



AGENDA MEMORANDUM

Action Item for the City Council Meeting June 27, 2023

DATE: June 14, 2023
TO: Peter Zaroni, City Manager
FROM: Alma I. Casas, Interim Director of Finance and Procurement
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Reimbursement Resolution for Certificates of Obligation Bonds

CAPTION:

Resolution relating to establishing 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 \$11,500,000 for authorized purposes; authorizing other matters incident and related thereto; and providing an effective date.

SUMMARY:

The City is ready to award construction contracts associated with Bond 2018 and Bond 2020 projects approved by the voters in November of 2018 and 2020. This resolution is to pay for the construction shortfall for Bond 2018 and Bond 2020. The next opportunity for voter approval debt issuance will not be until November 2024.

BACKGROUND AND FINDINGS:

The City is planning on issuing Certificates of Obligation Bonds to fund projects approved in the 2018 Bond Election and the 2020 Bond Election. The City is able to award contracts for these projects prior to the issuance of bonds in order to move forward with the projects. The City plans on issuing bonds as funds are needed beginning in the summer of 2023 and will reimburse itself an amount not to exceed \$11,500,000 for expenditures with the bond proceeds. This amount includes \$5,042,968 for projects in support of the Everhart street reconstruction, \$3,017,404 in support of the Alameda street reconstruction, \$3,102,418 in support of the McArdele street reconstruction, and \$2,731,613 in support of the North Lexington street reconstruction. This amounts to \$13,894,403. However, we have available funds from Developer Participation in the amount of \$1,227,492 that are accessible. Additionally, we also have available funds from other projects that were not used in the amount of \$1,248,773. This brings our shortfall to \$11,418,138.

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 projects until the certificates of obligation bonds have been issued.

FISCAL IMPACT:

Approval of this item will authorize City staff to encumber and spend available streets' cash to award the contracts for the street reconstruction projects. Once the certificates of obligation bonds are issued, the cash funds will be replenished with the bond proceeds.

RECOMMENDATION:

Staff recommend approval of the resolution as presented.

LIST OF SUPPORTING DOCUMENTS:

Resolution