AUSTIN CITY COUNCIL

AGENDA



Recommendation for Council Action

Austin City Council	**Item ID**	9389	**Agenda Number**	12.
Meeting Date:	9/12/2011	**Department:**	Budget Office	

Subject

Approve a resolution declaring the City of Austin's official intent to reimburse itself from the proceeds of tax-exempt obligations in an aggregate maximum principal amount of $130,000,000 for expenditures related to the acquisition, construction, distribution, production, transmission, and support of electric utility capital improvement projects.

Amount and Source of Funding

Fiscal Note

A fiscal note is not required.

Purchasing Language:	
Prior Council Action:	
For More Information:	Greg Canally, Deputy Chief Financial Officer, 974-2609
Boards and Commission Action:	
MBE / WBE:	
Related Items:	

Additional Backup Information

U. S. Treasury Regulations require that the City adopt an Official Declaration of Intent to Reimburse. By this action, Council is asked to declare the City's intent to reimburse itself from the proceeds of one or more series of obligations to be issued in the future for current costs related to acquisition, construction, distribution, production, transmission, and support of electric utility capital improvement projects for Fiscal Year 2011-2012 (Electric Utility Capital Improvement Projects). The City reasonably expects to incur debt as one or more series of obligations through October 2012, with an aggregate maximum principal amount equal to $130,000,000 for the purpose of paying for costs incurred from October 1, 2011 through October 31, 2012, which are associated with Electric Utility Capital Improvement Projects. All costs to be reimbursed will be capital expenditures within the meaning of Section 1.103-18(c)(2)iii of the Treasury Regulations.

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 to protect the tax-exempt status of the future issuance. The resolution must be passed not more than 60 days after the date that the cost to be reimbursed is paid. Failure to adopt a qualified declaration of official intent will prohibit the City from reimbursing the costs 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.

FUND	FUND DESCRIPTION
3080	E-Fayette I & II Capital
3120	E-Alternate Energy Capital
3230	E-Transmission Capital
3240	E-Distribution Substations Capital
3250	E-Distribution Capital
3260	E- Metering Capital
3290	E-Support Services Capital