



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

AGENDA ITEM NO.: 15
AGENDA DATE: Mon 09/13/2004
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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 principle amount of \$42,170,000 for expenditures related to the acquisition and construction of electric utility capital improvement projects.

AMOUNT & SOURCE OF FUNDING: N/A

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
Budget

FOR MORE INFORMATION CONTACT: Vickie Schubert, Deputy Chief Financial Officer, 974-7822

PRIOR COUNCIL ACTION: N/A

BOARD AND COMMISSION ACTION: N/A

This declaration of intent is submitted in accordance with Treasury Regulations. The Electric Utility requests approval of an Official Declaration of Intent to Reimburse acquisition and construction costs of the FY 2004-2005 Capital Improvement Projects. The Electric Utility reasonably expects to incur debt as one or more series of obligations through October 2005, with an aggregate maximum principle amount equal to \$42,170,000 for the purpose of paying for costs incurred from October 1, 2004 through October 31, 2005, 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 and protects the tax-exempt status of the future issuance. 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 that the project with respect to which the expenditure was made, is placed in service.

FUND DESCRIPTION

- 3230 E-Transmission Capital
- 3240 E-Distribution Substations Capital
- 3250 E-Distribution Capital
- 3260 E-Customer Service, Billing and Metering

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 \$42,170,000 for anticipated Fiscal Year 2004-2005 acquisition and construction costs for the following Electric Utility Capital Improvement Projects:

Fund 3230 E-Transmission Capital

Fund 3240 E-Distribution Substations Capital

Fund 3250 E-Distribution Capital; and

Fund 3260 E-Customer Service, Billing and Metering; and

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

WHEREAS, the Issuer desires to reimburse itself for this payment from the proceeds of tax-exempt obligations 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 payments made during the 60 days preceding this date or that will be paid after this date related to anticipated acquisition and construction for the above-referenced Electric Utility Capital Improvement projects from the proceeds of tax-exempt obligations; and

The Issuer reasonably expects that the maximum principal amount of tax-exempt obligations issued to reimburse the Issuer for the above stated costs will not exceed \$42,170,000.

ADOPTED: _____, 2004

ATTEST: _____

Shirley A. Brown
City Clerk