

Mayor and Council Communication

DATE: 06/02/20

M&C FILE NUMBER: M&C 20-0381

LOG NAME: 60AMEND TRADITION NS3 OFFSITE WATER

SUBJECT

Amend Mayor and Council Communication 20-0345 to Adopt Resolution Expressing Intent to Reimburse Expenditures with Proceeds of Future Revenue Bond Issuance for the Water and Sewer Fund for City Participation in a Community Facilities Agreement with HT HWY 114 Development LP for the Water Mains Serving the Tradition Central Development and Anticipated Future Growth in North Fort Worth (COUNCIL DISTRICT 7)

RECOMMENDATION:

It is recommended that the City Council amend Mayor and Council Communication 20-0345 to adopt the attached Resolution expressing intent to reimburse expenditures with proceeds of future debt for city participation in a community facilities agreement with HT HWY 114 Development LP for the water mains serving the Tradition Central Development and anticipated future growth in North Fort Worth

DISCUSSION:

The purpose of this Mayor and Council Communication (M&C) is to amend M&C 20-0345 to adopt the attached supplemental Resolution Expressing Intent to Reimburse Expenditures With Proceeds of Future Debt (Resolution). The Reimbursement Resolution was inadvertently omitted as an attachment to M&C 20-0345.

This project is anticipated to be included in a future revenue bond issue for the Water and Sewer Fund. Available cash within the Water and Sewer portfolio and the City's portfolio along with the appropriation authority authorized under the Callable Commercial Paper Program (CP) will be used to provide interim financing for this project until debt is issued. To the extent resources other than the Water and Sewer portfolio are used to provide interim financing, the Water and Sewer Fund will be charged interest that is equivalent to the overall rate of return being earned by the City portfolio (currently approximately 2.3 percent annually). Should the City's portfolio not support the liquidity needed to provide an interim short-term financing source, another funding source will be required, which could mean issuance of securities under the CP Program or earlier issuance of Water and Sewer revenue bonds than is currently planned. Once debt associated with this project is sold, bond proceeds will be used to reimburse the Water and Sewer portfolio and the City's portfolio in accordance with the attached Reimbursement Resolution.

The City Council approved the Water Department's Fiscal Year 2020-2024 Five Year Capital Improvement Plan on September 17, 2019. This City Council adopted plan includes this specific project, with funding identified through the CP program to be reimbursed with future revenue bonds. In accordance with the provisions of the Financial Management Policy Statement, Staff anticipates presenting revenue-supported debt issuances to the City Council for consideration within the next three years. This debt must be issued within approximately three years to provide reimbursement for these expenses. If that does not occur, the costs will no longer be reimbursable by issuing tax-exempt debt and the funding source will have to be made whole through budgetary methods. Adoption of this resolution does not obligate the City to sell bonds, but preserves the ability to reimburse the City from tax-exempt bond proceeds.

This development is located in Council District 7.

A Form 1295 is not required because: This M&C does not request approval of a contract with a business entity.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that upon approval of the above recommendation and adoption of the attached Resolution expressing intent to reimburse expenditures with proceeds of future debt transferred from funds will be available in the Water and Sewer Capital Project 2020A (WS Capital Project 2020A) Fund Tradition NS3 Offsite Project. Prior to any expenditure being incurred, the Water Department has the responsibility to validate the availability of funds.

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