

# The City of Monticello, Iowa

## RESOLUTION #2024-156

Related to the financing of a project proposed to be undertaken by the City of Monticello, Iowa; establishing compliance with reimbursement bond regulations under the Internal Revenue Code

**BE IT RESOLVED** by the City Council (the “Council”) of the City of Monticello, Iowa (the “City”), as follows:

Section 1. Recitals:

- (a) The Internal Revenue Service has issued Section 1.150-2 of the Income Tax Regulations (the “Regulations”) dealing with the issuance of bonds, all or a portion of the proceeds of which are to be used to reimburse the City for project expenditures made by the City prior to the date of issuance.
- (b) The Regulations generally require that the City make a prior declaration of its official intent to reimburse itself for such prior expenditures out of the proceeds of a subsequently issued borrowing and that the borrowing occur and the reimbursement allocation be made from the proceeds of such borrowing within a certain period after the payment of the expenditure or the date the project is placed in service; and
- (c) The City desires to comply with requirements of the Regulations with respect to the project hereinafter identified.

Section 2. Declaration of Intent:

- (a) The City proposes to undertake the following project and to make original expenditures with respect thereto prior to the issuance of bonds, notes or other obligations (the “Bonds”) and reasonably expects to issue the Bonds for such project in the maximum principal amount shown below:

<u>Project</u>	<u>Maximum Amount of Bond Expected to be Issued</u>
Northridge Development Project	\$ 359,000.00

Other than (i) expenditures to be paid or reimbursed from sources other than the Bonds or (ii) expenditures made not earlier than sixty days prior to the date of this Resolution or (iii) expenditures amounting to the lesser of \$100,000 or 5% of the proceeds of the Bonds or (iv) expenditures constituting preliminary expenditures as defined in Section 1.150-2(f)(2) of the Regulations, no expenditures for the project have heretofore been made by the City for which the City will seek reimbursement from the proceeds of the Bonds.

(b) This declaration is a declaration of official intent adopted pursuant to Section 1.150-2 of the Regulations.

Section 3. Budgetary Matters.

As of the date hereof, there are no City funds reserved, allocated on a long term basis or otherwise set aside (or reasonably expected to be reserved, allocated on a long term basis or otherwise set aside) to provide permanent financing for the expenditures related to the project, other than pursuant to the issuance of the Bonds. The City may choose to cover preliminary expenses related to this project from cash on hand, as a loan to the project, to be repaid from bond proceeds, as previously noted, or to be repaid from Tax Increment Financing funds on hand or yet to be collected. This resolution, therefore, is determined to be consistent with the City's budgetary and financial circumstances as they exist or are reasonably foreseeable on the date hereof, all within the meaning and content of the Regulations.

Section 4. Reimbursement Allocations.

The City's financial officer shall be responsible for making the "reimbursement allocations" described in the Regulations, being generally the transfer of the appropriate amount of proceeds of the Bonds to reimburse the source of temporary financing used by the City to make payment of the prior costs of the project. Each allocation shall be evidenced by an entry on the official books and records of the City maintained for the Bonds, 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 Bonds from any restriction under the bond resolution or other relevant legal documents for the Bonds, and under any applicable state statute, which would apply to the unspent proceeds of the Bonds.

Section 5. Repealer.

All resolutions, parts of resolutions, or actions of the Council in conflict herewith are hereby repealed, to the extent of such conflict.

Passed and approved the 21<sup>st</sup> day of October, 2024

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Wayne Peach, Mayor

Attest:

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Sally Hinrichsen, City Clerk/Treasurer