



## **Buncombe County Board of Commissioners**

### **Request for Board Action**

**Meeting Date: 2/15/2022**

#### **New Business**

**Department: Finance**

**Presenter(s): Don Warn**

**Contact(s): Don Warn**

**Subject: Resolution Declaring the County's Intent to Reimburse Itself for Capital Expenditures Incurred with Various County and School Projects**

**Brief Summary:** Per IRS regulations, counties must adopt a Reimbursement Resolution if they intend to spend currently available funds on capital projects that will be financed by the later issuance of bonds. This allows us to proceed with these projects, then issue the bonds later in the fiscal year once the actual project costs have been determined by bidding, and possible change orders. This is possible if a county has sufficient fund balance to cash flow the projects, then reimburse county operating funds when the bonds are issued.

The process of adopting a reimbursement resolution helps with the bond issue approval from the Local Government Commission (LGC). The LGC is hesitant to allow the issue of bonds without definite projects with firm costs. The LGC may accept architect's or engineer's estimates on construction projects, but they strongly prefer actual bids in hand. By moving ahead with the projects prior to bond approval we will have definite projects with firm costs to satisfy the LGC requirements. The reimbursement resolution designates the Finance Director to declare on behalf of the Board of Commissioners their official intent to reimburse expenditures with proceeds of debt. In this case, we anticipate spending up to \$30 million out of operating funds, then reimburse the county from a \$56 million bond issue sometime in 2022.

**Recommended Motion & Requested Action:** Approve resolution as submitted.

**County Manager's comments and Recommendation:** Approve resolution as presented.