

## **RESOLUTION NO. 2023-05**

### **RESOLUTION OF THE BOARD OF DIRECTORS OF THE LINCOLN SMD-1 WASTEWATER AUTHORITY DECLARING INTENTION TO ISSUE TAX-EXEMPT SECURITIES TO BE USED TO REIMBURSE THE LINCOLN SMD-1 WASTEWATER AUTHORITY FOR EXPENDITURES TO BE MADE PRIOR TO THE ISSUANCE OF SUCH SECURITIES**

**WHEREAS**, the Board of Directors (“Board”) of the Lincoln SMD-1 Wastewater Authority (“LiSWA” or “Authority”) desires to finance the costs of certain wastewater facility and infrastructure Project and facilities, as described in Exhibit “A” attached hereto and incorporated herein by this reference (“Project”); and

**WHEREAS**, the Authority currently intends to fund all or a portion of the costs of the Project with proceeds obtained through the issuance of securities in one or more series the interest upon which is excluded from gross income for federal income tax purposes for the purposes of, among others, design, construction, installation and completion of the Project as authorized pursuant to the provisions of the California Constitution and applicable law (collectively, the “Securities”); and

**WHEREAS**, prior to the issuance of the Securities, the Authority anticipates it will incur certain expenditures (“Original Expenditures”) with respect to the Project from available monies such as the Authority’s general fund, the capacity charge funds and accounts, funds held for construction of various facilities to benefit the Authority, or monies from other Authority funds or accounts utilized to pay such costs, which Original Expenditures the Authority desires and intends to reimburse with the proceeds of the Securities once issued; and

**WHEREAS**, the Authority Board desires that any and all such Original Expenditures be reimbursed, to the extent of available proceeds, from proceeds of the Securities; and

**WHEREAS**, the Authority Board desires to set forth a procedure pursuant to Federal Treasury Regulations Section 1.150-2 (“Regulation 1.150-2”) for the qualification for reimbursement of the Original Expenditures incurred prior to the date of issuance of the Securities; and

**WHEREAS**, Regulation 1.150-2 provides that certain of its general operating rules for reimbursement of Original Expenditures do not apply to: (i) the costs of issuance of any bond or (ii) an amount not in excess of the lesser of one hundred thousand dollars (\$100,000) or five percent (5%) of the proceeds of the issue (“De Minimis Exception”); and

**WHEREAS**, Regulation 1.150-2 provides that certain of its general operating rules for reimbursement of Original Expenditures do not apply to preliminary expenditures (defined therein as including architectural, engineering, surveying, soil testing, reimbursement of bond issuance, and similar costs that are incurred prior to commencement of the acquisition, construction or completion of a project, other than land acquisition, site preparation, and similar costs incidental to commencement of construction) up to an amount not in excess of twenty percent (20%) of the

issue or issues that finance or are reasonably expected to finance a project for which preliminary expenditures were incurred (“Preliminary Expenditure Exception”),

**NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE LINCOLN SMD-1 WASTEWATER AUTHORITY DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:**

**Section 1.** The foregoing recitals are each true and correct and are incorporated herein.

**Section 2.** The Authority intends and reasonably expects that the Original Expenditures incurred prior to the issuance of the Securities proposed to be reimbursed from the proceeds of the Securities will include expenditures for the Project (or a portion of the Project) set forth in Exhibit “A,” which describes the name, purpose and function of the various wastewater facilities comprising the Project.

**Section 3.** The reasonably expected maximum principal amount of the Securities to be issued to fund the Project is approximately \$32,500,000, and the reasonably expected maximum principal amount of the portion of the Securities to be issued which may be used to reimburse the Original Expenditures made with respect to the Project is \$32,500,000.

**Section 4.** This Resolution is being adopted prior to, or within 60 days after, the payment of the Original Expenditures. This Resolution, and its directives, are subject to those exceptions provided for in the Treasury Regulations relating to preliminary expenditures such as planning, design, engineering work and similar costs incurred prior to the commencement of acquisition, construction or rehabilitation of a project, but excluding land acquisition, site preparation and similar costs incident to commencement of construction.

**Section 5.** Notwithstanding any statement made in this Resolution or pursuant to this Resolution to the contrary, no Original Expenditure shall be reimbursed from the proceeds of the Securities unless the reimbursement allocation from such Bond proceeds is made within 18 months after the later of:

- (i) the date the Original Expenditure is paid; or
- (ii) the date the Project are placed into service or abandoned, but in no event more than three years after the Original Expenditure is paid.

**Section 6.** This Resolution is consistent with the budgetary and financial circumstances of the Authority as of the date of adoption of this Resolution. No monies from any sources other than the Securities are, or are reasonably expected to be reserved, allocated on a long term basis, or otherwise set aside by the Authority (or any related party) pursuant to its budget or financial policies with respect to Original Expenditure for the Project.

**Section 7.** As a means of streamlining the process for designation of Original Expenditures of Authority funds as subject to reimbursement from the proceeds of the Securities, the Board directs that the following procedures may be used for such designation:

(a) For each Original Expenditure, Authority staff may complete a memorandum (in some instances referred to as an “Original Expenditure Memorandum”), in a form set forth as Exhibit “B” attached and incorporated in this Resolution by this reference, which includes the following terms:

- (i) a designation that Original Expenditures shall be subject to reimbursement from the proceeds of the Securities;
- (ii) a statement of the reasonably expected maximum principal amount of the Securities to be issued to finance the applicable Project(s);
- (iii) the expected date of the issuance of the Securities will be within 18 months of the later of: (i) the date the Original Expenditure is paid, or (ii) the date the Project(s) are placed into service or abandoned; but, in no event more than three years after the Original Expenditure is paid;
- (iv) the Original Expenditure is consistent with the budgetary and financial circumstances of the Authority as of the date made;
- (v) to the best knowledge of the preparer of the Original Expenditure Memorandum, the Original Expenditure was not previously designated as subject to reimbursement from the proceeds of any tax exempt financing of the Authority or any of its subsidiary or related entities; and
- (vi) identification of the funds to be expended and from which fund(s) or account(s) such funds will be drawn.

