

RESOLUTION RELATING TO FINANCING OF A PROPOSED  
PROJECT TO BE UNDERTAKEN BY THE CITY; ESTABLISHING  
COMPLIANCE WITH REIMBURSEMENT BOND REGULATIONS  
UNDER THE INTERNAL REVENUE CODE

BE IT RESOLVED by the City Council of the City of Rapid City, South Dakota (the "City"), as follows:

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 declaration of its official intent to reimburse itself for such prior expenditures out of the proceeds of a subsequently issued series of bonds no later than 60 days after payment of such expenditures, that the bonds be issued and the reimbursement allocation be made from the proceeds of such bonds within the reimbursement period (as defined in the Regulations) and that the expenditures reimbursed be capital expenditures, or costs of issuance of the bonds.

(c) The City desires to comply with requirements of the Regulations with respect to a project hereinafter identified.

2. Official Intent Declaration.

(a) The City proposes to undertake a capital project with respect to its municipal water utility, consisting of acquisition of land, construction of a new treatment facility and improvements to and extensions of other water treatment facilities (the "Project") and to make original expenditures with respect thereto prior to the issuance of reimbursement bonds, and reasonably expects to issue reimbursement bonds, in one or more series, for the Project in the approximate amount of \$120,000,000 (exclusive of bonds issued to finance costs of issuance or a reasonably required reserve fund).

(b) Other than (i) de minimis amounts permitted to be reimbursed pursuant to Section 1.150-2(f)(1) of the Regulations or (ii) expenditures constituting preliminary expenditures as defined in Section 1.150-2(f)(2) of the Regulations, the City will not seek reimbursement for any original expenditures with respect to the foregoing projects paid more than 60 days prior to the date of adoption of this resolution. All original expenditures for which reimbursement is sought will be capital expenditures or costs of issuance of the reimbursement bonds.

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

original expenditures related to the Project, other than pursuant to the issuance of the reimbursement bonds. Consequently, it is not expected that the issuance of the reimbursement bonds will result in the creation of any replacement proceeds.

4. Reimbursement Allocations. The City Finance 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 reimbursement bonds to reimburse the source of temporary financing used by the City to make payment of the original expenditures relating to the projects. Each reimbursement allocation shall be made within 30 days of the date of issuance of the reimbursement bonds, shall be evidenced by an entry on the official books and records of the City maintained for the reimbursement bonds and shall specifically identify the original expenditures being reimbursed.

The above and foregoing Resolution was moved for adoption by Member \_\_\_\_\_ and upon roll call

voted aye, and

voted nay, whereupon the Mayor declared the Resolution to be duly passed and adopted.

\_\_\_\_\_  
Mayor

Attest:

\_\_\_\_\_  
Finance Officer

Adopted: \_\_\_\_\_, 200\_  
Published: \_\_\_\_\_, 200\_  
Effective Date: \_\_\_\_\_, 200\_