

October 20, 2022

MEMORANDUM TO: Honorable Mayor and City Council

THRU: Charles P. Potucek
City Manager

FROM: David J. Felix, CPA
Chief Financial Officer

SUBJECT: REQUEST FOR AGENDA ITEM PLACEMENT
RESOLUTION 2022-072, Official Intent to be Reimbursed
for Certain Capital expenditures

RECOMMENDATION

The City Manager recommends approval.

INITIATED BY

David J. Felix, Chief Financial Officer

BACKGROUND

Federal Treasury regulations require that the City pass a resolution indicating its intent to reimburse itself for capital expenditures it makes, if the expenditures take place before the related financing is in place. This resolution fulfills this requirement and covers vehicles, equipment, buildings, and land listed in Schedule C – Lease Purchase Financing on page 91 of the FY2023 Tentative Budget Book, plus the two ambulances.

The ambulances have been added to the resolution due to the needed change order in the Schneider Contract for the alterations in the tennis courts. The cash that was going to be used to pay for the ambulances will be used for the change order. The financing will be completed in June 2023.

RESOLUTION 2022-072

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF SIERRA VISTA, COCHISE COUNTY, ARIZONA; DECLARING, FOR THE PURPOSES OF SECTION 1.150-2 OF THE FEDERAL TREASURY REGULATIONS, OFFICIAL INTENT TO BE REIMBURSED IN CONNECTION WITH CERTAIN CAPITAL EXPENDITURES, AND DIRECTING THE CITY MANAGER, CITY CLERK, CITY ATTORNEY OR THEIR DULY AUTHORIZED OFFICERS AND AGENTS TO TAKE ALL STEPS NECESSARY TO CARRY OUT THE PURPOSES AND INTENT OF THIS RESOLUTION.

WHEREAS, the City of Sierra Vista, Arizona, a municipal corporation of the State of Arizona (hereinafter referred to as the "City"), is authorized and empowered pursuant to law to issue or cause to be issued obligations to finance the costs of various capital facilities owned or to be owned by the City; and

WHEREAS, Federal Treasury regulations require a reimbursement resolution for certain items before financing is in place; and

WHEREAS, it is contemplated that certain expenditures made by the City with regard to capital assets and improvements owned, or to be owned, by the City will be reimbursed from the proceeds of obligations to be issued in the future by or on behalf of the City;

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF SIERRA VISTA, ARIZONA, AS FOLLOWS:

SECTION 1

Definitions. The following terms shall have the meanings assigned thereto as follows:

"Official intent" means a declaration of intent of the City to reimburse an original expenditure with proceeds of an obligation.

"Original expenditure" means an expenditure for a governmental purpose that is originally paid from a source other than a reimbursement bond.

"Reimbursement bond" means the portion of an issue of obligations allocated to reimburse an original expenditure that was paid before the issue date of such issue.

SECTION 2

Official Intent. This Resolution is official intent relating to reimbursement for the original expenditures indicated in Schedule C hereto which are capital expenditures (being any cost of a type that is properly chargeable to a capital account (or would be so chargeable with a proper election) under general federal income tax principles).

SECTION 3

Project Descriptions. The projects for which such original expenditures are to be paid are for are described on Schedule A attached hereto and the maximum principal amount of obligations to be issued for such projects is \$5,232,000.

SECTION 4

Reasonableness of Official Intent. On the date of this Resolution, the City has a reasonable expectation (being that a prudent person in the same circumstances as the City would have based on all the objective facts and circumstances) that it will reimburse such original expenditures with proceeds of such obligations. (Official intents have not been declared by the City as a matter of course or in amounts substantially in excess of the amounts expected to be necessary for such project. Moreover, the City does not have a pattern (other than in extraordinary circumstances) of failure to reimburse actual original expenditures covered by official intents.)

SECTION 5

Reimbursement Period. With certain exceptions, an allocation in writing that evidences use of proceeds of the reimbursement bonds to reimburse the original expenditures shall be made not later than 18 months after the latter of the date that the original expenditure is paid or the date the project is "placed in service," but in no event more than 3 years after the original expenditure is paid.

SECTION 6

Public Record. This Resolution shall be included as of the date hereof in the publicly available official records of the City, such records being maintained and supervised by the Clerk of the City, being the main administrative office of the City, and shall remain available for public inspection on a reasonable basis.

SECTION 7

The City Manager, City Clerk, City Attorney, or their duly authorized officers and agents are hereby authorized and directed to take all steps necessary to carry out the purposes and intent of this Resolution.

PASSED AND ADOPTED BY THE MAYOR AND CITY COUNCIL OF THE
CITY OF SIERRA VISTA, ARIZONA, THIS 27th DAY OF OCTOBER 2022.

FREDERICK W. MUELLER
Mayor

ATTEST:

JILL ADAMS
City Clerk

APPROVED AS TO FORM:

NATHAN WILLIAMS
City Attorney

PREPARED BY:
DAVID J. FELIX, CPA
Chief Financial Officer

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Schedule C
FY23- Lease Purchase Financing

1. General Fund	
Abulance (2)	\$ 650,000
Down Payment	\$ 65,000
Finance Amount -Airport	\$ 585,000
2. HURF Fund	
1/2 Ton P/U	\$ 50,000
3/4 Ton P/U	\$ 45,000
3/4 Ton Safety Cone truck	\$ 183,000
Tractor	\$ 90,238
Seal truck	\$ 286,000
BST Grant Match	\$ 5,000,000
Wilcox Grant Match	\$ 441,285
Fry Blvd Grant Martch	\$ 1,480,687
7th Street Grant Match	\$ 458,909
Down Payment	\$ 65,424
Finance Amount-HURF	\$ 7,969,695
3. Airport Fund	
Hangars	\$ 3,500,000
Down Payment	\$ -
Finance Amount -Airport	\$ 3,500,000
4. CIF	
Schneider Phase II	\$ 24,750,000
Fry Property	\$ 1,210,000
Finance Amount - CIF	\$ 25,960,000
5. Refuse Fund	
2 Side loader refuse trucks	\$ 780,576
Sludge Row Turner	\$ 60,000
Trenching Truck	\$ 60,000
Down Payment	\$ 90,058
Finance Amount-Sewer Fund	\$ 810,518
Total Lease Purchase Finance Amount	\$ 38,825,213