

## CIP BUDGET FISCAL NOTE

**DATE OF COUNCIL CONSIDERATION:**

3/20/14

**CONTACT DEPARTMENT(S):**

Parks and Recreation

**SUBJECT:** Approve a resolution declaring the City of Austin's official intent to reimburse itself from Certificates of Obligation to be issued for expenditures related to the purchase of the Grey Rock Golf and Tennis facility and related improvements in the total amount of \$9,600,000.

**CURRENT YEAR IMPACT:** This item has no fiscal impact to the total debt service or tax rate in FY 2014. The debt will not be issued until FY 2015.

**FIVE YEAR IMPACT:** The Impact on Tax Rate represents the amount required to service the estimated debt service for this item based on issuing \$9,600,000 million in Certificates of Obligations for 20 years at a 4.75% interest rate.

	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
<b>Estimated Debt Service</b>	<u>418,000</u>	<u>456,000</u>	<u>806,000</u>	<u>804,375</u>	<u>807,038</u>
<b><u>Impact on Tax Requirement</u></b>	<u>0.00045</u>	<u>0.00047</u>	<u>0.00080</u>	<u>0.00078</u>	<u>0.00076</u>

**ANALYSIS / ADDITIONAL INFORMATION:** 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 is generally drafted by bond counsel 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 cost with the proceeds of tax exempt obligations. Reimbursement bonds generally must be issued 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 purchase of the Grey Rock Golf and Tennis facility and related improvements in the amount of \$9,600,000.