

NOT YET APPROVED

RESOLUTION NO. _____

RESOLUTION OF THE COUNCIL OF THE CITY OF PALO ALTO DESIGNATING EXPENDITURES TO BE REIMBURSED BY PROCEEDS FROM STATE REVOLVING FUND LOAN

WHEREAS, the CITY OF PALO ALTO (the "Agency") desires to finance the costs of constructing and/or reconstructing certain public facilities and improvements relating to its water and wastewater system, including certain treatment facilities, pipelines and other infrastructure (the "Project"); and

WHEREAS, the Agency intends to finance the construction and/or reconstruction of the Project or portions of the Project with moneys ("Project Funds") provided by the State of California, acting by and through the State Water Resources Control Board (the "Water Board"); and

WHEREAS, the Water Board may fund the Project Funds with proceeds from the sale of obligations the interest upon which is excluded from gross income for federal income tax purposes (the "Obligations"); and

WHEREAS, prior to either the issuance of the Obligations or the approval by the Water Board of the Project Funds the Agency desires to incur certain capital expenditures (the "Expenditures") with respect to the Project from available moneys of the Agency; and

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

NOW, THEREFORE, the Council of the City of Palo Alto does RESOLVE as follows:

SECTION 1. The Agency hereby states its intention and reasonably expects to reimburse Expenditures paid prior to the issuance of the Obligations or the approval by the Water Board of the Project Funds.

SECTION 2. The reasonably expected maximum principal amount of the Project Funds is \$19,000,000.

SECTION 3. This resolution is being adopted no later than 60 days after the date on which the Agency will expend moneys for the portion of the Project costs to be reimbursed with Project Funds.

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SECTION 4. Each Expenditure by the Agency will be of a type properly chargeable to a capital account under general federal income tax principles.

SECTION 5. This resolution is adopted as official intent of the Agency 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 Project costs.

SECTION 6. All the recitals in this resolution are true and correct and this Agency so finds, determines and represents.

INTRODUCED AND PASSED:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

ATTEST:

City Clerk

Mayor

APPROVED AS TO FORM:

APPROVED:

Senior Asst. City Attorney

City Manager

Director of Public Works

Director of Administrative
Services Department