

RESOLUTION NO. _____ (N.C.S.)

**RESOLUTION OF THE CITY COUNCIL OF
THE CITY OF SALINAS REGARDING ITS
INTENTION TO ISSUE TAX-EXEMPT
OBLIGATIONS**

WHEREAS, the City Council of the City of Salinas (the “City”) desires to finance the costs of acquiring, constructing, reconstruction and/or equipping of public infrastructure facilities as provided in Exhibit A (the “Project”); and

WHEREAS, the City intends to finance the acquisition, construction, reconstruction and/or equipping of the Project or portions of the Project with the proceeds of the sale of bonds or other forms of debt by Community Facilities District No. 2016-1 (Monte Bella) of the City of Salinas, the interest upon which is excluded from gross income for federal income tax purposes (the “Obligations”); and

WHEREAS, prior to the issuance of the Obligations the City desires to incur certain capital expenditures (the “Expenditures”) with respect to the Project from available moneys of the City including developer impact fees; and

WHEREAS, the City Council has determined that those moneys to be advanced to pay the Expenditures are available only for a temporary period and it is necessary to reimburse the City for the Expenditures from the proceeds of the Obligations.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SALINAS DOES HEREBY RESOLVE, ORDER, AND DETERMINE AS FOLLOWS:

SECTION 1. The City hereby states its intention and reasonably expects to reimburse Project costs incurred prior to the issuance of the Obligations with proceeds of the Obligations. Exhibit A describes the general character, type, purpose, and function of the Project.

SECTION 2. The reasonably expected maximum principal amount of the Obligations is \$1,800,000.

SECTION 3. This resolution is being adopted not later than 60 days after the payment of the original Expenditures (the “Expenditures Dates or Dates”).

SECTION 4. The City will make a reimbursement allocation, which is a written allocation that evidences the City’s use of proceeds of the Obligations to reimburse an Expenditure, no later than 18 months after the later of the date on which the Expenditure is paid or the Project is placed in service or abandoned, but in no event more than three years after the date on which the Expenditure is paid. If both the City and a licensed architect or engineer certify that at least 5 years is necessary to complete construction of the Project, the maximum reimbursement period is changed from 3 years to 5 years.

SECTION 5. Each Expenditure will be either (a) of a type properly chargeable to a capital account under general federal income tax principles (determined in each case as of the date of the

Expenditure), (b) a cost of issuance with respect to the Obligations, (c) a nonrecurring item that is not customarily payable from current revenues, or (d) a grant to a party that is not related to or an agent of the City so long as such grant does not impose any obligation or condition (directly or indirectly) to repay any amount to or for the benefit of the City.

SECTION 6. This resolution is consistent with the budgetary and financial circumstances of the City, as of the date hereof. No moneys from sources other than the Obligations are, or are reasonably expected to be reserved, allocated on a long-term basis, or otherwise set aside by the City (or any related party) pursuant to their budget or financial policies with respect to the Project costs. To the best of our knowledge, this City Council is not aware of the previous adoption of official intents by the City that have been made as a matter of course for the purpose of reimbursing expenditures and for which tax-exempt obligations have not been issued.

SECTION 7. This resolution is approved as official action of the City in order to comply with Treasury Regulation §1.150-2 and any other regulations of the Internal Revenue Service relating to the qualification for reimbursement of City expenditures incurred prior to the date of issue of the Obligations.

SECTION 8. The limitations described in Section 3 and Section 4 do not apply to (a) costs of issuance of the Obligations, (b) an amount not in excess of the lesser of \$100,000 or five percent (5%) of the proceeds of the Obligations, or (c) any preliminary expenditures, such as architectural, engineering, surveying, soil testing, and similar costs other than land acquisition, site preparation, and similar costs incident to commencement of construction, not in excess of twenty percent (20%) of the aggregate issue price of the Obligations that finances the Project for which the preliminary expenditures were incurred.

SECTION 9. All the recitals in this resolution are true and correct and this City Council so finds, determines and represents.

PASSED AND APPROVED this 4th day of April, 2017 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Joe Gunter, Mayor

ATTEST:

Patricia M. Barajas, City Clerk

STATE OF CALIFORNIA)
)ss
_____COUNTY)

I, _____, do hereby certify that the foregoing is a true and correct copy of Resolution No. _____, which was duly approved by the City Council of the City of Salinas at meeting thereof held on the 4th day of April, 2017, and that it was so adopted by the following vote:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

By _____
City Clerk

Exhibit A

Description of Project

The Project consists of traffic improvements, sanitary sewer improvements and storm sewer improvements eligible to be financed with development impact, connection and capacity fees of the City imposed on development within Community Facilities District No. 2016-1 (Monte Bella) of the City of Salinas.