

**AGENDA**



**Recommendation for Council Action**

Austin City Council	Item ID	62706	Agenda Number	9.
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Meeting Date:	9/14/2016	Department:	Budget Office
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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 to be issued through October 2017 for acquisition and construction costs in an aggregate maximum principal amount of \$182,000,000 related to Fiscal Year 2016-2017 Austin Water Capital Improvement Projects.

**Amount and Source of Funding**

**Fiscal Note**

A fiscal note is not required.

Purchasing Language:	
Prior Council Action:	
For More Information:	David Anders, Assistant Director, 512-972-0323; Ed Van Eenoo, Deputy Chief Financial Officer, 512-974-2638
Council Committee, Boards and Commission Action:	
MBE / WBE:	
Related Items:	

**Additional Backup Information**

Austin Water requests approval, in accordance with Federal Treasury Regulations, of an Official Declaration of Intent to Reimburse acquisition and construction costs of the Fiscal Year (FY 2016-2017) Capital Improvement Projects. Austin Water reasonably expects to issue debt through October 2017, with an aggregate maximum principal amount of \$182,000,000 for the purpose of paying for costs incurred from October 1, 2016 through October 31, 2017, which are associated with Austin Water 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 is generally reviewed by bond counsel 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.

**WATER SYSTEM**

<b>FUND</b>	<b>DESCRIPTION</b>
3840	Provide for the site purchase, design and construction of mains, treatment and storage facilities for Water Treatment Plant 4.
3960	Improvements to and expansions of the waterworks system and facilities.
3990	Improvements to and expansions of the reclaimed water system.
4180	Vehicle acquisitions.
4250	Texas Water Development Board loan reimbursements.

**WASTEWATER SYSTEM**

<b>FUND</b>	<b>DESCRIPTION</b>
4530	Improvements to and expansions of wastewater system and facilities.
4570	Improvements to and expansions of the sanitary sewer system and wastewater facilities.
4600	Texas Water Development Board loan reimbursements.
4680	Vehicle acquisitions.

**RECLAIMED WATER SYSTEM**

3990	Improvements to and expansions of the reclaimed water system.
4020	Texas Water Development Board loan reimbursements.