

AGENDA



Thursday, December 10, 2009

**Neighborhood Housing and Community Development
RECOMMENDATION FOR COUNCIL ACTION**

Item No. 24

Subject: Approve a resolution declaring the City of Austin's official intent to reimburse itself from November 2006 Proposition 5 General Obligation bonds to be issued for expenditures in the amount of \$2,055,495 related to affordable housing.

Amount and Source of Funding: \$2,055,495 in General Obligation Public Improvement Bonds to be issued in August 2010 or later. Related to Items #23 and 25.

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

For More Information: Margaret R. Shaw, Director, Neighborhood Housing and Community Development, 974-3184/Greg Canally, Deputy Chief Financial Officer, 974-2609.

The city must budget for and provide a source of funds before entering into any contract. For the City to spend money today, but reimburse itself from the issuance of debt obligations in the future, state and federal law require the City to issue a reimbursement resolution. Failure to adopt a qualified declaration of official intent will prohibit the City from reimbursing the cost of this project with the proceeds of tax-exempt obligations.

Reimbursement resolutions must contain certain information to protect the tax-exempt status of the future debt issuance. The resolution must be adopted not more than 60 days after the date that project expenditures are made or incurred. The tax exempt obligations must be issued not later than 18 months after the date that the expenditure was made, or if later, the date that the project with respect to which the expenditure was made, is placed in service, but in no case, no more than three years after the date that a project expenditure subject to the reimbursement is paid.

Therefore, to be in compliance with state and federal law, this action expresses the City Council's intent to authorize reimbursement for costs included in the 2009- 2010 Amended Capital Budget in the amount of \$2,055,495 in General Obligation Public Improvement Bonds for affordable housing.