

RESOLUTION NO. _____

**RESOLUTION DECLARING THE OFFICIAL INTENT OF
THE CITY OF MOREHEAD, KENTUCKY WITH RESPECT
TO REIMBURSEMENT OF TEMPORARY ADVANCES
MADE FOR CAPITAL EXPENDITURES FROM
SUBSEQUENT BORROWINGS**

WHEREAS, Treasury Regulation § 1.150-2 (the “Reimbursement Regulations”), issued pursuant to Section 150 of the Internal Revenue Code of 1986, as amended, (the “Code”) prescribes certain requirements by which proceeds of tax-exempt bonds, notes, certificates or other obligations included in the meaning of “bonds” under Section 150 of the Code (“Obligations”) used to reimburse advances made for Capital Expenditures (as hereinafter defined) paid before the issuance of such Obligations may be deemed “spent” for purposes of Sections 103 and 141 to 150 of the Code and therefore, not further subject to any other requirements or restrictions under those sections of the Code; and

WHEREAS, such Reimbursement Regulations require that an Issuer (as hereinafter defined) make a Declaration of Official Intent (as hereinafter defined) to reimburse any Capital Expenditure paid prior to the issuance of the Obligations intended to fund such Capital Expenditure and require that such Declaration of Official Intent be made no later than sixty (60) days after payment of the Capital Expenditure and further require that any Reimbursement Allocation (as hereinafter defined) of the proceeds of such Obligations to reimburse such Capital Expenditures occur no later than eighteen (18) months after the later of the date the Capital Expenditure was paid or the date the property acquired with the Capital Expenditure was placed in service, except that any such Reimbursement Allocation must be made no later than three years after such Capital Expenditure was paid; and

WHEREAS, the City of Morehead, Kentucky (the “Issuer”) wishes to ensure compliance with the Reimbursement Regulations;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MOREHEAD, KENTUCKY:

SECTION 1. Definitions. The following definitions apply to the terms used herein:

“Allocation” means written evidence that proceeds of Obligations issued subsequent to the payment of a Capital Expenditure are to reimburse the Issuer for such payments. “To allocate” means to make such an allocation.

“Capital Expenditure” means any expense for an item that is properly depreciable or amortizable or is otherwise treated as a capital expenditure for purposes of the Code, as well as any costs of issuing Reimbursement Bonds.

“Declaration of Official Intent” means a written declaration that the Issuer intends to fund Capital Expenditures with an issue of Reimbursement Bonds and reasonably expects to be reimbursed from the proceeds of such an issue.

“Issuer” means either a governmental unit that is reasonably expected to issue Obligations, including the City of Morehead, Kentucky, or any governmental entity or 501(c)(3) organization that is reasonably expected to borrow funds from the actual issuer of the Obligations.

“Reimbursement” means the restoration to the Issuer of money temporarily advanced from other funds, including moneys borrowed from other sources, of the Issuer to pay for Capital Expenditures before the issuance of Obligations intended to fund such Capital Expenditures. “To reimburse” means to make such a restoration.

“Reimbursement Bonds” means Obligations that are issued to reimburse the Issuer for Capital Expenditures, and for certain other expenses permitted by the Reimbursement Regulations, previously paid by or for the Issuer.

“Reimbursement Regulations” means Treasury Regulation § 1.150-2 and any amendments thereto or superseding regulations, whether in proposed, temporary or final form, as applicable, prescribing conditions under which the proceeds of Obligations may be allocated to reimburse the Issuer for Capital Expenditures and certain other expenses paid prior to the issuance of the Obligations such that the proceeds of such Obligations will be treated as “spent” for purposes of Sections 103 and 141 to 150 of the Code.

SECTION 2. Declaration of Official Intent.

(a) The Issuer declares that it reasonably expects that the Capital Expenditures described in Section (b), which were paid no earlier than sixty (60) days prior to the date hereof, or which will be paid prior to the issuance of any Obligations intended to fund such Capital Expenditures, will be reimbursed with the proceeds of Obligations, representing a borrowing by the Issuer in the maximum principal amount, for such Reimbursement, of approximately \$1,500,000; and

(b) The Capital Expenditures to be reimbursed are to be used for the acquisition, construction, installation and equipping of (1) an emergency services building; (2) a splash pad adjacent to Morehead City Park; and (3) infrastructure necessary for the KY Wired project in Morehead, Kentucky.

SECTION 3. Reasonable Expectations. The Issuer does not expect any other funds (including the money advanced to make the Capital Expenditures that are to be reimbursed), to be reserved, allocated on a long-term basis, or otherwise set aside by the Issuer or any other entity, with respect to the Capital Expenditures for the purposes described in Section 2(b).

SECTION 4. Severability. If any section, paragraph or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this Resolution.

SECTION 5. Open Meeting. It is found and determined that all formal actions of this City Council of the Issuer concerning and relating to the adoption of this resolution were adopted in an open meeting of this City Council of the Issuer; and that all deliberations of this City

Council of the Issuer and of any of its committees that resulted in such formal action, were in meetings open to the public, in compliance with the law.

SECTION 6. Effective Date. This Resolution shall take effect from and after its passage, as provided by law.

The undersigned has been authorized by the City Council of the City of Morehead, Kentucky to sign this resolution on behalf of the City Council of the Issuer.

Effective date: November 12, 2018

CITY OF MOREHEAD, KENTUCKY

By: _____
Mayor

Attest:

By: _____
City Clerk

CERTIFICATE

The undersigned City Clerk of the City of Morehead, Kentucky, does certify that the foregoing is a true copy of a Resolution adopted by the City of Morehead, Kentucky at a meeting of the City Council held on the 12th day of November, 2018.

I further certify that all actions taken in connection with the resolution were in compliance with the requirements of KRS 61.810, 61.815, 61.820 and 61.823, and that said resolution is now in full force and effect, all as appears from the official records of the City in my custody and under my control.

Witness my hand as City Clerk of the City of Morehead, Kentucky, this 12th day of November, 2018.

City Clerk