



**Meeting Date:** May 2, 2016

**Report No.** CC-16-53

**Agenda Item No.** *Leave Blank*

**Status:** General Orders

**Purpose:** Water 2040 Package B Resolution of Reimbursement

**Background Summary:** On January 4, 2016, Council and Trustees approved Resolutions [CC-2016-02](#) and [SUA-2016-01](#) 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 established the financing plan and schedule for Water 2040 for Packages A, B and C. On March 7, 2016, Council and Trustees approved Resolutions [CC-2016-10](#) and [SUA-2016-02](#) authorizing the reimbursement of capital expenditures related to Package A made prior to Package A loan closing, which is planned for May 17, 2016.

The first Package B project bid is scheduled for March 2017. The loan application for Package B will be prepared and submitted later this year. In order to be reimbursed with the Package B loan for certain project costs that are incurred prior to Package B loan closing, a Resolution of Reimbursement must be passed by the Trustees. The Resolution of Reimbursement covers hard costs, which are 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 B that will be incurred prior to loan closing are land acquisition costs, none of which have been incurred so far.

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 which are not physical items.

This Resolution of Reimbursement will cover Package B projects only. An additional Resolution of Reimbursement will be presented to the Trustees for future Water 2040 loans related to Package C of the Implementation Plan.

**Budget Impact:** The Resolution of Reimbursement will allow loan proceeds to be returned to the Water Capital Fund (WCF). These funds may then be used for non-Water 2040 projects.

**Prior Council Action or Part of an Approved Project:** Yes.

**Related Items:**

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

[SUA-16-06](#)     [CC-2016-02/SUA-2016-01](#)

Water 2040 Implementation Plan III, February 1, 2016

[SUA-16-10](#)   [Info Memo](#)   [Att I](#)   [Att II](#)

Water 2040 Resolution of Reimbursement for Package A, March 7, 2016

[CC-16-23](#)     [CC-2016-10/SUA-2016-01](#)

**Alternatives:** The alternatives available to Trustees include:

- Do not pass the Resolution of Reimbursement. All hard costs will be paid from the WCF.
- Pass the Resolution of Reimbursement. Any eligible hard costs that are incurred prior to loan closing will be included in the loan and the 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 Trustees approve the Resolution of Reimbursement for Water 2040 Package B.

**Prepared by:** Candy Staring, Capital Program Manager

**Reviewed by:** William Millis, WR Director

**Reviewed by:** Dan Blankenship, Deputy City Manager

**Submitted by:** Norman McNickle, City Manager

**Attachments:** Executive Summary