

AGENDA



Thursday, April 10, 2008

**Economic Growth & Redevelopment Services
RECOMMENDATION FOR COUNCIL ACTION****Item No. 24**

Subject: Approve a resolution declaring the City of Austin's official intent to reimburse itself from long-term tax-exempt debt to be issued by or on behalf of the City in the amount of \$12,365,000 for expenditures related to real estate acquisitions and improvements associated with the Seaholm Redevelopment Project.

Amount and Source of Funding: Funding of \$12,365,000 in tax exempt long-term debt expected to be issued by or on behalf of the City no earlier than August 2008.

Fiscal Note: A fiscal note is attached.

For More Information: Sue Edwards, EGRSO Director / 974-7820; Greg Canally, Budget Officer / 974-2610

Boards and Commission Action: Related to items #22 and #23.

Prior Council Action: On September 28, 2006 Council previously approved a reimbursement resolution for costs associated with the 72" water line relocation.

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, and reimburse itself from future long-term debt, a reimbursement resolution is required by state and federal law. U.S. Treasury Regulations require that the City adopt an "Official Declaration of Intent to Reimburse". Failure to adopt a qualified declaration of official intent will prohibit the City from reimbursing the cost with the proceeds of future long-term debt. All costs to be reimbursed are Capital expenditures within the meaning of Section 1.103-18(c)(2)iii of the Treasury Regulations.

The resolution must contain certain information and protects the tax-exempt status of the future issuance. The reimbursement resolution must be adopted not more than 60 days after the date that a project expenditure is made. The tax-exempt obligations must be issued not later than 18 months after of the date that the expenditure was made, or if later, the date the project is placed into service, but in no case more than three years after the date that a project expenditure subject to the reimbursement is paid.

By this action, the City Council expresses the City's intent to reimburse itself for costs incurred in Fiscal Year 2007-2008, estimated at \$12,365,000, for real estate acquisitions and improvements associated with the Seaholm Redevelopment Project from future long-term debt to be issued by or on behalf of the City. A portion of the debt issued for improvements associated with the Seaholm Redevelopment Project may be classified as taxable under the Internal Revenue Code, but does not require a reimbursement resolution for expenditures incurred prior to the issuance of the taxable bonds.