

RESOLUTION NO. 1029

A RESOLUTION AUTHORIZING THE REIMBURSEMENT OF  
EXPENDITURES WITH REIMBURSEMENT OBLIGATION PROCEEDS

WHEREAS, the City Council of the City of Prineville, Oregon (the "City") finds:

A. The City has made and expects to make expenditures from its available funds to finance improvements to the City's water system, including wells, reservoirs, and water lines, and related costs (the "Public Improvements").

B. The City reasonably expects to issue bonds, bond anticipation notes, or other obligations (the "Reimbursement Obligations") and to use the proceeds of the Reimbursement Obligations to reimburse the City for the expenditures it makes from its available funds for the Public Improvements.

C. To permit interest on the Reimbursement Obligations to be excludable from gross income, the Internal Revenue Code of the United States requires that the City declare its intent to reimburse itself from Reimbursement Obligation proceeds within 60 days after the expenditures are made.

D. The City expects that the principal amount of the Reimbursement Obligations will not exceed eight million four hundred thousand dollars (\$8,400,000).

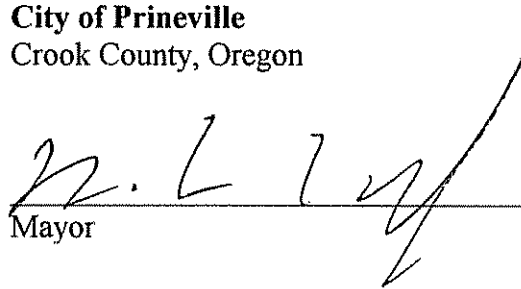
E. The City understands that the use of proceeds of the Reimbursement Obligations to reimburse an expenditure may occur no later than the later of (a) 18 months after the date of such expenditure or (b) 18 months after completion of the projects to which such expenditure relates, and in any event no later than three years after the date of such expenditure; and may occur no earlier than sixty (60) days prior to the date of the adoption of this resolution. Preliminary expenditures in an amount not exceeding 20% of the Reimbursement Obligation proceeds are not subject to these limitations. Preliminary expenditures include: architectural, engineering, surveying, soil testing and similar costs incurred prior to commencement of acquisition, construction or rehabilitation of the projects, other than land acquisition, site preparation and similar costs incident to commencement of construction. In addition, de minimus expenditures (the smaller of \$100,000 or five percent of the Reimbursement Obligation proceeds) of any kind, are not subject to the reimbursement rules

BE IT RESOLVED, by the City Council that the City hereby declares its official intent pursuant to Section 1.150-2 of the Federal Income Tax Regulations to reimburse itself for expenditures it makes for the Public Improvements with the proceeds of the Reimbursement Obligations.


BE IT FURTHER RESOLVED that the City Manager/Recorder or the designee of such official is hereby authorized to make future declarations of intent to reimburse under Section 1.150-2 of the Federal Income Tax Regulations, on behalf of the City and without further action by the City Council. All such future declarations shall be in writing and the original or a certified copy of each declaration shall be maintained in the public records of the City.

Passed by the Council this 11th day of April, 2006.

**City of Prineville**  
Crook County, Oregon

  
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Mayor

ATTEST:

  
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City Recorder