

**Meeting Date (?)** 06/07/2016

**Subject Matter\* (?)** BTU Rural Reimbursement Resolution  
This must match rolling agenda entry

**Department of Origin\*** BTU

**Submitted By\*** Joe Hegwood

**Type of Meeting\***  BCD  Special  Regular

**Classification\***  Public Hearing  Consent  Statutory  Regular

**Ordinance\***  None  First Read  Second Read  First & Only Read

**Strategic Initiative\***  Public Safety  Service  
 Economic Development  Infrastructure  
 Quality of Life

**Agenda Item Description\*** Resolution expressing official intent to reimburse approximately \$2,600,000 of Bryan Texas Utilities Rural improvements projects from an approximate \$12,000,000 of revenue bonds to be issued in FY2016.

**Summary Statement\*** Approximately \$12,000,000 of Rural bonds are budgeted to be sold in FY2016. The funds will be used to finance the construction of the distribution portion of substations, primary rebuilds, and new distribution feeders over the next three (3) years. These projects will increase rural system reliability and will better ensure that the rural system has sufficient infrastructure to support future growth. Spending on several of these projects will begin prior to the issuance of the bonds. Staff desires to declare this official intent prior to contracting for construction.

**Staff Analysis & Recommendation\*** With this additional debt the BTU Rural system will still be able to maintain key financial ratios of 45 days of operating cash and debt service coverage of well over 1.20 times annual debt service. Spending on several of these projects will begin prior to the issuance of the bonds. Staff desires to declare this official intent prior to contracting for construction.

The BTU Board and Bryan City Council approved the issuance of Rural bonds as a part of the FY2016 budget. BTU would normally make a formal recommendation to the City Council for this action, however, due to the timing of the City's summer meeting schedule, the BTU Board will be required to ratify this action after the fact at its June 9th board meeting to become effective. The BTU Board Chairman has been consulted.

Staff recommends the approval of this reimbursement resolution.

**Options\*** (In Suggested Order of Staff Preference)  
1. Approve the Resolution - Approving this resolution will allow BTU to fund Rural construction to ensure sufficient infrastructure to support future growth.  
2. Do not approve the Resolution - Not approving this resolution will require BTU to fund Rural construction through cash funding, ultimately requiring higher retail rates to support, or to reduce construction activity which would reduce system reliability.

**Funding Source\*** Rural Electric Bond Funds (as budgeted)

**Attachments** BTU-Rural Bonds Resolution and Projects.doc 36.5KB

Please detail attachments and note attachments available for viewing in City Secretary's Office:

1. Proposed resolution and supporting exhibit, which lists projects

Dept. Head Signature

*Gary D. Miller*

Deputy City Manager  
Signature

*Hugh R. Walker*

City Manager Signature

A stylized, handwritten signature in black ink, appearing to be the initials 'G.D.' with a large, sweeping flourish extending to the right.

City Attorney Signature

*Janis K. Hampton*