



Recommendation for Action

File #: 23-2779, Agenda Item #: 3.

9/14/2023

Posting Language

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 principal amount of \$230,000,000 for acquisition and construction costs related to Fiscal Year 2023-2024 Austin Water Capital Improvement Projects.

Lead Department

Austin Water.

Fiscal Note

Funding is available in Austin Water's Capital Budget.

For More Information:

Inquiries should be directed to Blanca Madriz, at 512-972-0115, or Blanca.Madriz@austintexas.gov.

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 2023-2024 capital improvement projects. Austin Water reasonably expects to issue debt through October 2024, with an aggregate maximum principal amount of \$230,000,000 for the purpose of paying for costs incurred from October 1, 2023, through October 31, 2024, which are associated with Austin Water Capital Improvement Projects. All costs to be reimbursed will be capital expenditures within the meaning of Section 1.150-1(b) 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, and no more than three years after the original expenditure.