



Interoffice Memorandum

April 6, 2020

TO: Mayor Jerry L. Demings
and Board of County Commissioners

FROM: Raymond E. Hanson, P. E., Director
Utilities Department

A handwritten signature in black ink, appearing to read "R. Hanson", positioned to the right of the "FROM:" field.

**SUBJECT: BCC AGENDA ITEM – Consent Agenda
April 21, 2020 BCC Meeting
Water and Wastewater Reimbursement Resolution
Contact Person: Glenn Kramer, Manager
Utilities Fiscal & Operational Support Division
407-254-9882**

The County's Water & Wastewater System (System) is a capital-intensive operation, and large utilities typically fund capital improvements and expansions via long-term debt. The System's capital improvement program includes plans for system expansion to meet the needs of residential and commercial growth in the County as well as replacement and rehabilitation projects to ensure proper operation for the System's aging infrastructure. It has been four years since the System's last bond issue, and existing reserves and revenues can no longer provide the necessary funding for all current capital improvement projects. Staff believes that it is in the best interest of the System to adopt a reimbursement resolution in anticipation of the issuance of debt.

The reimbursement resolution was prepared by the County's legal staff in consultation with Nabors, Giblin & Nickerson, as bond counsel for the Utilities Department, County Administration, and the Fiscal and Business Services Division. This resolution is a common action used to declare our intent to reimburse Utilities' capital expenditures from the proceeds of a future tax-exempt debt issue. This is not a binding action and does not require the issuance of any future debt. It simply reserves the financial flexibility under the tax code to take that action in the future, if the Board desires. Without the resolution, the Board would be limited by the tax code in the ability to reimburse for prior expenditures, and that could be financially unfavorable. All future debt and financial plans are still subject to normal Board approvals and budget review, and all projects must undergo the normal approval process.

The Orange County Attorney's Office has reviewed the resolution and finds it acceptable as to form and content. Orange County Utilities Department and the Fiscal and Business Services Division staffs recommend approval.

Action Requested: Approval and execution of Resolution of the Orange County Board of County Commissioners regarding the Reimbursement of Certain Costs and Repayment of Interfund Loans relating to the Acquisition, Construction and Equipping of Capital Improvements to its Existing Water and Wastewater Facilities; Providing for an Effective Date.

All Districts.