



## Recommendation for Action

**File #:** 19-3101, **Agenda Item #:** 8.

9/12/2019

### Posting Language

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 2020 for acquisition and construction costs in an aggregate maximum principal amount of \$130,000,000 related to Austin Water Capital Improvement Projects.

### Lead Department

Austin Water

### Fiscal Note

A fiscal note is attached.

### For More Information:

David Anders, Assistant Director, 512-972-0323

### 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 FY 2019-2020 capital improvement projects. Austin Water reasonably expects to issue debt through October 2020, with an aggregate maximum principal amount of \$130,000,000 for the purpose of paying for costs incurred from October 1, 2019 through October 31, 2020, 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**

| FUND | DESCRIPTION  |
|------|--|
| 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 for State Water Implementation Fund of Texas Program.                        |

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|------|---|
| 4270 | Texas Water Development Board loan reimbursements for State Revolving Fund Program. |
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**WASTEWATER SYSTEM**

| FUND<br>DESCRIP<br>TION |   |
|-------------------------|---|
| 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 for State Water Implementation Fund of Texas Program. |
| 4620                    | Texas Water Development Board loan reimbursements for State Revolving Fund Program.                     |
| 4680                    | Vehicle acquisitions.   |

**RECLAIMED WATER SYSTEM**

| FUND | DESCRIPTION   |
|------|---|
| 3990 | Improvements to and expansions of the reclaimed water system.   |
| 4020 | Texas Water Development Board loan reimbursements for State Water Implementation Fund of Texas Program. |
| 4030 | Texas Water Development Board loan reimbursements for State Revolving Fund Program.                     |