



**BUSINESS OF THE CITY COUNCIL
AGENDA STATEMENT**

Item No. 6d

For Meeting of 02.18.16

ITEM TITLE: Consideration of a Resolution relating to financing of a proposed project to be undertaken by the City of Norwalk, Iowa; establishing compliance with reimbursement regulations under the Internal Revenue Code

CONTACT PERSON: Marketa Oliver, City Manager

SUMMARY EXPLANATION:

The attached resolution is related to the construction of Cedar Street, making it a through street to Beardsley. The funding mechanism for this project is TIF funds that the City has on-hand. This resolution would give the City the option, at a later date, to reimburse itself by issuing debt for this project. It is not anticipated for debt to be issued for this project, however this resolution simply preserves the City's option to do so, if there is a time in the future when the Council decides to do so.

<input checked="" type="checkbox"/> Resolution _____ Ordinance _____ Contract _____ Other (Specify) _____
Funding Source: _____
APPROVED FOR SUBMITTAL  _____
City Manager

STAFF RECOMMENDATION: Approval of the resolution

Resolution relating to financing of a proposed project to be undertaken by the City of Norwalk, Iowa; establishing compliance with reimbursement regulations under the Internal Revenue Code

BE IT RESOLVED by the City Council (the "Council") of the City of Norwalk, Iowa (the "City"), as follows:

Section 1. Recitals.

(a) The Internal Revenue Service has issued Section 1.150-2 of the Income Tax Regulations (the "Regulations") dealing with the issuance of bonds, all or a portion of the proceeds of which are to be used to reimburse the City for project expenditures made by the City prior to the date of issuance.

(b) The Regulations generally require that the City make a prior declaration of its official intent to reimburse itself for such prior expenditures out of the proceeds of a subsequently issued borrowing and that the borrowing occur and the reimbursement allocation be made from the proceeds of such borrowing within a certain period after the payment of the expenditure or the date the project is placed in service; and

(c) The City desires to comply with requirements of the Regulations with respect to a certain project hereinafter identified.

Section 2. Official Intent Declaration.

(a) The City proposes to undertake the following project and to make original expenditures with respect thereto prior to the issuance of bonds, notes or other obligations (the "Bonds") and reasonably expects to issue the Bonds for such project in the maximum principal amount shown below:

<u>Project</u>	<u>Maximum Amount of Bonds Expected to be Issued for Project</u>
Street Improvements (Including, but not limited to the 2016 Cedar Street Project)	\$700,000

(b) Other than (i) expenditures to be paid or reimbursed from sources other than the Bonds or (ii) expenditures made no earlier than sixty days prior to the date of this Resolution or (iii) expenditures amounting to the lesser of \$100,000 or 5% of the proceeds of the Bonds or (iv) expenditures constituting preliminary expenditures as defined in Section 1.150-2(f)(2) of the Regulations, no expenditures for the Project have heretofore been made by the City for which the City will seek reimbursement from the proceeds of the Bonds.

(c) This declaration is a declaration of official intent adopted pursuant to Section 1.150-2 of the Regulations.

Section 3. Budgetary Matters.

As of the date hereof, there are no City funds reserved, allocated on a long term basis or otherwise set aside (or reasonably expected to be reserved, allocated on a long term basis or otherwise set aside) to provide permanent financing for the expenditures related to the Project, other than pursuant to the issuance of the Bonds. This resolution, therefore, is determined to be consistent with the City's budgetary and financial circumstances as they exist or are reasonably foreseeable on the date hereof, all within the meaning and content of the Regulations.

Section 4. Reimbursement Allocations.

The City's financial officer shall be responsible for making the "reimbursement allocations" described in the Regulations, being generally the transfer of the appropriate amount of proceeds of the Bonds to reimburse the source of temporary financing used by the City to make payment of the prior costs of the Project. Each allocation shall be evidenced by an entry on the official books and records of the City maintained for the Bonds, shall specifically identify the actual prior expenditure being reimbursed or, in the case of reimbursement of a fund or account, the fund or account from which the expenditure was paid, and shall be effective to relieve the proceeds of the Bonds from any restriction under the bond resolution or other relevant legal documents for the Bonds, and under any applicable state statute, which would apply to the unspent proceeds of the Bonds.

Section 5. Repealer.

All resolutions, parts of resolutions, or actions of the council in conflict herewith are hereby repealed, to the extent of such conflict.

Passed and approved February 18, 2016.

Tom Phillips, Mayor

ATTEST:

Jodi Eddleman, City Clerk

<u>ROLL CALL VOTE:</u>	<u>Aye</u>	<u>Nay</u>	<u>Absent</u>
Isley	___	___	___
Kuhl	___	___	___
Lester	___	___	___
Livingston	___	___	___
Riva	___	___	___