



Thursday March 08, 2007

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**Financial and Administrative Services
RECOMMENDATION FOR COUNCIL ACTION**

ITEM No 6

Subject Approve a resolution declaring the City's official intent to reimburse itself from the proceeds of tax exempt Certificates of Obligation in a maximum principle amount of \$1 500 000 for construction costs related to the IH 35 Makeover Project

Amount and Source of Funding Funding in the amount of \$1 500 000 in non tax related Certificates of Obligation to be August 2007 or later (Related to item #5)

Fiscal Note There is no unanticipated fiscal impact. A fiscal note is not required.

**Additional Backup
Material**

(click to open)

**Reimbursement
resolution**

For More Information Vickie Schubert, Deputy Chief Financial Officer 974 7822

A city must have budgeted for and provided a source of funds in order to enter into a contract. For the City to spend money today but reimburse itself from the issuance of debt obligations in the future, a reimbursement resolution is required by state and federal law. The resolution must contain certain information and protect the tax-exempt status of the future issuance. Failure to adopt a qualified declaration of official intent will prohibit the City from reimbursing the cost with the proceeds of tax-exempt obligations. Reimbursement bonds generally must be issued no later than 18 months after the later of the date the expenditure was made or the date that the project with respect to which the expenditure was made is placed in service.

This action expresses the City Council's intent to authorize the reimbursement for costs associated with the IH 35 Makeover Project for Certificates of Obligation debt in the amount of \$1 500 000.

RESOLUTION NO

WHEREAS, the City of Austin (the "Issuer") is a home rule city authorized to issue obligations to finance its activities, the interest on which is excludable from gross income for federal income tax purposes ("tax-exempt obligations") pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and

WHEREAS, the Issuer will make, or has made not more than 60 days before this date, expenditures in an amount not to exceed \$1,500,000 related to the IH-35 Makeover Project, and

WHEREAS, the Issuer has concluded that it does not currently desire to issue tax-exempt obligations to finance this payment, and

WHEREAS, the Issuer desires to reimburse itself for this payment from the proceeds of certificates of obligation to be issued subsequent to this date, and

WHEREAS, the Issuer reasonably expects to issue tax-exempt obligations to reimburse itself, **NOW, THEREFORE**,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN

The Issuer reasonably expects to reimburse itself for all costs that have been paid during the 60 days preceding this date or that will be paid after this date from the proceeds of certificates of obligation in an amount not to exceed \$1,500,000 related to construction of the IH-35 Makeover Project, and

The Issuer reasonably expects that the maximum principal amount of certificates of obligation issued to reimburse the Issuer for the above stated costs will not exceed \$1,500,000

ADOPTED _____, 2007 **ATTEST** _____
Shirley A. Gentry
City Clerk