



AGENDA MEMORANDUM

Action Item for the City Council Meeting December 10, 2019

DATE: November 19, 2019
TO: Peter Zanoni, City Manager
FROM: Alma I. Casas, Interim Director of Finance and Business Analysis
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Reimbursement Resolution for Utility Capital Projects

CAPTION:

Resolution relating to City of Corpus Christi's intention to reimburse itself from future issuances of Utility System Revenue bonds in an amount not to exceed \$110,000,000 for Utility System expenditures budgeted in the Fiscal Year 2019-2020 Capital Improvement Plan but incurred before the issuance of the bonds.

SUMMARY:

The City of Corpus Christi is planning on awarding contracts for utility/water projects included in the Fiscal Year 2019-2020 Capital Improvement Plan (CIP) prior to the issuance of Utility System Revenue Bonds. This resolution is needed for the City to reimburse itself for costs incurred prior to the receipt of the bond proceeds.

BACKGROUND AND FINDINGS:

Over the last several years, the City has been using unspent bond proceeds and operating with cash to fund utility projects outlined in the Capital Improvement Plan (CIP). As the funds are now running low, the City is planning on issuing Utility System Revenue Bonds in Fiscal Year 2019-2020. In order to move forward with these projects, the City plans on issuing contracts prior to the completion of the final closing of the issuance of the bonds. These amounts will not exceed \$110,000,000.

For the City to be eligible for reimbursement of any expenditure incurred prior to the bond sale, the City must declare its intent to reimburse itself for payments made prior to the bonds being sold. This action must meet specific U.S. Treasury Regulations and requires approval by the City Council.

ALTERNATIVES:

The alternative would be to reject the reimbursement resolution, but this would prevent contracts from being awarded and City staff working on the projects.

FISCAL IMPACT:

Approval of this item will authorize City staff to encumber and spend available Utility System cash to begin awarding projects budgeted in the Fiscal Year 2019-2020 Capital Improvement Plan. Once the Utility System Revenue Bonds are issued, then the cash funds will be replenished with bond proceeds.

RECOMMENDATION:

Staff recommends approval of the resolution as presented.

LIST OF SUPPORTING DOCUMENTS:

Resolution