



AGENDA MEMORANDUM

Future Item for the City Council Meeting of October 25, 2016
Action Item for the City Council Meeting of November 1, 2016

DATE: October 12, 2016

TO: Margie C. Rose, City Manager

FROM: Constance P. Sanchez, Director of Financial Services
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Reimbursement Resolution for Utility System Revenue Bonds
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CAPTION:

Resolution relating to establishing the City's intention to reimburse itself in an amount not to exceed \$115,000,000 for the prior lawful expenditure of funds from the proceeds of one or more series of obligations to be issued by the City for authorized purposes relating to constructing improvements to the City's Combined Utility System; authorizing matters incident and related thereto; and providing an effective date.

PURPOSE:

The City plans on issuing up to \$115,000,000 of utility system revenue bonds to fund the Fiscal Year 2017 Capital Improvement Program (CIP). In the event that expenses are incurred prior to the receipt of bond proceeds, this resolution gives the City the authority to reimburse itself from bond proceeds for qualifying expenditures.

BACKGROUND AND FINDINGS:

With the beginning of the new fiscal year, it is the City's intent to fully fund the utility projects outlined in Year 1 of the Fiscal Year 2017 CIP with utility system revenue bonds. Included in these bonds will be funding for capital expenditures associated with (i) constructing, improving, enlarging, repairing, and extending the City's combined utility system (the System) and the purchase of equipment, supplies, machinery, and other personal property relating to the System (the Construction Costs), (ii) the payment of various engineering costs, including design testing, design engineering, and construction inspection related to the Construction Costs (the Engineering Costs), (iii)

the payment of various architectural costs, including preparation of plans and specifications and various other plans and drawings related to the Construction Costs (the Architectural Costs), and (iv) the payment of various administrative costs, including the fees of bond counsel, financial advisor, project manager, other professionals, and bond printer (the Administrative Costs). In order to adhere to the time schedules to ensure timely completion of these projects, the City must move forward with contracts prior to the completion of the final closing on the bonds. These amounts will not exceed \$115,000,000. For the City to be eligible for reimbursement of any expenditures 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: n/a

OTHER CONSIDERATIONS: n/a

FINANCIAL IMPACT:

X Not Applicable ☐ Operating Expense ☐ Revenue ☐ CIP

FISCAL YEAR:	Project to Date Exp. (CIP Only)	Current Year	Future Years	TOTALS
Budget - Debt Payments	-	-	-	-
Encumbered/Expended amount of (date)	-	-	-	-
This item	-		-	-
BALANCE	-	-	-	-
FUND(S):				

COMMENTS:

None

RECOMMENDATION:

Staff recommends approval of the resolution as presented.

CONFORMITY TO CITY POLICY:

This item conforms to City policy.

EMERGENCY / NON-EMERGENCY:

Not applicable

DEPARTMENTAL CLEARANCES:

- Bond Counsel
- Legal Department

LIST OF SUPPORTING DOCUMENTS:

Resolution