



Legislation Text

File #: RES 2214, **Version:** 1

RESOLUTION NO. 2214 - AUTHORIZE CITY TO UTILIZE TAX-EXEMPT FINANCING FOR REIMBURSEMENT OF PRIOR EXPENDITURES

COUNCIL STRATEGIC INITIATIVE ADDRESSED:

Continue effective financial management

CITY ATTORNEY REVIEW: REQUIRED

SUMMARY STATEMENT:

The City periodically issues tax exempt bonds to finance the purchase of equipment or construction of infrastructure. The Internal Revenue Service implemented regulations limiting the ability of public agencies to reimburse previous expenditures from the proceeds of tax-exempt bonds.

Resolution No. 2214 appoints the City Manager and Finance Director as responsible officials for the purpose of issuing statements of official intent to reimburse expenditures using bond proceeds in compliance with Treasury Regulation Section 1.150-2. If determined prudent and feasible by the City Manager or Finance Director, this resolution allows the costs of identified capital projects or purchases to be reimbursed using the proceeds of debt to be incurred in the future by the City (the "Reimbursement Bonds").

This resolution will provide the ability to reimburse expenses incurred prior to issuing bonds for the following purposes: purchase new street and stormwater equipment; design and construct the new Public Works Maintenance crew and equipment building; design and construct the Transit Center Expansion; replace the Beech Street storm drain; construct one or more of the Transportation Benefit District planned street rehabilitation projects; and other capital expenditures financed in the future using tax exempt bonds.

FINANCIAL SUMMARY

Staff has estimated the need to issue approximately \$7.5 million in bonds to complete the identified projects and purchases, but the exact amount, schedule, and type of bonds or financing has not yet been finalized. This resolution will allow staff to place equipment orders and begin design and construction work prior to the City issuing bonds, and provide for reimbursing those expenses from the bond proceeds.

RECOMMENDED ACTION:

Motion to approve Resolution No. 2214.

STAFF CONTACT:

Jeff Cameron, Public Works Director