

# Consent Agenda Item D

- D. CONSIDERATION AND POSSIBLE ACTION – RESOLUTION NO. R2011-124** – A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PEARLAND, TEXAS, DECLARING INTENTION TO REIMBURSE PROJECT EXPENDITURES. *Ms. Claire Bogard, Director of Finance.*

**AGENDA REQUEST  
BUSINESS OF THE CITY COUNCIL  
CITY OF PEARLAND, TEXAS**

<b>AGENDA OF: 10/10/2011</b>	<b>ITEM NO.: Resolution No. R2011-124</b>
<b>DATE SUBMITTED: 9/27/2011</b>	<b>DEPARTMENT OF ORIGIN: Finance</b>
<b>PREPARED BY: Claire Bogard</b>	<b>PRESENTOR: Claire Bogard</b>
<b>REVIEWED BY: Bill Eisen</b>	<b>REVIEW DATE: 9/30/11</b>
<b>SUBJECT: Intent to Reimburse on Fiscal Year 2012 Equipment Purchases from Future Capital Lease Proceeds</b>	
<b>EXHIBITS: Resolution 2011- 124</b>	
<b>EXPENDITURE REQUIRED:</b>	<b>AMOUNT BUDGETED:</b>
<b>AMOUNT AVAILABLE:</b>	<b>PROJECT NO.:</b>
<b>ACCOUNT NO.:</b>	
<b>ADDITIONAL APPROPRIATION REQUIRED:</b>	
<b>ACCOUNT NO.:</b>	
<b>PROJECT NO.:</b>	
<b>To be completed by Department:</b>	
<input checked="" type="checkbox"/> <b>Finance</b> <input checked="" type="checkbox"/> <b>Legal</b> <input type="checkbox"/> <b>Ordinance</b> <input checked="" type="checkbox"/> <b>Resolution</b>	

**EXECUTIVE SUMMARY**

The fiscal year 2012 operating budget included the purchase of certain equipment to be financed through capital lease proceeds. Equipment being funded with capital proceeds is as follows by fund:

**General Fund**

Fire Truck	\$ 550,000
Ambulances*	133,675
Vehicles-Replacement/New	353,560
Computer Equipment	96,700
Vactor Body Tank	<u>88,850</u>
Total	<u>\$1,222,785</u>

\*One replacement and one refurbishment. The City has been awarded a \$35,000 dollar grant towards the replacement of one ambulance which has bought down the short-term financing amount. The City has also applied for an Assistance to Firefighter's Grant for federal funding in the amount of \$64,440 for the refurbishment of an ambulance. If awarded, the City would adjust the amount of financing accordingly.

Departments will be implementing their 2012 operating budgets and planning for their purchases. As the purchases will mostly likely occur before the financing is in place, in order to be reimbursed from future proceeds for expenditures that occur prior to the financing, the City must approve a notice of intent for reimbursement from future proceeds. The notice of intent is not to exceed \$1,300,000.00. Typically the City has waited to proceed with the financing until all the purchases have taken place, in order to finance only the amount that is required.

### **RECOMMENDED ACTION**

Consideration and approval adopting Resolution No. 2011-XXX declaring intention to reimburse equipment expenditures from future capital lease proceeds not to exceed \$1,300,000.00.

**RESOLUTION NO. R2011 -124**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PEARLAND, TEXAS, DECLARING INTENTION TO REIMBURSE PROJECT EXPENDITURES.**

**WHEREAS**, the City is proceeding with its capital equipment acquisition program, the general purpose and function of which is for the acquisition of certain municipal equipment to be owned and used by the City (herein, the "Project"), the maximum aggregate cost of which is expected to be approximately \$1,300,000.00;

**WHEREAS**, the City anticipates providing funds to permanently finance the capital costs of the Project by issuing after the date hereof certain lease-purchase obligations, expected to be entered into by the City in fiscal year 2012 and are currently expected to have a maximum aggregate principal amount of \$1,300,000.00 in 2012 (herein, the "Obligations"), all of which is expected to be used to pay costs of the Project and costs of issuance of the Obligations;

**WHEREAS**, no funds of the City are, or are reasonably expected to be, allocated, reserved, or otherwise set aside in the City's budget on a long-term basis to pay the costs of the Project;

**WHEREAS**, the Obligations will be payable from debt service taxes levied, assessed and collected by the City for the Obligations;

**WHEREAS**, the City anticipates that no more than 60 days prior to the date hereof and prior to the issuance of the Obligations, it will be obligated to pay certain costs constituting expenditures properly chargeable to a capital account (under general federal income tax principles) in connection with the Project, including expenditures for the equipment listed on Exhibit A hereto as "Expenditures";

**RESOLUTION NO. R2011-124**

**WHEREAS**, the money to be used to pay the Expenditures described in this Resolution is in the City's General Fund, the general purpose and function of which is to pay general operating and maintenance expenditures of the City and such money is not appropriated for any other purpose;

**WHEREAS**, the City reasonably expects that the City will be reimbursed for the Expenditures with proceeds of the Obligations; and

**WHEREAS**, after the issuance of the Obligations, the City will: (1) evidence each allocation of proceeds of the Obligations to the reimbursement of the Expenditures with separate entries in its books and records maintained with respect to the Obligations, and (2) identify in each such entry the actual prior Expenditures being reimbursed or the fund from which the Expenditures were made; now therefore,

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PEARLAND, TEXAS:**

**Section 1.** The City Council hereby adopts the findings set out in the preamble hereof and declares its intent within the meaning of Treasury Regulation § 1.150-2, as promulgated under the Internal Revenue Code of 1986, as amended, to issue approximately \$1,300,000.00 principal amount of Obligations, all of which will be used to pay the costs of the Project or to reimburse the City for the Expenditures paid in connection with the Project prior to the issuance of the Obligations and to pay costs of issuance of the Obligations.

**Section 2.** The City will maintain this Resolution at the office of the City at 3519 Liberty Drive, Pearland, Texas 77581 and make it continuously available for inspection by the general public during normal business hours on business days beginning within 30 days after the date of this Resolution.

**RESOLUTION NO. R2011-124**

PASSED, APPROVED and ADOPTED this the \_\_\_\_ day of \_\_\_\_\_,  
A.D., 2011.

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TOM REID  
MAYOR

ATTEST:

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YOUNG LORFING, TRMC  
CITY SECRETARY

APPROVED AS TO FORM:

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DARRIN M. COKER  
CITY ATTORNEY

## **Exhibit A**

### **Description of Expenditures To Be Reimbursed**

Technology Equipment

Police, EMT, and City Department Vehicles

Vactor Debris Body and Rear Door