



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

**AGENDA ITEM NO.:** 16  
**AGENDA DATE:** Mon 09/13/2004  
**PAGE:** 1 of 3

**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 \$180,000,000 for expenditures related to the acquisition and construction of water and wastewater system capital improvements.

**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

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This declaration of intent is submitted in accordance with Treasury Regulations. The Water and Wastewater Utility requests approval of an Official Declaration of Intent to Reimburse acquisition and construction costs of the FY 2004-2005 Capital Improvement Projects. The Water and Wastewater Utility reasonably expects to incur debt as one or more series of obligations through October 2005, with an aggregate maximum principle amount equal to \$180,000,000 for the purpose of paying for costs incurred from October 1, 2004 through October 31, 2005, which are associated with Water and Wastewater 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**

**WATER DEPARTMENT**

3750 Water system extensions and improvements.

3760 Improvements to the Green Water Treatment Plant and construction of transmission mains and a reservoir to improve and expand water service to the northeast and southeast quadrants of the



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- City.
- 3780 Improvements to the Davis Water Treatment Plant and a reservoir and water lines serving north and northwest Austin and water lines to serve north central and northwest Austin.
- 3790 Waterworks system rehabilitation and improvements.
- 3810 For construction of water lines, a reservoir and pump station to improve and expand water service to the north central, northeast and east service areas.
- 3820 For construction of waterlines, a reservoir and a pump station to improve and expand water service in the northwest area.
- 3830 For construction of waterlines and a pump station to improve and expand water service in the north central and northwest service areas.
- 3840 Provide for the site purchase, design and construction of mains, treatment and storage facilities for Water Treatment Plant 4.
- 3850 For improvements to the Ullrich Water Treatment Plant, consisting of construction of a pump station to improve and expand service to south Austin.
- 3860 For the construction of waterlines, expansion of pump and expand water service to the south corridor area.
- 3880 Flow monitoring, relocation, redevelopment, and construction of existing water system programs.
- 3890 Improvements to the waterworks system in the northeast area of the City.
- 3900 Improvements to the water system in the south and southeast areas of the city.
- 3910 City-wide improvements and extensions.
- 3950 For Safe Drinking Water Act, general utility relocation, water replacement of deteriorated facilities, water system improvements to meet minimum standards.
- 3960 Davis WTP Flocculation, General Utility Relocation and future projects.
- 3970 For waterworks improvements at the Ullrich Water Treatment Plant and Transmission Main.
- 3980 Acquisition of land including fee title and easements in the Barton Springs Contributing and recharge zone to provide for the conservation and to maintain the safety and quality of a part of the City's water supply.
- 4200 Improvements and extensions to the City's waterworks system (improve, upgrade and replace existing facilities).
- 4210 Making improvements and extension to the City's waterworks system, to expand and improve facilities to serve new customers.
- 4220 Improvements and extensions to the City's waterworks system.

**FUND DESCRIPTION**

**WASTEWATER DEPARTMENT**

- 4300 Sewer system extensions and improvements.
- 4310 Improvements to the Govalle Wastewater Treatment Plant (The main sewage treatment facility for near north and central Austin) and construction of a sewer line and improvements to a sewage pump station to serve parts of south central and north central Austin.
- 4320 For the Onion Creek Wastewater Treatment Plant and sewer lines for the south growth corridor.
- 4330 Two sewer lines to serve north central Austin inside the City limits and to provide sewer service to areas in northwest Austin.
- 4340 An addition to the Walnut Creek Wastewater Treatment Plant for the north growth corridor, the north central city limits and the entire Walnut Creek Basin.
- 4350 Sewer system rehabilitation and improvements.



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- 4360 Sewer system rehabilitation and improvements.
- 4380 An addition to the Walnut Creek Wastewater Treatment Plant for the north growth corridor, the north central city limits and the entire Walnut Creek Basin.
- 4390 Flow monitoring, relocation, redevelopment and construction of existing wastewater system programs.
- 4400 Upgrading the quality of the discharge from the City's sewer treatment plants.
- 4410 Improvements to the sewer system in the northeast area of the City.
- 4420 Improvements to the sewer system in the southeast area of the City.
- 4430 City-wide improvements to and extensions of the City's sewer system.
- 4440 *Improvements to the City's sewer system and the Walnut Creek Wastewater Treatment Plant.*
- 4530 Improvements to and expansions of wastewater facilities.
- 4540 Construction of facilities to increase system capacity and serve new and future customers.
- 4550 Improvements to lift stations.
- 4560 To improve the quality of the discharge from the City's sewer system.
- 4570 Hornsby Bend Improvements, service to annexed areas, and future projects including SER reimbursements.

**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 \$180,000,000 to reimburse acquisition and construction costs associated with Fiscal Year 2004-2006 Water Utility Capital Improvement Projects and Wastewater Utility Capital Improvement Projects as shown in Exhibit A attached; 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 costs that have been paid during the 60 days preceding this date or that will be paid after this date related to \$180,000,000 for acquisition and construction costs associated with the above-referenced Fiscal Year 2004-2005 Water Utility Capital Improvement Projects and Wastewater Utility Capital Improvement Projects from the proceeds of tax-exempt obligations;

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 \$180,000,000.

**ADOPTED:** \_\_\_\_\_, 2004

**ATTEST:** \_\_\_\_\_

Shirley A. Brown  
City Clerk

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Attorney: S. Zimmerman\meh