

RESOLUTION #2017-004

A RESOLUTION RELATING TO REIMBURSEMENT OF APPROPRIATE COSTS IN THE FINANCING OF THE COST OF IMPROVEMENTS TO THE CITY'S WASTEWATER SYSTEM

WHEREAS, the Internal Revenue Service has issued Section 1.150-2 of the Treasury Regulation (the "Regulations") dealing with the issuance of owner or issuer tax-exempt bonds, all or a portion of the proceeds of which are to be used to reimburse the owner or issuer for project expenditures made by the owner or issuer prior to the date of issuance of such bonds; and,

WHEREAS, the Regulations generally require that the owner or issuer make a declaration (no later than 60 days after payment of the original expenditures) of its official intent to reimburse itself for such expenditures out of the proceeds of a subsequently issued borrowing, that the borrowing occur and the reimbursement allocation be made from the proceeds of such borrowing within eighteen months of the original expenditure or the date the project is placed in service, and that the expenditure be a capital expenditure or cost of issuance; and,

WHEREAS, the City Council (the "Council") of the City of Polson (the "City") as an owner desires to comply with requirements of the Regulations with respect to its capital cost to design, construct and finance the City's new wastewater treatment plant and equipment (the "Project").

NOW, THEREFORE BE IT RESOLVED, by the City Council that other than (i) expenditures to be paid or reimbursed from sources other than the anticipated tax-exempt financing or (ii) expenditures constituting preliminary expenditures as defined in Section 1.150-2(f)(2) of the Regulations, no expenditures (other than engineering related) for the Project have heretofore been made by the owner or issuer and no Project expenditures will be made by the owner or issuer unless as contemplated by this Resolution; and,

BE IT FURTHER RESOLVED, the City Council anticipates the issuance of approximately \$14,282,020 of tax-exempt bonds (the "Bonds") to finance the Project through the issuance of such bonds by the City, pursuant to Title 7, Chapter 7, Part 44 and Title 75, Chapter 5, Part 11 Montana Code Annotated. The City Commission expects to reimburse some expenditures made for the Project from the proceeds of the Bonds. All reimbursed expenditures shall be expenditures authorized to be reimbursed by Section 1.150-2; and,

BE IT FINALLY RESOLVED, that:

The Finance Officer shall be responsible for making “reimbursement allocations” described in the Regulations, being generally the transfer of the appropriate amount of the Bond proceeds to reimburse the source of the original expenditure. Each allocation shall be evidenced by an entry on the official books and records of the City maintained for the Bonds, shall specifically identify the actual prior expenditure being reimbursed or, in the case of reimbursement of a fund or account, the fund or account from which the expenditure was paid, and shall be effective to relieve the proceeds of the Bonds from any restriction under the bond resolution or other relevant legal documents for the Bonds, and under any applicable state statute, which would apply to the unspent proceeds of the Bonds.

DATED this 22nd day of February, 2017.

CITY OF POLSON

Mayor

ATTEST:

City Clerk

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