



Legislation Text

File #: 18-0889, **Version:** 1

DATE: August 23, 2018

TO: Board of Mayor and Aldermen

FROM: Eric Stuckey, City Administrator
Kristine Tallent, Assistant City Administrator/Chief Financial Officer

SUBJECT:

Consideration of Resolution 2018-71, a Resolution for Reimbursement of Certain Project Expenditures to be Funded from General Obligation Bond Proceeds. (09/13/18 Finance 4-0)

Purpose

The purpose of this memo is to provide information to the Franklin Board of Mayor and Aldermen (BOMA) concerning the reimbursement of expenses for uses of the proposed Series 2019 General Obligation Bonds.

Background

The Internal Revenue Service (Treasury Reg. §1.150-2) requires that a reimbursement resolution be passed by the governing body in order to qualify for bond proceeds to be used to reimburse for project expenses made prior to bond issuance. Because the City is planning to issue bonds or other borrowings for certain capital expenditures, including the purchase of police vehicles and fire apparatus, it is necessary for the City to adopt such a resolution.

Financial Impact

The reimbursement resolution does not, in itself, have any direct financial impact and does not require issuance of future bonds. It does allow for the City to pay itself back from a bond issue for expenses incurred prior to issuance of the bonds. The total project amount listed in the resolution of \$41.3 million is the maximum amount allowable for the Series 2019 issuance. However, the City may choose to issue a lower amount, which will be established by a Bond Resolution to be considered by the Board of Mayor and Alderman in early 2019.

Recommendation

Staff recommends approval of the Resolution.