

COUNCIL AGENDA SYNOPSIS



-----Initials-----			
Meeting Date	Prepared by	Mayor's review	Council review
05/20/19	Vicky	<i>[Signature]</i>	<i>KQH</i>

<p><i>ITEM No.</i></p> <p style="font-size: 2em;">4.G.</p>

ITEM INFORMATION

	STAFF SPONSOR: VICKY CARLSEN	ORIGINAL AGENDA DATE: 5/20/19
AGENDA ITEM TITLE Adopt Resolution appointing finance director to designate certain expenditures for reimbursement from bond proceeds		
CATEGORY	<input type="checkbox"/> Discussion <i>Mtg Date</i>	<input type="checkbox"/> Motion <i>Mtg Date</i>
	<input checked="" type="checkbox"/> Resolution <i>Mtg Date 5/20/19</i>	<input type="checkbox"/> Ordinance <i>Mtg Date</i>
	<input type="checkbox"/> Bid Award <i>Mtg Date</i>	<input type="checkbox"/> Public Hearing <i>Mtg Date</i>
	<input type="checkbox"/> Other <i>Mtg Date</i>	
SPONSOR <input type="checkbox"/> Council <input type="checkbox"/> Mayor <input type="checkbox"/> HR <input type="checkbox"/> DCD <input checked="" type="checkbox"/> Finance <input type="checkbox"/> Fire <input type="checkbox"/> TS <input type="checkbox"/> P&R <input type="checkbox"/> Police <input type="checkbox"/> PW <input type="checkbox"/> Court		
SPONSOR'S SUMMARY Council is being asked to approve a resolution that would appoint the finance director to designate capital project expenditures to be reimbursed from bond proceeds		
REVIEWED BY		
	<input type="checkbox"/> C.O.W. Mtg. <input type="checkbox"/> CDN Comm <input checked="" type="checkbox"/> Finance Comm. <input type="checkbox"/> Public Safety Comm.	
	<input type="checkbox"/> Trans & Infrastructure <input type="checkbox"/> Arts Comm. <input type="checkbox"/> Parks Comm. <input type="checkbox"/> Planning Comm.	
DATE: 5/13/19		COMMITTEE CHAIR: MCLEOD
RECOMMENDATIONS:		
SPONSOR/ADMIN. Finance		
COMMITTEE Unanimous Approval; Forward to Consent Agenda		
COST IMPACT / FUND SOURCE		
EXPENDITURE REQUIRED	AMOUNT BUDGETED	APPROPRIATION REQUIRED
\$	\$	\$
Fund Source:		
Comments:		
MTG. DATE	RECORD OF COUNCIL ACTION	
MTG. DATE	ATTACHMENTS	
5/20/19	Informational Memorandum dated 5/8/19 (Updated after Finance Committee)	
	Draft Resolution	
	Minutes from the Finance Committee meeting of 5/13/19	



INFORMATIONAL MEMORANDUM

TO: **Finance Council Committee**

FROM: **Vicky Carlsen, Finance Director**

CC: **Mayor Ekberg**

DATE: **May 8, 2019**

SUBJECT: **Appoint Finance Director to designate expenditures for reimbursement from bond proceeds**
Updated after May 13, 2019 Finance Committee meeting

ISSUE

The proposed resolution would appoint the Finance Director to designate certain expenditures for reimbursement from bond proceeds.

BACKGROUND

Major high-cost capital projects that are not paid for with grants or dedicated revenue sources are often financed with bond proceeds. The City Council approves the capital project through two processes; (1) the budget or budget amendment process, and (2) the issuance of debt to fund the project.

Shortly after the project is approved by City Council, departments can, and often do, incur costs associated with the project. These costs typically include planning and design and usually qualify to be covered by bond proceeds. However, it can take three to four months to go through the full legislative process to incur debt and receive the bond proceeds.

In order to ensure that expenditures incurred prior to the receipt of bond proceeds can be reimbursed with bond proceeds, Council approves a reimbursement resolution that is specific to the project. Once a reimbursement resolution is approved, expenditures occurring up to 60 days prior to approval of the resolution can be reimbursed with the bond proceeds. This reimbursement resolution is typically included in the same legislative cycle and process to issue debt related to the capital project.

DISCUSSION

In order to streamline the process to finance certain capital projects with bond proceeds, staff is recommending approval of a resolution that would designate the Finance Director as the official responsible for issuing a statement of official intent to reimburse qualifying expenditures with issuance of debt; including bonds, notes, and leases.

Approving this resolution would eliminate one step for future capital projects that are financed with debt proceeds. It is important to note that this proposal does not pre-empt the City Council's legislative decision-making authority. The City Council approves all capital projects and debt issuances in two separate steps, and neither of these processes will change.

RECOMMENDATION

Council is being asked to forward this resolution to the May 20, 2019 Regular Meeting Consent Agenda.

