



STAFF REPORT

Meeting Type: City Council Meeting
Meeting Date: April 1, 2024
From: Jennifer Coker, Public Works Director
Subject: Resolution 2024-10: Tax-Exempt Bond Reimbursement Declaration for Water Projects

DECISION TO BE MADE:

Under the Sandy Drinking Water Reinvestment Program (SDWRP), the decision to be made is whether to adopt Resolution 2024-10, declaring the City's intent to reimburse itself from a tax-exempt debt obligation for prior City expenditures to develop, acquire, and construct capital improvements to, and expansion of, the City's water system; including capital costs of project management, planning and permitting services, engineering/design services, construction, and construction management for water system improvements.

PURPOSE/OBJECTIVE:

Resolution 2024-10 declares the City's intent to reimburse itself for prior expenditures for SDWRP water improvements with the proceeds of tax-exempt bonds.

BACKGROUND / CONTEXT:

Sandy's Drinking Water Reinvestment Program will complete a series of water system improvement projects to stabilize and provide for reliable treatment of drinking water at the existing Alder Creek Water Treatment Plant as well as install a new pump station and connection to the Portland Water Bureau's Bull Run Filtration Facility.

The City is assembling separate funding packages consisting of loans and loan commitments secured through state and federal infrastructure financing programs. It is reasonably expected that as part of the funding packages, the City will also enter into additional borrowings through tax-exempt revenue bonds. The City may wish to use some of the proceeds from the revenue bonds to reimburse itself for expenditures of City funds that it incurred for capital improvements prior to issuing the bonds.

KEY CONSIDERATIONS / ANALYSIS:

To reimburse capital expenditures with tax-exempt bonds, which are more attractive to potential investors and more economical for the City, federal tax regulations require the City to adopt a resolution declaring its intent to make such reimbursements. With a resolution in place the City would be

permitted to use tax-exempt revenue bond funds to reimburse itself for certain capital expenditures made up to 60 days before adoption of the resolution.

Resolution 2024-10 has been drafted to satisfy the federal reimbursement rules and to preserve the ability of the City to reimburse expenditures with tax-exempt revenue bonds.

BUDGET IMPACT:

Issuance of long-term tax-exempt revenue bonds will provide lower cost financing as compared to alternatives that are not tax-exempt. Adoption of the reimbursement resolution maximizes the eligible costs that can be reimbursed from tax-exempt bonds.

RECOMMENDATION:

Adopt Resolution 2024-10.

SUGGESTED MOTION LANGUAGE:

"I move to adopt Resolution 2024-10"

LIST OF ATTACHMENTS / EXHIBITS:

- Resolution 2024-10