

RESOLUTION NO. 613

A RESOLUTION OF THE CITY OF WHITE SULPHUR SPRINGS, MONTANA, RELATING TO REIMBURSEMENT OF APPROPRIATE COSTS IN THE FINANCING OF THE COST OF WATER SYSTEM IMPROVEMENTS TO THE CITY'S WATER 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 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, 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 the expenditure be a capital expenditure or cost of issuance; and,

WHEREAS, the City Council of the City of White Sulphur Springs, Montana, (the "Council") as an owner desires to comply with requirements of the Regulations with respect to its capital cost to remove old water main lines and replace them with new water main lines, (the "Project").

NOW, THEREFORE BE IT RESOLVED, by the 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 (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 Council anticipates the issuance of approximately \$200,000 of tax-exempt bonds (the "Bond") to finance the Project through the issuance of such Bond by the City, pursuant to Title 7, Chapter 7, Part 44 of the Montana Code Annotated. The Council expects to reimburse some expenditures made for the Project from the proceeds of the Bond. All reimbursed expenditures shall be expenditures authorized to be reimbursed by Section 1.150-2; and,

BE IT FINALLY RESOLVED:

The City Clerk 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 Bond, 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 Bond from any restriction under the bond resolution or other relevant legal documents for the Bond, and under any applicable state statute, which would apply to the unspent proceeds of the Bond.

This measure is effective upon passage.

**PASSED** by the City Council of the City of White Sulphur Springs, Montana, on first reading at a regular session thereof held on the 7<sup>th</sup> day of October, 2019.

CITY OF WHITE SULPHUR SPRINGS



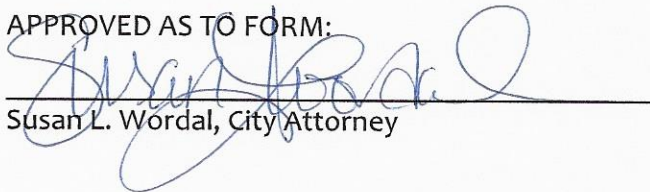
\_\_\_\_\_  
Rick Nelson, Mayor

ATTEST:



\_\_\_\_\_  
City Clerk

APPROVED AS TO FORM:



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Susan L. Wordal, City Attorney