



City of Racine

City Hall
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Legislative Report

File Number: Res. 0802-20

Agenda Date: 01/19/2021

File Type: Resolution

2020 Interim Finance Comfort Resolution pertaining to the 2020 Bond Issue

WHEREAS, the City of Racine, Wisconsin, owns and operates a regional drinking water treatment plant and distribution system through the Racine Water Utility; and

WHEREAS, the Utility plans to make Capital improvements to the plant and the distribution system through its 2020 and 2021 Capital Improvement Program (CIP) and anticipates a revenue bond issuance in 2021 following as the Utility received a water rate order from the Wisconsin Public Service Commission (PSC); and

WHEREAS, said improvements include but are not limited to the replacement of water mains in the distribution system, replacement of variable frequency drives for the low lift pumps, lead service replacement, water meter replacement and other small projects that are included in the 2020 and 2021 Water Utility C.I.P.; and

WHEREAS, these improvements may need to proceed prior to receipt of the actual revenue bond issuance due to construction schedules for Wisconsin Department of Transportation paving projects in 2020 and 2021; and

WHEREAS, the City and its Water Utility wishes to document its intent to use the future revenue bond issuance/loan as a refinancing tool for expenditures that may be made before revenue bond loan closing; and

WHEREAS, this resolution documents this intent and meets the letter and spirit of IRS's Reimbursement Regulations, Section 1.150-2.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Racine, Wisconsin, that:

1. Expenditures of Funds. The City or the Racine Water Utility shall make expenditures as needed from funds on hand, located in the water fund, and/or possibly a short-term loan from the City of Racine to pay the costs of planning, engineering and construction of these improvements until the revenue bond proceeds become available.
2. Declaration of Official Intent. The City hereby officially declares its intent under 26 CFR Section 1.150-2 to reimburse said expenditures with proceeds of the revenue bond issuance, the aggregate principal amount of debt expected not to exceed \$20,000,000.

Fiscal Note: The Water Utility will be able to reimburse previous capital expenditures with bond proceeds.