

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

AGENDA



Thursday, September 28, 2006

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Financial and Administrative Services RECOMMENDATION FOR COUNCIL ACTION

ITEM No. 11

Subject: Approve a resolution declaring the City of Austin's official intent to reimburse itself from proceeds made available to the City pursuant to the terms of a Master Lease Purchase Agreement with Banc of America Leasing & Capital L.L.C. for expenditures in the amount of \$2,340,000 related to the acquisition of the Aviation Department's Airport Revenue Control System.

Amount and Source of Funding: \$2,340,000 to be reimbursed from the Master Lease Purchase Agreement.

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

Prior Council Action: May 18, 2006, Council appropriated \$2.3 million for a parking access revenue control system and authorized the assumption of the AMPCO parking agreement with Associated Time and Parking Controls to purchase the system.

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 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 sources 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 Airport Revenue Control System.

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 \$2,340,000 related to the Aviation Department's Airport Revenue Control System; 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 these expenditures from the proceeds made available to the City pursuant to the terms of a Master Lease Purchase Agreement with Banc of America Leasing & Capital L.L.C. for expenditures in the amount of \$2,340,000 related to the acquisition of the Aviation Department's Airport Revenue Control System.

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 proceeds made available to the City pursuant to the terms of a Master Lease Purchase Agreement with Banc of America Leasing & Capital L.L.C. for expenditures in the amount of \$2,340,000 related to the acquisition of the Aviation Department's Airport Revenue Control System.

The Issuer reasonably expects that the maximum principal amount to be reimbursed the Issuer for the above-stated costs will not exceed \$2,340,000.

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

Shirley A. Gentry
City Clerk

