmission system was designed and constructed decades ago with the intent of serving forecasted electrical loads in the City of Lodi (“City”) based on historical growth and industry standards at the time; and

WHEREAS, over the years, changes have occurred in the electric utility industry which have significantly impacted forecasted energy consumption and future infrastructure needs; key amongst these dramatic changes include vehicle and building electrification; and

WHEREAS, LEU forecasts that an additional 64 megawatts (“MWs”) of electrical load will be online by 2045 based on State and Federal requirements for vehicle electrification alone; this additional electric load accounts for a 45 percent increase in the peak energy consumption for the City based on 2022 historical system peak data; and

WHEREAS, in addition to the significant load growth forecast from electric vehicle adoption, the City is currently evaluating areas for annexation to the south, west and east of the existing City boundaries and LEU service territory, and this annexation and the anticipated new construction associated with the annexation is expected to add additional electrical load to an already stressed system; and

WHEREAS, based on these factors, as well as the need for building additional system redundancy and reliability into the existing infrastructure, LEU will need to undertake a significant expansion of its 60kV sub-transmission and distribution systems (“60kV Project”); and

WHEREAS, based on preliminary design, LEU anticipates needing to install two additional 60kV lines south out of the existing Industrial Substation, proceeding west along the southern most boundary of any new annexed areas, and eventually turning north to tie into the future LEU Westgate Substation site; these new 60kV lines will energize two new distribution substations, each of which will have two 35MVA distribution transformers and will provide service capacity to new developments in the south and on the west sides of the City; and

WHEREAS, the 60kV Project will need to occur prior to ultimate build out of these new developments and will also be dependent upon the construction of Pacific Gas & Electric Company’s (“PGE”) 230kV transmission system expansion into the City and LEU’s construction of a new 230kV bulk substation at LEU’s point of interconnection with PG&E at Industrial Substation – also known as the Northern San Joaquin 230 kV Transmission Project (“230 kV Project”); and

WHEREAS, until the 230kV Project is complete and online, incoming capacity available from PG&E will not be sufficient to service forecasted load growth in the City; and

WHEREAS, the City proposes to issue debt for the 60kV Project and the 230kV Project (collectively, "Projects") and to use a portion of the proceeds of such debt to reimburse expenditures made for the Projects prior to the issuance of the debt; and

WHEREAS, United States Income Tax Regulations section 1.150-2 provides generally that proceeds of tax-exempt debt are not deemed to be expended when such proceeds are used for reimbursement of expenditures made prior to the date of issuance of such debt unless certain procedures are followed, one of which is a requirement that (with certain exceptions), prior to the payment of any such expenditure, the issuer declares an intention to reimburse such expenditure; and

WHEREAS, it is in the public interest and for the public benefit that the City declares its official intent to reimburse the expenditures referenced herein.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Lodi does hereby declare as follows:

Section 1. The City intends to issue tax-exempt obligations (the "Obligations") for the purpose of paying the costs of the Projects.

Section 2. The City hereby declares that it reasonably expects (i) to pay certain costs of the Projects prior to the date of issuance of the Obligations and (ii) to use a portion of the proceeds of the Obligations for reimbursement of expenditures for the Projects that are paid before the date of issuance of the Obligations.

Section 3. The maximum principal amount of the Obligations is \$120,000,000.

Dated: November 20, 2024

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I hereby certify that Resolution No. 2024-_____ was passed and adopted by the City Council of the City of Lodi in a regular meeting held November 20, 2024, by the following vote:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

OLIVIA NASHED
City Clerk

2024-_____