



Adopt Resolution Authorizing the Reimbursement of Capital Expenditures from Bond Proceeds for Fiscal Years 2018/19 and 2019/20

Finance and Insurance Committee

Item 8-1

July 8, 2019

Capital Expenditures

FYs 2018/19 and 2019/20

	Budget	Projection	Reimbursement
FY 2018/19	\$200 million	\$204 million	\$5 million
FY 2019/20	\$200 million	\$275 million	\$275 million
Total			Up to \$280 million

Reimbursement Resolution

- Financial flexibility to use tax-exempt bond proceeds to reimburse operating revenues used to fund forecasted additional capital expenditures in FY 2018/19 and all or a portion of capital expenditures in FY 2019/20
 - Use of reserves in FY 2018/19 due to low water transactions
 - Review of FY 2019/20 revenues and expenditures during mid-cycle Biennial Budget review
 - Additional unplanned expenditures in FY 2019/20 that cannot be bond financed

Reimbursement with Tax-Exempt Bond Proceeds

- Staff will seek future Board approval to issue revenue bonds to reimburse cash reserves for capital expenditures
- Reimbursement will be combined with new money bond issue for a tax-exempt transaction
 - Control timing of bond issues to minimize costs, manage financial market disruptions, and address unanticipated financial operating conditions
 - Aggregating capital financing into one bond issue minimizes issuance costs
- Adoption of the Resolution of Reimbursement will meet IRS requirements to declare an official intent to issue debt to reimburse capital expenditures

Board Options

- Option #1

Adopt the Resolution authorizing the reimbursement of capital expenditures from bond proceeds for fiscal years 2018/19 and 2019/20 and other capital expenditures relating to Metropolitan's water delivery systems

Board Options

- Option #2

Do not adopt the Resolution authorizing the reimbursement of capital expenditures from bond proceeds

Staff Recommendation

- Option #1

