



Legislation Text

File #: 17-0696, **Version:** 2

Consider and take action on a resolution declaring the City's official intent to reimburse certain costs with the proceeds from tax-exempt obligations (Interim Director of Finance)

Adopting a resolution declaring the City's intent to reimburse an expenditure with proceeds from an obligation is required by the Internal Revenue Service (IRS).

The Fiscal Year 2017-18 Budget and Capital Improvement Program (CIP) includes projects that are planned to be funded from the proceeds of a debt issue. Within the CIP, a Spartan pumper was scheduled for purchase in early summer 2018 with the sale of debt. In order to save approximately \$30,000, it is being proposed that the purchase be made in calendar year 2017 because the price is scheduled to increase in 2018 when Spartan executes a new contract with HGAC later this year. In order to fund the purchase now and take advantage of the reduced cost, the new pumper in the amount of \$611,711 will be funded from the Miscellaneous Capital Projects Fund 5015. The Miscellaneous Capital Projects Fund 5015 will be reimbursed by the FY 2018 debt once issued.

The IRS does allow projects to begin prior to the bonds being issued, as long as the City declares its intent to reimburse from the issuance of the bonds. This statement must be made within 60 days of the first expenditure of funds that will be reimbursed. To comply with all legal requirements, the City Council must adopt this resolution making public their intentions to reimburse the Miscellaneous Capital Projects Fund in the amount of \$611,711 for these expenditures.

ATTACHMENTS:

- 1. Data Sheet
- 2. Proposed Resolution
- 3. HGAC Pricing Sheet

FUNDING

{ } NOT APPLICABLE

{ } Funds are available from Account # _____

{ } Requires Budget Amendment to transfer from Account # _____ to Account # _____