

RESOLUTION NO. \_\_\_\_

DECLARING THE OFFICIAL INTENT OF THE  
CITY OF \_\_\_\_\_,  
TO REIMBURSE  
CERTAIN EXPENDITURES FROM THE PROCEEDS OF BONDS;  
AND DESIGNATING AN AUTHORIZED  
REPRESENTATIVE TO MAKE DECLARATIONS OF OFFICIAL INTENT  
ON BEHALF OF THE CITY

WHEREAS, the Internal Revenue Service has issued Treas. Reg. ' 1. 150-2 providing that proceeds of tax-exempt bonds used to reimburse prior expenditures will not be deemed spent unless certain requirements are met; and

WHEREAS, the City of \_\_\_\_\_ expects to incur certain expenditures which may be financed temporarily from sources other than bonds, and reimbursed from the proceeds of a bond;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF \_\_\_\_\_ AS FOLLOWS:

1. The City reasonably intends to make expenditures for the acquisition and betterment of utility equipment, plant, systems and facilities of the City of \_\_\_\_\_ which are generally described in Exhibit A attached hereto, hereinafter, the AProject,@ and reasonably intends to reimburse itself for such expenditures from the proceeds of bonds to be issued by the Midwest Consortium of Municipal Utilities (“MCMU”), a joint venture by utilities to be organized as a Minnesota nonprofit corporation pursuant to Minnesota Statutes section 452.25, under MCMU’s Minnesota Municipal Utilities Association pooled finance program. The maximum principal amount of such debt reasonably expected to be issued for the Project will not exceed \$\_\_\_\_\_, the proceeds of which will be loaned by MCMU to the City pursuant to a loan agreement or lease or similar conduit financing arrangement.

2. This resolution 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 reimbursements are consistent with the City's budgetary and financial circumstances. No sources other than proceeds of bonds to be issued by the MCMU 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 original expenditures. The City has not adopted any allocation, budget, or restriction of moneys or adoption of a requirement or policy to reimburse a fund, the primary purpose of which is to prevent moneys from being available to pay an original expenditure the City intends to reimburse with proceeds of a borrowing.

3. This resolution is intended to constitute a declaration of official intent for purposes of Treas. Reg. ' 1.150-2 and any successor law, regulation, or ruling.

4. The allocation of proceeds of the bonds to be issued to any Project original expenditures will be made not later than 18 months after the later of (i) the date the expenditure was paid or (ii) the date the property was placed in service or the project is abandoned, but in no event more than three years after the expenditure is paid (subject to the application of Treas. Reg. § 1.150-2(d)(2)(ii)).

5. The Project original expenditures to be reimbursed from proceeds of the bonds shall be capital expenditures, costs of issuance of the bonds, or other expenditures eligible for reimbursement under Treas. Reg. ' 1.150-2(d)(3).

6. Other than (i) expenditures to be paid or reimbursed from sources other than proceeds of the bonds, (ii) expenditures constituting preliminary expenditures within the meaning of Treas. Reg. ' 1.150-2(f)(2), or (iii) expenditures in a "de minimis" amount (as defined in Treas. Reg. ' 1.150-2(f)(1)), no original expenditures for the Project have been paid by the City more than 60 days prior to the date of this resolution.

7. Proceeds of the bonds issued to reimburse the Project original expenditures will be deemed spent only when (i) an allocation entry is made on the books or records of the City with respect to the proceeds of the bonds; (ii) the entry identifies an actual expenditure to be reimbursed, or where the Project is described as a fund or account, the fund or account from which the expenditure was paid; and (iii) the allocation is effective to relieve the bond proceeds from restrictions on unspent proceeds under applicable documents and state laws.

8. None of the proceeds of the bonds issued to reimburse the City for the Project=s original expenditures will be used within one year of the allocation (i) to refund another governmental obligation or (ii) to create or increase the balance in a sinking fund or replace funds used for such purpose, or (iii) to create or increase the balance in a reserve or replacement fund or replace funds used for such purposes; or will be used at any time to reimburse any person or entity (other than the City) for expenditures originally paid with the proceeds of an MCMU obligation or a City obligation (excluding a City inter-fund borrowing); unless (i) such amounts are deposited in a bona fide debt service fund or are used to pay debt service in the next one-year period on any MCMU obligation or City obligation other than the reimbursement bond, or (ii) the original issue was not reasonably expected to be used to finance the expenditure.

9. No action or inaction by the City with respect to the allocation of bond proceeds to reimbursement of Project original expenditures will be an artifice or device to avoid, in whole or in part, arbitrage yield restrictions or arbitrage rebate requirements.

10. The \_\_\_\_\_ of the City is hereby designated as the authorized representative of the City to declare in writing, in such form as may be approved by the City Council of the City of \_\_\_\_\_ and MCMU bond counsel, the official intent of the City

from time to time to reimburse original expenditures for the Project from proceeds of debt to be issued by MCMU or by the City, for purposes of and in accordance with Treas. Reg. ' 1.150-2.

Approved by the City Council of the City of \_\_\_\_\_ this \_\_\_\_ day of \_\_\_\_\_, 200\_\_\_\_.

\_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT A**

Description of Project

Acquisition of [DESCRIBE CAPITAL PROJECTS, IMPROVEMENTS AND/OR EQUIPMENT]

Installation of [DESCRIBE CAPITAL PROJECTS, IMPROVEMENTS AND/OR EQUIPMENT]

Improvements to [DESCRIBE CAPITAL PROJECTS, IMPROVEMENTS AND/OR EQUIPMENT]

Other improvements to the utility systems and facilities as part of the City of \_\_\_\_\_ Capital Improvement Program

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