Legislation Details (With Text)

File #:	07339	**Version:**	1	**Name:**	WU Reimbursement of Capital Expenditure - November, 2007
Type:	Resolution			**Status:**	Passed
File created:	8/24/2007			**In control:**	WATER UTILITY BOARD
On agenda:	10/2/2007			**Final action:**	10/2/2007
Enactment date:	10/3/2007			**Enactment #:**	RES-07-01021

Title: Authorizing an additional loan from the general fund to the Water Utility fund and the reimbursement of certain capital expenditures from the proceeds of future waterworks system revenue bonds.

Sponsors: Lauren Cnare

Indexes:

Code sections:

Attachments: 1. Waterworks System Declaration 9-9-2010.pdf

Date	Ver.	Action By	Action	Result
10/2/2007	1	COMMON COUNCIL	Adopt	Pass
9/18/2007	1	WATER UTILITY BOARD	RECOMMEND TO COUNCIL TO ADOPT - REPORT OF OFFICER	Pass
9/10/2007	1	BOARD OF ESTIMATES (ended 4/2017)	Return to Lead with the Recommendation for Approval	Pass
9/4/2007	1	COMMON COUNCIL	Refer	
9/4/2007	1	WATER UTILITY BOARD	Refer	
8/29/2007	1	Finance Dept/Approval Group	Fiscal Note Pending	
8/29/2007	1	Attorney's Office	Fiscal Note Required / Approval	
8/29/2007	1	Finance Dept/Approval Group	Approved Fiscal Note By The Comptroller's Office	
8/29/2007	1	Attorney's Office	Referred for Introduction	
8/28/2007	1	Attorney's Office	Fiscal Note Required / Approval	

.Fiscal Note

This resolution accomplishes two purposes. First, it provides the legal authorization for the Water Utility to use borrowed funds to finance specific capital projects started prior to the actual borrowing date.

Second, it authorizes a $5,000,000 increase in the working capital loan from the City's general fund to the Water Utility fund to temporarily finance these Water Utility capital expenditures, bringing the total authorized loan amount to $10,000,000. This increase is needed because an unanticipated 3 month delay in the Public Service Commission's approval of the Water Utility's latest rate increase has resulted in a corresponding delay in the Utility's ability to issue bonds to finance its approved capital improvement program.

The loan from the City to the Water Utility will accrue interest at the rate of earnings on City investments, plus .25% and shall be repaid when the Water Utility sells revenue bonds to permanently finance its capital projects. No significant budgetary impact is anticipated, although the City's general fund balance will be reserved for the amount of the actual loan to the Water Utility and will be unavailable for appropriation until that loan has been repaid.

Title

Authorizing an additional loan from the general fund to the Water Utility fund and the reimbursement of certain capital

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expenditures from the proceeds of future waterworks system revenue bonds.

Body

PREAMBLE

The Water Utility seeks to temporarily borrow an additional loan amount not to exceed $5,000,000 from the general fund to finance certain capital expenses of the Water Utility System. The Utility will repay the general fund from the proceeds of the Utility's bonds, which are expected to be issued in November, 2007. Federal regulations permit proceeds of bonds, the interest of which is excluded from gross income for federal income tax purposes, to be allocated to reimburse expenditures paid prior to the issue of the bonds if the municipality, within sixty (60) days of the expenditures, declares its official intent to reimburse the expenditures with the proceeds of the borrowing. It is desirable for the Water Utility to be able to use the proceeds of its November borrowing to reimburse capital expenditures relating to the Water Utility System that are paid prior to the issue date of the bonds.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMON COUNCIL OF THE CITY as follows:

Section 1. Internal Borrowing. The Comptroller is authorized to transfer up to an additional amount of $5,000,000 from the general fund to the Water Utility fund, and to charge the Water Utility fund monthly interest equal to the City's investment earnings plus .25% on the outstanding principal amount.

Section 2. Authorization to Declare Official Intent. The Finance Manager of the Water Utility (the "Declaration Representative"), and any employee designated by the Declaration Representative, are each hereby authorized, for the purpose of Treasury Regulations Section 1.150-2, as amended from time to time (the "Reimbursement Regulations"), to declare on behalf of the City that the City intends to reimburse an expenditure relating to the Water Utility with proceeds of a borrowing relating to the Water Utility (a "declaration of official intent").

Section 3. Records. The Declaration Representative is hereby directed to maintain a written copy of each declaration of official intent for so long as the related borrowing is outstanding.

Section 4. Further Authorizations. The Declaration Representative, and any employee of the Water Utility designated by the Declaration Representative, are each hereby authorized to take such further actions as may be necessary or useful to comply with the Reimbursement Regulations.

Section 5. Effective Date. This Resolution shall take effect upon its adoption and approval in the manner provided by law.

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