

RESOLUTION NO. 10-06

A RESOLUTION OF THE BOARD OF TRUSTEES OF THE SPOKANE COUNTY LIBRARY DISTRICT, SPOKANE COUNTY, WASHINGTON, DESIGNATING AN OFFICIAL RESPONSIBLE FOR DECLARING OFFICIAL INTENT TO REIMBURSE CAPITAL EXPENDITURES WITH TAX-EXEMPT BONDS WITHIN THE MEANING OF TREASURY REGULATION SECTION 1.150-2; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO

SPOKANE COUNTY LIBRARY DISTRICT

**UNLIMITED TAX GENERAL OBLIGATION BONDS
PRINCIPAL AMOUNT OF NOT TO EXCEED \$60,000,000**

BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE SPOKANE COUNTY LIBRARY DISTRICT, SPOKANE COUNTY, WASHINGTON, as follows:

WHEREAS, Spokane County Library District, Spokane County, Washington (the "District"), is a rural library district duly organized and existing under and by virtue of the Constitution and the laws of the state of Washington (the "State");

WHEREAS, the District is currently in the process of adopting a 20-year master capital facilities plan to provide the necessary capital facilities of the District throughout the next 20 years;

WHEREAS, pursuant to the proposed 20-year master capital facilities plan, the District intends to acquire, construct and install capital improvements throughout the next 20 years to its facilities, including: (i) replacement of the Spokane Valley Library, (ii) capital improvements and/or additions to the District's Administration/Support Services facility, (iii) construction of a Conklin Road Library, (iv) replacement of the Cheney Library, (v) construction of a Spangle Library, (vi) construction of a South Spokane Valley Library, (vii) replacement of the North Spokane Library, (viii) capital improvements and/or additions to the Fairfield Library, (ix) capital improvements and/or additions to the Argonne Library, (x) capital improvements and/or additions to the Otis Orchards Library, (xi) capital improvements and/or additions to the Deer Park Library, and (xii) additions to the Moran Prairie Library (collectively the "Project");

WHEREAS, pursuant to chapter 27.12 RCW, the District is authorized and empowered to sell, issue and deliver its unlimited tax general obligation bonds (the "Bonds") to accomplish the Project;

WHEREAS, the Board of Trustees of the District (the "Board"), anticipates issuing the Bonds to pay all or a portion of the costs of the Project;

WHEREAS, the District anticipates certain expenditures for the costs of the Project will be made from available money in the District's General Fund, or such other fund from which money may be advanced;

WHEREAS, Treasury Regulation, Section 1.150-2, which was promulgated under the Internal Revenue Code of 1986, as amended, requires that the District adopt its official intent to reimburse itself with Bond proceeds not later than 60 days after payment of any capital expenditures that will be reimbursed by Bond proceeds;

WHEREAS, the District and its taxpayers substantially benefit from the District's ability to issue tax-exempt bonds because the interest charged on tax-exempt obligations is less than the interest charged on comparable taxable obligations; and

WHEREAS, the Board finds it necessary and desirable to designate an official of the District to declare the District's "official intent" to reimburse itself with Bond proceeds, within the meaning of Treasury Regulation, Section 1.150-2.

NOW, THEREFORE, IT IS HEREBY FOUND, DETERMINED AND ORDERED as follows:

Section 1: The Board reasonably expects that: (a) it will proceed with the Project; (b) Bonds in a maximum principal amount of \$60,000,000 will be issued to finance all or a portion of the costs thereof; and (c) available money in the General Fund (or such other fund from which money is advanced) will be used to pay certain Project costs before such Bonds are issued. The District intends to reimburse such fund or funds with Bond proceeds to the extent allowed under Treasury Regulation Section 1.150-2.

Section 2: The Board hereby designates the Director of the District to be and act as the designated official (the "Designated Official"), and to declare the District's "official intent" to reimburse certain capital expenditures with future Bond proceeds within the meaning of Treasury Regulation, Section 1.150-2.

Section 3: The Designated Official is hereby authorized to execute a declaration of official intent on behalf of the District, in substantially the form attached hereto as Exhibit "A," for each project or expense wherein the District intends to internally finance the costs and expenses of such undertaking and thereafter reimburse itself with Bond proceeds for such expenditures (a "Declaration of Official Intent").

Section 4: Each Declaration of Official Intent shall: (a) describe the purpose of the expenditure(s) or identify, by name and functional purpose, the fund or account from which the expenditure(s) will be paid; and (b) state the maximum principal amount of the Bonds the District reasonably expects to be issued for the Project.

Section 5: The Designated Official shall receive no separate compensation from the District for serving as the District's Designated Official hereunder.

Section 6: The Board hereby reserves the right to re-designate its Designated Official from time to time, and at any time.

Section 7: This Resolution shall become effective immediately upon its adoption by the Board.

ADOPTED by the Board of Trustees of the Spokane County Library District, Spokane County, Washington, at a regular meeting thereof, held on May 18, 2010.

