



AGENDA
ITEM 5f
DATE 3-2-09

TO: MAYOR & CITY COUNCIL

FROM: BRYAN G. RAINES, Deputy City Manager

SUBJECT: AUTHORIZING STAFF TO DECLARE THE INTENT TO REIMBURSE ELIGIBLE BOND EXPENSES

DATE: FEBRUARY 26, 2009

Purpose & Recommendation:

Prior to the annual sale of voter authorized bonds the City of Mesa typically incurs expenses related to the initial phases of project acquisition, design and development. Since the voter authorized bonds have not yet been sold, the City pays these related expenses out of existing fund balances that are later reimbursed after the bond sale. In order for the City to be eligible for reimbursement for such expenses, declarations of the City's intent to reimburse must be filed. The attached resolution designates either the Deputy City Manager responsible for financial matters or the City's Controller as the individuals responsible to make such declarations.

Background:

Advance work by City staff to initiate and prepare projects such as Fire Stations 215, 218 and 219, various street projects and the potential acquisition of a new fixed wing aircraft have resulted in the City incurring expenses prior to the sale of the authorized bonds. In order for the City to receive reimbursement for qualified bond expenditures made prior to the sale, the attached resolution authorizes staff to make the necessary declarations recording the City's intent to be reimbursed from the proceeds of the upcoming bond sale. Not applicable under State law, this is an acknowledgement of intent for Federal tax law purposes only.

U.S. Treasury regulations stipulate a 60-day timeframe in which to declare a intent to reimburse following payment. If the designation to authorize staff to make necessary declarations were delayed and later included with the resolution for staff to begin marketing the bonds for sale some initial, otherwise reimbursement eligible expenses might become un-reimbursable because they occurred prior to the 60-day limit.

Fiscal Impact:

This action does not impact the City Council's authority to authorize project expenditures nor approve future bond sales.

Only bond eligible expenses related to voter authorized bond eligible projects can receive a "intent to reimburse" designation. Upon completion of the bond sale, the City will receive reimbursement for designated expenditures.

Failure to declare appropriate, bond eligible, approved expenditures can make them ineligible to receive reimbursement at the time of bond sale, impacting the City's fund balances.

A handwritten signature in black ink, appearing to read "Bryan G. Raines", written over a horizontal line.

Bryan G. Raines, Deputy City Manager

RESOLUTION NO. _____

RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF MESA, ARIZONA, DESIGNATING THE DEPUTY CITY MANAGER RESPONSIBLE FOR FINANCIAL MATTERS AND THE CONTROLLER TO DECLARE OFFICIAL INTENT ON BEHALF OF THE CITY WITH RESPECT TO REIMBURSEMENT FROM PROCEEDS OF TAX-EXEMPT OBLIGATIONS PURSUANT TO TREASURY REGULATIONS SECTION 1.150-2

WHEREAS, the City of Mesa, Arizona (the "City"), may from time to time make expenditures with the intent that such expenditures will be reimbursed from the proceeds of tax-exempt obligations (the "*Reimbursement Obligations*"); and

WHEREAS, in order to treat such reimbursements as an expenditure of proceeds of the Reimbursement Obligations for the purpose of applying Sections 103 and 141 through 150 of the Internal Revenue Code of 1986, as amended, the City may be required, pursuant to Treasury Regulation Section 1.150-2, to declare its intention to reimburse an expenditure with proceeds of a Reimbursement Obligation; and

WHEREAS, such declaration of intention to reimburse an expenditure must be made not later than sixty (60) days after the payment of such expenditure; and

WHEREAS, the City may designate an officer or officers to declare such official intent on its behalf; and

WHEREAS, the appropriate officer of the City to make such declaration on behalf of the City is either the Deputy City Manager responsible for financial matters or the Controller;

NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF MESA that:

Section 1. The Deputy City Manager responsible for financial matters and the Controller are each hereby designated, for the purposes of the Treasury Regulation Section 1.150-2, to declare the official intent of the City to reimburse an expenditure with the proceeds of a Reimbursement Obligation. Such declaration of official intent shall be made and signed by either the Deputy City Manager responsible for financial matters or the Controller and shall be in substantially the form of *Exhibit A* attached hereto or such other form as may be necessary to comply with the provisions of the Treasury Regulation Section 1.150-2. The declaration of intent shall be effective when executed.

Section 2. The Deputy City Manager responsible for financial matters or the Controller shall, upon the issuance of Reimbursement Obligations, cause a written allocation to be made that evidences the City's use of proceeds of the Reimbursement Obligations to reimburse a prior expenditure.

Section 3. Neither the Deputy City Manager responsible for financial matters nor the Controller shall permit proceeds of a Reimbursement Obligation to be used to reimburse a prior expenditure unless such reimbursement is made within the reimbursement time period set forth in Treasury Regulation Section 1.150-2 or unless the requirements of such section are otherwise satisfied.

Section 4. The Deputy City Manager responsible for financial matters and the Controller are each authorized to take any other appropriate actions which are necessary to meet the requirements of Treasury Regulation Section 1.150-2.

PASSED, ADOPTED AND APPROVED on March 2, 2009.

Mayor

City Clerk

APPROVED AS TO FORM:

Bond Counsel