



## CITY COUNCIL ACTION FORM

DEPARTMENT	PRESENTED BY	DATE
Finance	Aimee Tihonovich - Finance Director	April 4, 2023

### **ITEM**

Item 2023-16 Reimbursement of Expenditures from the Proceeds of Certificates of Participation by the City

### **BACKGROUND**

The City plans to issue Certificates of Participation (COP) in order to finance the construction of a new fire station. COPs are tax-exempt lease financing agreements that are exempt from citizen vote according to TABOR requirements. Annually appropriated rental payments under a lease/purchase certificate of participation financing will be made with existing revenue streams and will not increase taxes or fees.

Certain costs for the fire station have been and will continue to be incurred prior to the issuance of the COPs. Land, architectural and design fees, and other preliminary costs can be significant costs of the project incurred prior to incurring the obligation. Passing this resolution gives the City the option to reimburse itself from proceeds of the anticipated COP issuance if that proves to be the most fiscally responsible option.

### **FISCAL NOTE**

Upon discussion with the Finance Committee, the recommended amount of reimbursement allowed by this resolution is up to \$3 million.

### **STAFF RECOMMENDATION**

Staff recommends approval of this motion.

### **SUGGESTED MOTION**

A Council person should make the motion to "Approve Resolution 2023-16 to allow for reimbursement of expenditures related to the Fire Station project from the proceeds of the Certificates of Participation."

**CITY OF SALIDA, COLORADO  
RESOLUTION NO. 16  
SERIES OF 2023**

**DECLARING THE OFFICIAL INTENT OF THE CITY OF SALIDA, COLORADO  
TO REIMBURSE CERTAIN EXPENDITURES FROM THE PROCEEDS OF  
CERTIFICATES OF PARTICIPATION TO BE ISSUED BY THE CITY**

**WHEREAS**, the Internal Revenue Service has issued Treas. Reg. § 1.150-2 (the “Reimbursement Regulations”) providing that proceeds of tax-exempt obligations used to reimburse prior expenditures will not be deemed spent unless certain requirements are met; and

**WHEREAS**, the City of Salida, Colorado (the “City”) expects to incur certain expenditures that may be funded temporarily from sources other than tax-exempt obligations, and reimbursed from the proceeds of a subsequent issuance of tax-exempt certificates of participation;

**WHEREAS**, the City has determined to make this declaration of intent (“Declaration”) to reimburse certain costs from the proceeds of tax-exempt certificates of participation in accordance with the Reimbursement Regulations.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SALIDA AS FOLLOWS:**

1. The City intends to construct a new fire station within the City (the “Project”), with architectural planning, engineering, and other preliminary work occurring in 2023 and physical construction occurring in 2023 and 2024.

2. The City reasonably expects to reimburse the expenditures made for certain costs of the Project from the proceeds of tax-exempt certificates of obligation in an estimated maximum amount of \$3 million. All reimbursed expenditures will be capital expenditures or other expenditures eligible for reimbursement under Section 1.150-2(d)(3) of the Reimbursement Regulations.

3. This Declaration has been made not later than 60 days after payment of any original expenditure to be subject to a reimbursement allocation with respect to the proceeds of certificates, except for the following expenditures: (a) costs of debt issuance; (b) costs in an amount not in excess of \$100,000 or 5 percent of the proceeds of an issue; or (c) “preliminary expenditures” up to an amount not in excess of 20 percent of the aggregate issue price of the issue or issues that finance or are reasonably expected by the City to finance the project for which the preliminary expenditures were incurred. The term “preliminary expenditures” includes architectural, engineering, surveying, and similar costs that are incurred prior to commencement of acquisition, construction or rehabilitation of a project, other than land acquisition, site preparation, and similar costs incident to commencement of construction.

4. This Declaration is an expression of the reasonable expectations of the City based on the facts and circumstances known to the City as of the date hereof. The anticipated original expenditures for the Project and the principal amount of the certificates described in paragraph 2 are consistent with the City’s budgetary and financial circumstances. No sources other than proceeds of certificates to be issued by the City are, or are reasonably expected to be, reserved, allocated on a long-term basis, or otherwise set aside pursuant to the City’s budget or financial policies to pay such Project expenditures.

5. This Declaration is intended to constitute a declaration of official intent for purposes of the Reimbursement Regulations.

Approved by the Salida City Council this 4th day of April 2023.

CITY OF SALIDA, COLORADO

By: \_\_\_\_\_  
Mayor Dan Shore

(SEAL)  
ATTEST:

\_\_\_\_\_  
City Clerk/Deputy City Clerk