



AGENDA ITEM ANALYSIS

Project/Issue Name: 20-R-46 A Resolution of the City Council of the City of Republic, Missouri, Determining the Intent to Reimburse Itself for Certain Capital Expenditures in Connection with Improvements to its Combined Waterworks and Sewerage System.

Submitted By: Debbie Parks

Date: October 20, 2020

Issue Statement

City Council is asked to consider adopting the attached reimbursement resolution related to the Wastewater Capital Improvement Project. Internal Revenue Service (IRS) regulations allow the City with certain restrictions to reimburse eligible expenditures that have been paid from other funds prior to bond issuance. The declaration of intent to reimburse from tax-exempt bond proceeds must be done within 60 days for the payment of the original expenditure of the funds and, with limited exceptions, the reimbursement from bonds must be completed within three years of the date of the original expenditure. The resolution does not obligate the City to reimburse itself from the proceeds of a borrowing; however, the City may not elect to reimburse itself from debt proceeds without having adopted a reimbursement resolution.

Discussion and/or Analysis

The resolution covers expenses of design and engineering of the project, as well as professional services in relation to a rate study in the initial phase of the project. As the project progresses, the City Council may adopt subsequent reimbursement resolutions as the project schedule, debt issuance timing, and funding plan may require. The City has obligated funds to evaluate the system rate structure and will incur expenditures for engineering and design. The \$2,500,000 is to cover expenses incurred within the past 60 days, anticipated expenses, and reasonable unanticipated expenses of a qualifying nature. City Council previously approved Burns and McDonnell Engineering Task Order #9 & #10 for a total of \$2,404,500. These tasks will be covered by this reimbursement resolution.

Recommended Action

Staff recommends City Council approval of the Bond Reimbursement Resolution.