



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

**AGENDA ITEM NO.: 12
AGENDA DATE: Mon 09/12/2005
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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 \$42,519,340 for expenditures related to the acquisition and construction of electric utility capital improvement projects.

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:**
Budget

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

PRIOR COUNCIL ACTION: N/A

BOARD AND COMMISSION ACTION: N/A

This declaration of intent is submitted in accordance with Treasury Regulations. The Electric Utility requests approval of an Official Declaration of Intent to Reimburse acquisition and construction costs of one or more series of obligations through October 2006, with an aggregate maximum principle amount equal to \$42,519,340 for the purpose of paying for costs incurred from October 1, 2005 through October 31, 2006, which are associated with Electric 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

3230 E-Transmission Capital
3240 E-Distribution Substations Capital
3250 E-Distribution Capital
3260 E-Customer Service, Billing and Metering

RCA Serial#: 9819 Date: 09/12/05 Original: Yes
Disposition:

Published:
Adjusted version published:

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 related to the acquisition and construction of electric utility capital improvement projects in an aggregate maximum principle amount of \$42,519,340; 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 expenditures 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 from the proceeds of tax-exempt obligations in connection with costs described above; and

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

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