

STATEMENT OF BUDGET IMPACT
(Policy Number 94-45)
Budgetary Review of Proposed Resolution &
Ordinances with Financial Implication.

Date: December 20, 2018

File: BIS 19 – 066

File: TMP-2018-775

Proposed Legislation:

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF HOLLYWOOD, FLORIDA, RELATING TO A DEBT FINANCING FOR THE PURCHASE OF CERTAIN REAL PROPERTIES LOCATED WITHIN THE CITY OF HOLLYWOOD, AUTHORIZING A DECLARATION OF OFFICIAL INTENT UNDER U.S. TREASURY REGULATIONS WITH RESPECT TO REIMBURSEMENTS FROM THE PROCEEDS OF THE DEBT FINANCING FOR TEMPORARY ADVANCES MADE FOR PAYMENT PRIOR TO ISSUANCE, AND RELATED MATTERS

Statement of Budget Impact:

1. No Budget Impact associated with this action;
2. Sufficient budgetary resources identified/available;
3. Budgetary resources not identified/unavailable;
4. Potential Revenue is possible with this action;
5. Will not increase the cost of Housing;
6. May increase the cost of Housing; (CDAB review required)

Explanation:

This Resolution seeks authorization permitting the appropriate City Officials to declare the City's official intent, under applicable regulations of the United States Treasury, with respect to the reimbursement of City funds from proceeds of a debt financing where said City funds were used to make payments by the City for costs associated with the FY 19 Capital Improvement Program, made prior to the debt financing. The FY 19 CIP includes:

- Enterprise Resource Solution (ERP)
- Radio System to Support Local Government
- Alerting System at Fire Stations

United States Treasury regulations at §1.150-2, known as the Reimbursement Regulations, prescribe conditions under which proceeds of the debt financing used to reimburse advances made for capital and certain other expenditures (known as “original expenditures”) paid before the date of the debt financing will be deemed to be expended (or properly allocated to expenditures) for purposes of §§103 and 141-150 of the Internal Revenue Code of 1986, as amended, so that the proceeds so used will no longer be subject to the requirements or restrictions under the above-cited sections of the Internal Revenue Code. The Reimbursement Regulations require a Declaration of Official Intent for the use of debt proceeds as reimbursement to the City no later than sixty (60) days following payment of the Original Expenditures expected to be reimburse from the debt proceeds. Furthermore, the reimbursement must occur within a certain prescribed time period after an Original Expenditure is paid or after the property resulting from the Original Expenditure is placed into service.

The amount of the debt proceeds to be raised from which reimbursement will be made for the costs of the above referenced capital improvement projects is \$5,700,000.

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