



**Reimbursement Resolution
CITY OF AUSTIN
RECOMMENDATION FOR COUNCIL ACTION**

**AGENDA ITEM NO.: 4
AGENDA DATE: Thu 04/01/2004
PAGE: 1 of 1**

SUBJECT: Approve a resolution declaring the City's official intent to reimburse itself, as required by the Internal Revenue Code, from the sale proceeds of tax-exempt obligations that the City will issue in the future for the payment of \$4,971,750 in costs related to the purchase of real estate and other property located at 4101 Ed Bluestein from MOTOROLA, INC.

AMOUNT & SOURCE OF FUNDING: \$4,971,750 to be reimbursed from the issuance of Certificates of Obligation in August 2004 or later.

FISCAL NOTE: There is no unanticipated fiscal impact. A fiscal note is not required.

REQUESTING Financial and **DIRECTOR'S**
DEPARTMENT: Administrative Services - **AUTHORIZATION:** Vickie Schubert
Building Services

FOR MORE INFORMATION CONTACT: Vickie Schubert, Acting Director, 974-3344; Jill Maness, Building Services Officer, 974-3962

PRIOR COUNCIL ACTION: N/A

BOARD AND COMMISSION ACTION: N/A

As required by federal tax and bond law, this action expresses the City Council's intent to authorize reimbursement for costs associated with the purchase of real estate and other property located at 4101 Ed Bluestein from MOTOROLA, INC.

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 is drafted 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 no later than 18 months after the later of, the date the expenditure was made, or the date the project, with respect to which the expenditure was made, is placed in service.

RESOLUTION NO. 04

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, payment of \$4,971,750 for costs to be paid as reimbursements related to the purchase of real estate and other property located at 4101 Ed Bluestein from Motorola, Inc.; and

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

WHEREAS, the Issuer desires to reimburse itself for this payment from the proceeds of tax-exempt 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 tax-exempt certificates of obligation in connection with these costs related to the purchase or real estate and other property located at 4101 Ed Bluestein from Motorola, Inc.; and

The Issuer reasonably expects that the maximum principal amount of tax-exempt certificates of obligation issued to reimburse the Issuer for the above stated costs will not exceed \$4,971,750.

ADOPTED:_____, 2004 **ATTEST:**_____
Shirley A. Brown
City Clerk