TO THE HONORABLE MAYOR AND COUNCIL

REPORT TO: STILLWATER CITY COUNCIL

No. CC-16-23

ISSUED BY THE CITY MANAGER - STILLWATER, OKLAHOMA

Date of Meeting: March 7, 2016

Subject: Water 2040 Package A: Resolution of Reimbursement

Background: On January 4, 2016, Council and Trustees approved Resolutions CC-2016-2 and SUA-2016-1 (CC-2016-2/SUA-2016-1) authorizing the filing of an application with the OWRB for financial assistance through the DWSRF program to finance water system improvements of approximately $30M for Package A of Water 2040. On February 1, 2016, the Trustees authorized Water 2040 Implementation Plan III (SUA-16-10), which establishes the financing plan and schedule for Water 2040. Staff is currently preparing documents for the Package A loan application.

Discussion: In order to be reimbursed with the Package A loan for certain project costs that are incurred prior to loan closing, a Resolution of Reimbursement must be passed by the Council. The Resolution of Reimbursement covers hard costs related to physical items such as property, site improvements and equipment. The Resolution provides for reimbursement of these costs if the invoice is paid 60 days prior to or up to 3 years following the passage of the Resolution. The most likely hard costs for Package A that will be incurred prior to loan closing are land acquisition costs. The Package A land acquisition costs that incurred more than 60 days are not eligible for reimbursement.

Soft costs are also reimbursable through the loan but are not required to be listed in the Resolution of Reimbursement. Soft costs include professional service fees, financial advisor fees, bank fees and other similar costs that are not physical items.

This Resolution of Reimbursement will cover Package A projects only. Additional Resolutions of Reimbursement will be presented to the Council for future Water 2040 loan packages.

Budget Impact: The Resolution of Reimbursement returns money to the Water Capital Fund (WCF) that will be used for non-Water 2040 projects.

Alternatives: The alternatives available include:

- Do not pass the Resolution of Reimbursement. All hard costs will be paid from the WCF.
- Pass the Resolution of Reimbursement. A portion of the hard costs that occur prior to loan closing will be included in the loan and WCF will be reimbursed for those costs.

Recommendation: This report requires no action. Under the resolutions portion of the agenda, it is recommended that the Council approve the Resolution of Reimbursement for Water 2040 Package A.

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Reviewed by Administrative Director:	Dan Blankenship, SUA Director
Reviewed by City Attorney's Office:	John E. Dorman, City Attorney
Date of Preparation:	January 29, 2016

Submitted by:

Norman McNickle
City Manager

Related Reports:

Southwest Zone (Phase 1) Water Distribution Improvements, December 17, 2012
SUA-12-42

Professional Services Agreement for Program Management, Design, and Construction Management for the Southwest Zone (Phases 2 & 3) Water Distribution Improvements, February 4, 2013
SUA-13-05

A Resolution authorizing the filing of an application with the Oklahoma Water Resources Board, January 4, 2016
CC-2016-2/SUA-2016-1

Water 2040 Implementation Plan III
SUA-16-10 Att I Att II