SPOKANE COUNTY LIBRARY DISTRICT
Spokane County, Washington

Jacob Laete, Chair

Tim Hattenburg, Vice-Chair

Ann Apperson, Trustee

Mary E. Lloyd, Trustee

Daniel Davis, Trustee

ATTEST:

Michael J. Wirt
Secretary of the Board of Trustees

(S E A L)

CERTIFICATE

I, Michael J. Wirt, the Secretary of the Board of Trustees of Spokane County Library District, Spokane County, Washington, hereby certify that the foregoing resolution is a full, true and correct copy of a resolution duly passed and adopted at a regular meeting of the Board of Trustees of Spokane County Library District, duly held at the regular meeting place thereof on May 18, 2010, of which meeting all members of such Board had due notice, and at which a majority thereof were present; and that at such meeting such resolution was adopted by the following vote:

AYES, and in favor thereof, Trustees:

NAYS, Trustees:

ABSENT, Trustees:

ABSTAIN, Trustees:

I further certify that I have carefully compared the same with the original resolution on file and of record in my office; that such resolution is a full, true, and correct copy of the original resolution adopted at such meeting; and that such resolution has not been amended, modified or rescinded since the date of its adoption, and is now in full force and effect.

IN WITNESS WHEREOF, I have set my hand and the seal of the District on May 18, 2010.

SPOKANE COUNTY LIBRARY DISTRICT
Spokane County, Washington

Michael J. Wirt
Secretary of the Board of Trustees

(S E A L)

EXHIBIT “A”

FORM OF DECLARATION OF OFFICIAL INTENT

**SPOKANE COUNTY LIBRARY DISTRICT
SPOKANE COUNTY, WASHINGTON**

**UNLIMITED TAX GENERAL OBLIGATION BONDS
PRINCIPAL AMOUNT OF NOT TO EXCEED \$60,000,000**

Declaration of Official Intent

The undersigned, a person designated by the Board of Trustees of the Spokane County Library District, Spokane County, Washington (the “District”) to declare official intent on behalf of the District, by this declaration (the “Declaration”) intends to declare such official intent under Treasury Regulation Section 1.150-2 on behalf of the District.

The District reasonably expects that it will plan, acquire, construct and install _____¹ (the “Project”).

The District reasonably expects that it will reimburse the expenditures for the Project with proceeds of an obligation (the “Bonds”). It is expected that the maximum principal amount of the Bonds to be issued for the Project will be \$60,000,000.

Requirements for Treatment as a Reimbursement

The District acknowledges that for the cost of the Project to be reimbursed from the proceeds of the Bonds, a number of federal income tax law requirements must be met. These requirements include the following:

(1) The Declaration must be made not later than 60 days after payment of the expenditure to be reimbursed. In the case of preliminary expenditures (architectural, engineering, surveying, soil testing, reimbursement bond issuance, and similar costs incurred prior to commencement of construction, rehabilitation, or acquisition of a project, other than land acquisition, site preparation, and similar costs incident to commencement of construction) to the extent not in excess of 20 percent of the cost of the Project to be financed with the sale proceeds of the Bonds, no Declaration need be made. In addition, no Declaration need be made for: (a) costs of issuance of the Bonds; or (b) an amount not in excess of the lesser of \$100,000 or five percent of the proceeds of the Bonds.

(2) The “reimbursement allocation” must occur after the expenditure is paid, and not later than 18 months after the later of: (a) the date the expenditure is paid; or (b) the date the Project is placed in service or abandoned, but in no event more than three years after the

¹ Insert a general functional description of the property, project or program (e.g., capital improvements to the Authority or purchase of real or personal property) or identify, by name and functional purpose, the fund or account from which the expenditure is being paid (e.g., bond fund or construction fund). Do not be overly specific, since any change in the property that is not a “reasonable deviation” cannot be reimbursed.

expenditure is paid. If the Bonds are eligible for the small issuer exception from arbitrage rebate, the "18-month" limitation is extended to "three years" and the "three-year" maximum reimbursement period is not applicable. In the case of a construction project for which both the District and a licensed architect or engineer certify that at least five years is necessary to complete construction of the Project, the maximum reimbursement period is extended from "three years" to "five years." A "reimbursement allocation" must be in writing and must evidence the District's use of proceeds of the Bonds to reimburse an expenditure. The requirements of this paragraph do not apply to: (i) costs of issuance of the Bonds; or (ii) an amount not in excess of the lesser of \$100,000 or five percent of the proceeds of the Bonds.

(3) The reimbursement proceeds of the Bonds (or amounts corresponding to the reimbursement proceeds of the Bonds) may not be used (directly or indirectly) within one year after the date of the reimbursement allocation in a manner that results in the creation of replacement proceeds (as defined in Treasury Regulation Section 1.148-1) of the Bonds or another issue. The preceding sentence does not apply to reimbursement proceeds or other amounts deposited into a bona fide debt service fund. A reimbursement allocation will not result in an expenditure of proceeds of the Bonds for federal income tax purposes if the allocation employs an abusive arbitrage device.

(4) The expenditures to be reimbursed must be capital expenditures for federal income tax purposes (*i.e.*, costs that are properly chargeable to capital account or that would be so chargeable with a proper election), costs of issuing the Bonds, expenditures relating to certain extraordinary working capital items, or certain grants.

Dated: _____, 2010.

SPOKANE COUNTY LIBRARY DISTRICT
Spokane County, Washington

_____, Director and Designated
Official under Resolution No. _____.