(b) References to this Resolution by number and date of adoption.

(c) Following approval by the General Manager or his designee(s), all Original Expenditure Memoranda shall be retained by the designated business official of the Authority as part of the Authority’s records, and shall be available for public review during regular business hours.

**Section 8.** This Resolution is adopted as a declaration of intent of the Authority pursuant to Section 1.150-2 and any other Treasury Regulations relating to qualification for reimbursement of Original Expenditures incurred prior to the date of issuance of the Securities, is part of the Authority’s official proceedings and records, and will be available for inspection by the general public at the business offices of the Authority during regular business hours.

**Section 9.** The General Manager and the designated business/finance official(s) for the Authority, or their designees, are authorized and directed to take or to cause all further actions, and to execute and deliver all documentation appropriate and necessary to implement the intent and directives of this Resolution.

**Section 10.** This Resolution shall be effective immediately upon adoption by the Board.

**ADOPTED, SIGNED AND APPROVED** this \_\_\_\_\_ day of \_\_\_\_\_, 2023.

THE BOARD OF DIRECTORS OF THE  
LINCOLN SMD-1 WASTEWATER AUTHORITY

By: \_\_\_\_\_  
President of the Board of Directors of the  
Lincoln SMD-1 Wastewater Authority

ATTEST:

By: \_\_\_\_\_  
Clerk of the Board of Directors of the  
Lincoln SMD-1 Wastewater Authority





## EXHIBIT “A”

### DESCRIPTION OF PROJECT

The Authority expects to reimburse expenditures for wastewater facilities and facilities costs, which will depend on the total funds available for such wastewater facilities, timing of facilities and infrastructure projects and related events and conditions, which are generally described as follows:

Costs of, and related to, the design, construction, reconstruction, renovation, furnishing, equipping, acquisition, delivery and installation of new construction and modernization of the Authority’s wastewater collection, treatment and disposal facilities and supporting infrastructure as generally described below, and such costs include, but are not be limited to, preparation, planning, engineering and architectural work, legal costs, infrastructure and related expenses, site preparation, project management costs, and related geotechnical investigations, environment reviews and studies (including compliance with requirements of California Environmental Quality Act), local government planning and/or environmental costs and fees including, but not limited to:

*[Input Project details and cost estimates] To be completed after Board Meeting*

The foregoing costs are estimates and projections. Actual expenditures may be lower than the projections listed.

Actual expenditures will be identified in each Original Expenditure Memorandum.

**EXHIBIT “B”**

**[To be completed for original expenditures at the time of payment]**

**ORIGINAL EXPENDITURE MEMORANDUM**

TO: Lincoln SMD-1 Wastewater Authority – Revenue Bonds and Other Securities, Reimbursement File

FROM: \_\_\_\_\_

DATE: \_\_\_\_\_

RE: Reimbursement of Original Expenditures in accordance with Treasury Regulations Section 1.150-2 and Pursuant to Resolution No. \_\_\_\_\_, adopted by the Board of Directors on \_\_\_\_\_, 2023.

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This Original Expenditure Memorandum has been completed and submitted pursuant to the directives of Resolution No. \_\_\_\_\_, adopted on \_\_\_\_\_, 2023, by the Board of Directors of the Lincoln SMD-1 Wastewater Authority (“Authority”).

As part of the Authority’s budgetary process, the Original Expenditures set forth in Attachment “A” to this Original Expenditure Memorandum are hereby designated as subject to reimbursement from issuance of tax-exempt Securities or other possible Securities, as authorized pursuant to the provisions of applicable California law. Attachment “A” is incorporated herein by this reference.

The reasonably expected maximum principal amount of the Securities to be issued to finance the Project, as identified in Resolution No. \_\_\_\_\_, is \$ \_\_\_\_\_, and the reasonably expected maximum principal amount of the Securities to be issued to reimburse the Original Expenditures is \$ \_\_\_\_\_.

The expected date of the issuance of the Securities will be within 18 months of the expenditure date or dates of the funds designated herein or the date the Project, as identified, are placed into service. The expenditure of funds is consistent with the budgetary and financial circumstances of the Authority as of the date of this Original Expenditure Memorandum.

To the best knowledge of the preparer of this Original Expenditure Memorandum, the Original Expenditures to be designated for reimbursement pursuant to this Memorandum have not been previously designated as subject to reimbursement by way of any other tax-exempt financing.

The Original Expenditures to be reimbursed, as specified in Attachment “A,” are related to the Project referenced in Resolution No. \_\_\_\_\_.



Following approval by the General Manager of the Authority, or the designated business official, and execution, the Authority shall retain this Original Expenditure Memorandum in the Authority's records, and it shall be available for public inspection during regular business hours.

Date: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

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

Attachment "A" to  
Original Expenditure Memorandum

List of Expenditures to be Reimbursed and  
Description of Source Fund(s) and/or Accounts

	<b><u>Description of Expenditure Invoiced, Date Paid</u></b>	<b><u>Fund/Account</u></b>	<b><u>Expenditure Amount</u></b>
1.			
2.			
3.			
4.			
5.			