

A U S T I N C I T Y C O U N C I L

AGENDA

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Thursday, August 10, 2006

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Financial and Administrative Services
RECOMMENDATION FOR COUNCIL ACTION

ITEM No. 8

Subject: Approve a resolution declaring the City of Austin's official intent to reimburse itself at a future date from the proceeds of Certificates of Obligation for costs related to compressed natural gas fuel facility. (As required by Section 103 of the Internal Revenue Code of 1986, as amended.)

Amount and Source of Funding: \$1,320,000 in non-tax related Certificates of Obligation to be issued in August 2007 or later. (Related to item # 9 and item #45)

Fiscal Note: There is no unanticipated fiscal impact. A fiscal note is not required.

Additional Backup Material

(click to open)

☐ Resolution

For More Information: John Stephens, Chief Financial Officer, 974-2076

A city must provide a source of budgeted 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 place in service.

This action expresses the City Council's intent to authorize the reimbursement for costs associated with the Compressed Natural Gas Fuel Facility for Certificates of Obligation debt in the amount of \$1,320,000 for capital expenditures related to expenditure for the Compressed Natural Gas Fuel Facility.

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 an amount not to exceed \$1,320,000 related to construction of the Compressed Natural Gas Fuel Facility; 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 general obligation bonds 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 general obligation bonds in connection with costs in an amount not to exceed \$1,320,000 related to construction of the Compressed Natural Gas Fuel Facility; and

The Issuer reasonably expects that the maximum principal amount of general obligation bonds issued to reimburse the Issuer for the above stated costs will not exceed \$1,320,000.

ADOPTED: _____, 2006 **ATTEST:** _____

Shirley A. Gentry
City Clerk