



AGENDA MEMORANDUM

Action Item for the City Council Meeting of January 23, 2024

DATE: January 23, 2024

TO: Peter Zaroni, City Manager

FROM: Alma I. Casas, Interim Director of Finance and Procurement
almac@cctexas.com
(361) 826-3610

Reimbursement Resolution for Capital Expenditures Related to the Inner Harbor Desalination Water Treatment Plant (SWIFT II Tranche 2)

CAPTION:

Resolution relating to the City's intention to reimburse itself for the prior lawful expenditure of funds relating to any capital expenditures from the proceeds of one or more series of tax-exempt or taxable obligations to be issued by the City in an aggregate amount not to exceed \$211,050,000 for authorized purposes; authorizing other matters incident and related thereto; and providing an effective date.

SUMMARY:

The City of Corpus Christi is planning on awarding contracts for utility system capital projects related to the Inner Harbor Desalination Plant Project prior to the issuance of Utility System Revenue Bonds planned for the spring. This resolution is needed for the City to move forward with incurring capital costs and then reimburse itself for these costs with bond proceeds once issued.

BACKGROUND AND FINDINGS:

The City is planning on issuing Utility System Revenue Bonds to fund the Inner Harbor Desalination Plant Project, which is being funded through the Texas Water Development Board State Water Implementation Fund for Texas (SWIFT) Loan Program. The City is able to award contracts for these projects prior to the issuance of bonds in order to move forward with the projects early in the fiscal year. The City plans on issuing bonds as funds are needed beginning in spring 2024 and will reimburse itself an amount not to exceed \$211,050,000 for expenditures with the bond proceeds.

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. It is not anticipated that the full amount will be committed prior to the bond issuance, but it is best practice to approve reimbursement for the full amount.

ALTERNATIVES:

The alternative would be to reject the reimbursement resolution, but this would prevent contracts from being awarded and delay the start of the project until the bonds have been issued.

FISCAL IMPACT:

Approval of this item will authorize City staff to encumber and spend available Utility System cash to begin awarding projects. Once the Utility System Revenue Bonds are issued, the cash funds will be replenished with bond proceeds.

RECOMMENDATION:

Staff recommend approval of the resolution as presented.

LIST OF SUPPORTING DOCUMENTS:

Resolution