



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

**AGENDA ITEM NO.: 8
AGENDA DATE: Thu 05/12/2005
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SUBJECT: Approve a resolution declaring the City of Austin's official intent to reimburse itself from proceeds of the sale of Contractual Obligations in the amount of \$3,000,000 for expenditures related to the Public Safety Mobile Data Communications System upgrade project. (The Internal Revenue Code provides that a municipality must declare its intent to finance a current expenditure with proceeds from the future sale of a tax-exempt obligation.)

AMOUNT & SOURCE OF FUNDING: Funding in the amount of \$3,000,000 is available in non-tax-supported General Obligation Contractual Obligations to be issued in August 2005 or later.

FISCAL NOTE: N/A

REQUESTING Financial and **DIRECTOR'S**
DEPARTMENT: Administrative Services - **AUTHORIZATION:** Vickie Schubert
Communications and
Technology Management

FOR MORE INFORMATION CONTACT: Peter Collins, CIO/974-2344; Greg Canally, Budget Director/974-2610

PRIOR COUNCIL ACTION: N/A

BOARD AND COMMISSION ACTION: N/A

This action makes \$3,000,000 available for the Public Safety Mobile Data Communications System Upgrade Project. There is a related agenda item for consideration by Council to amend the 2004-2005 Capital Budget of the Communications and Technology Management Department to appropriate these funds for this project and related items for contract awards.

This declaration of intent is submitted in accordance with Treasury Regulations. All costs will be reimbursed through the issuance of Contractual Obligations, in an aggregate maximum principal amount of \$3,000,000. 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 information to protect the tax-exempt status of the future issuance. The resolution must be passed not more than 60 days after the date that the cost to be reimbursed is paid. 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.

RESOLUTION NO. 2005

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 \$3,000,000 for expenditures related to the Public Safety Mobile Data Communications Systems upgrade project; 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 costs from the sale 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 from the proceeds of tax-exempt obligations for expenditures that have been paid during the 60 days preceding this date or that will be paid relating to the Public Safety Mobile Data Communications System upgrade project;

The Issuer reasonably expects that the maximum amount of tax-exempt obligations issued to reimburse the Issuer for the above stated costs will not exceed 3,000,000.

ADOPTED: _____ 2004

ATTEST: _____

Shirley A. Brown
City Clerk