

RESOLUTION NO. _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COSTA MESA, CALIFORNIA, DECLARING ITS INTENTION TO REIMBURSE CERTAIN EXPENDITURES FROM THE PROCEEDS OF OBLIGATIONS TO BE ISSUED BY THE CITY FOR THE POLICE FACILITY EXPANSION/RENOVATION PROJECT AND DIRECTING CERTAIN ACTIONS WITH RESPECT THERETO AS REQUIRED BY UNITED STATES DEPARTMENT OF TREASURY REGULATIONS SECTION 1.150-2.

WHEREAS, the City of Costa Mesa (the "City") has determined it is necessary for the health, safety and welfare of the residents of the City, and in their best interests, that the City provide for the acquisition, construction, delivery, design, installation, furnishing and equipping of certain capital facilities on certain real property located within, the City, consisting of construction and renovation of appurtenant structures and facilities now known as the "Police department" (together, the "Improvements"); and

WHEREAS, the City has determined that in order to finance the Improvements it is necessary and desirable for the City to issue its tax-exempt revenue bonds (the "Bonds") and to use the proceeds thereof for the purchase or lease of the Improvements; and

WHEREAS, the City proposes to undertake the design, acquisition, construction, delivery and installation of the Improvements, a portion of the cost of which will be expended prior to the issuance of the Bonds by the City; and

WHEREAS, the City has incurred, or may incur, certain expenses with respect to the Improvements which, pursuant to Section 1.150-2 of the regulations (the "Treasury Regulations") promulgated under the Internal Revenue Code of 1986, as amended (the

“Tax Code”) may be reimbursed out of proceeds of the Bonds (the “Reimbursable Expenses”); and

WHEREAS, Section 1.150-2 of the Treasury Regulations promulgated under the Tax Code requires the City to declare its reasonable official intent to reimburse the Reimbursable Expenses from the proceeds of the Bonds which the City reasonably expects will be issued to finance the costs of the Improvements incurred prior to the date of issuance thereof and that a portion of such proceeds shall be used to reimburse the City for the Reimbursable Expenses.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Costa Mesa as follows:

Section 1. The City reasonably expects to reimburse itself for the Reimbursable Expenses made by the City in anticipation of the issuance of the Bonds with proceeds from the sale of the Bonds. The reimbursement of the expenditure is consistent with the City’s budgetary and financial circumstances. There are no funds or other sources of money of the City, or any related person or controlled entity, that have been, or are reasonably expected to be reserved, allocated on a long term basis or otherwise set aside to pay the costs of the Improvements to be paid or reimbursed out of the proceeds of the Bonds.

Section 2. The maximum principal amount of the Bonds from which Reimbursable Expenses are to be made is reasonably expected to be \$24,500,000. The obligation to be represented by the Bonds may instead be incurred by the City by means of the execution and delivery of certificates of participation, or, in the alternative,

the Bonds may be issued by joint exercise of powers authority which will make the Bond proceeds available to the City through a loan, lease, or installment purchase arrangement.

Section 3. The proceeds from the Bonds are to be used for the financing, acquisition, design and/or construction of the Improvements, funding a reserve fund, a capitalized interest fund, and paying certain costs of issuance related thereto.

Section 4. This Resolution is adopted solely for purposes of establishing compliance with the requirements of section 1.150-2 of the Treasury Regulations. This Resolution does not bind the City to make any expenditure, incur any indebtedness or proceed with the financing, acquisition or construction of the Improvements. All of the Reimbursable Expenses covered by this Resolution were made not earlier than 60 days prior to the date of adoption hereof.

Section 5. All actions heretofore taken by the officers, or their respective designees, employees and agents of the City Council of the City in connection with the financing of the Improvements are hereby ratified and confirmed.

Section 6. This Resolution shall take effect immediately upon its adoption.

Section 7. The City Clerk shall certify to the adoption of this Resolution.

PASSED AND ADOPTED this 6th day of December, 2005.

//
//
//
//
//

ATTEST:

Deputy City Clerk of the City of Costa Mesa

Mayor of the City of Costa Mesa

APPROVED AS TO FORM

City Attorney

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss
CITY OF COSTA MESA)

I, JULIE FOLCIK, Deputy City Clerk and ex-officio Clerk of the City Council of the City of Costa Mesa, hereby certify that the above and foregoing Resolution No. _____ was duly and regularly passed and adopted by the said City Council at a regular meeting thereof held on the 6th day of December, 2005, by the following roll call vote:

AYES:

NOES:

ABSENT:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the City of Costa Mesa this 7th day of December, 2005.

Deputy City Clerk and ex-officio Clerk of
the City Council of the City of Costa Mesa