ATTACHMENTS

Draft Resolution

DRAFT

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON, APPOINTING THE FINANCE DIRECTOR FOR THE PURPOSE OF DESIGNATING CERTAIN EXPENDITURES FOR REIMBURSEMENT FROM BONDS THAT MAY BE AUTHORIZED AND APPROVED BY THE CITY FOR ISSUANCE IN THE FUTURE.

WHEREAS, the City of Tukwila, Washington (the “City”) issues tax-exempt obligations, including bonds, notes, and leases from time to time for the purpose of financing its governmental activities; and

WHEREAS, the United States Department of the Treasury has promulgated Regulations limiting the ability of the City to use the proceeds of tax-exempt obligations for reimbursement of prior expenditures; and

WHEREAS, 26 C.F.R. Section 1.150-2 of the Regulations permits the City to appoint one or more officials for the purpose of identifying and qualifying capital projects for reimbursement purposes; and

WHEREAS, any such declaration of official intent to reimburse must not be made as a matter of course or in an amount substantially in excess of the amount expected to be necessary for the proposed project;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON, HEREBY RESOLVES AS FOLLOWS:

Section 1. The City Council hereby appoints and designates the Finance Director a “Designated Official,” as the official responsible for issuing statements of official intent in compliance with Treasury Regulation 26 C.F.R. Section 1.150-2.

Section 2. Upon a determination by the Designated Official that the costs of a particular capital project may be reimbursed from the proceeds of tax-exempt obligations of the City, the Designated Official is authorized and directed to execute a certificate of official intent, substantially in the form attached hereto as Exhibit A. Each

certificate so executed shall become a part of the official records of the City available for public inspection and review.

Section 3. This resolution will take effect from and after its adoption as provided by law.

PASSED BY THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON, at a Regular Meeting thereof this _____ day of _____, 2018.

ATTEST/AUTHENTICATED:

Christy O'Flaherty, MMC, City Clerk

Kathy Hougardy, Council President

APPROVED AS TO FORM BY:

Filed with the City Clerk: _____

Passed by the City Council: _____

Resolution Number: _____

Pacifica Law Group LLP, Bond Counsel

Attachment A: Exhibit A—Form of Official Intent Certificate

EXHIBIT A
FORM OF OFFICIAL INTENT CERTIFICATE

Pursuant to Resolution No. _____ of the City Council of the City of Tukwila, Washington (the "City"), the undersigned, Finance Director of the City, hereby states as follows:

Section 1. The undersigned is a "Designated Official" of the City as defined in Resolution No. _____ for the purposes of this Official Intent Certificate.

Section 2. The City reasonably expects to reimburse the expenditures described herein with the proceeds of debt to be incurred by the City (the "Reimbursement Bonds").

Section 3. The maximum principal amount of Reimbursement Bonds expected to be issued is \$_____.

Section 4. The expenditures with respect to which the City reasonably expects to be reimbursed from the proceeds of Reimbursement Bonds will be made from the City's **[name of fund or account]** for project costs related to the City's **[description of the project]**.

Dated this _____ day of _____, 20_____.

Name

Title



FINANCE COMMITTEE

Meeting Minutes

May 13, 2019 – 5:30 p.m. – Hazelnut Conference Room, City Hall

Councilmembers: Thomas McLeod, Chair; Verna Seal, De'Sean Quinn

Staff: David Cline, Vicky Carlsen, Jeff Friend, Bruce Linton, Jay Wittwer, Laurel Humphrey

CALL TO ORDER: Chair McLeod called the meeting to order at 5:30 p.m.

I. PRESENTATIONS

II. BUSINESS AGENDA

A. Resolution: Appointing the Finance Director as Designated Official for Bond Expenditures



Staff is seeking Council approval of an ordinance that will appoint the Finance Director to designate certain expenditures for reimbursement from bond proceeds. This step currently requires a reimbursement resolution to be adopted by Council, so this will streamline the process by designating the Director to be responsible for issuing a statement of official intent to reimburse qualifying expenditures with issuance of debt. The City Council will still retain its authority to approve the capital project and to issue debt to fund the project. The Committee requested that the memo include additional language to clarify this point. **UNANIMOUS APPROVAL. FORWARD TO MAY 20, 2019 REGULAR CONSENT AGENDA.**

B. March 2019 Departmental Budget-to-Actuals Report

Staff presented the Committee with the March 2019 Financial Report, which describes the general state of departmental expenditures and highlights significant trends. General Fund expenditures totaled \$16.4 million as compared to the allocated budget of \$17.9 million. The allocated budget reflects year-to-date spending patterns of the previous year. 11 of 14 General Fund departments were under their allocated budget. Fire, Street Maintenance & Operations, and Community Development have overages due to pipeline positions and overtime costs, February snow events, and structural code compliance review respectively. Councilmember Quinn asked that the memo be updated to reflect the actual cost associated with the four unbudgeted pipeline positions. The Committee will be presented with a more in-depth review of the Fire Department budget at its next meeting. **DISCUSSION ONLY.**