



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

**AGENDA ITEM NO.: 11
AGENDA DATE: Mon 09/12/2005
PAGE: 1 of 2**

SUBJECT: Approve a resolution declaring the City of Austin's official intent to reimburse itself from the proceeds of November 2000 Proposition 1 General Obligation bonds to be issued for expenditures in the amount of \$6,090,000 related to street improvements; to reimburse itself from the proceeds of November 1998 Proposition 2 General Obligation bonds to be issued for expenditures in the amount of \$4,170,000 related to recreation center improvements; to reimburse itself from the proceeds of November 1998 Proposition 4 General Obligation bonds to be issued from expenditures in the amount of \$3,940,000 related to library improvements; and to reimburse itself from the proceeds of Certificates of Obligation in the amount of \$2,000,000 for expenditures related to the fire station construction. (This resolution is required Pursuant to Section 103 of the Internal Revenue Code, which protects the tax-exempt status of the referenced expenditures.)

AMOUNT & SOURCE OF FUNDING: \$14,200,000 in General Obligation Public Improvement Bonds to be issued in August 2006 or later; \$2,000,000 in tax-supported General Obligation Contractual Obligations to be issued in August 2006 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:**
Budget

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

PRIOR COUNCIL ACTION: N/A

BOARD AND COMMISSION ACTION: N/A

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.

This action expresses the City Council's intent to authorize the reimbursement for costs associated with the 2005-2006 Approved Capital Budget items for General Obligation debt, as described below:

General Obligation Public Improvement Bonds: \$14,200,000

- 2000 Proposition One - \$6,090,000 for street improvements



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- 1998 Proposition Two - \$4,170,000 for recreation center improvements
- 1998 Proposition Four - \$3,940,000 for library improvements

Certificates of Obligation: \$2,000,000

- \$2,000,000 for capital expenditures for Avery Ranch Fire Station

RESOLUTION NO. _____

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, expenditures in the amount of:

1. \$6,090,000 related to street improvements;
2. \$4,170,000 related to recreation center improvements;
3. \$3,940,000 related to library improvements; and
4. \$2,000,000 for expenditures related to the fire station construction.

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

WHEREAS, the Issuer desires to reimburse itself for the expenditures itemized above as follows:

1. Expenditures in the amount of \$6,090,000 related to street improvements from the proceeds of November 2000 Proposition 1 General Obligation bonds to be issued subsequent to this date;
2. Expenditures in the amount of \$4,170,000 related to recreation center

improvements from the proceeds of November 1998 Proposition 2 General Obligation bonds to be issued subsequent to this date;

3. Expenditures in the amount of \$3,940,000 related to library improvements from the proceeds of November 1998 Proposition 4 General Obligation bonds to be issued subsequent to this date; and
4. Expenditures in the amount of \$2,000,000 related to the fire station construction from the proceeds of 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 described above that have been paid during the 60 days preceding this date or that will be paid after this date from the proceeds described above; and

The Issuer reasonably expects that the maximum principal amount of General Obligation Bonds and Certificates of Obligation issued to reimburse itself as described for the above stated costs will not exceed those amount stated above.

ADOPTED: _____, 2005 **ATTEST:** _____
Shirley A. Brown

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City Clerk