



PARADISE IRRIGATION DISTRICT

"Paradise Irrigation District (PID) is dedicated to the business of producing and delivering a safe, dependable supply of quality water in an efficient, cost effective manner with service that meets or exceeds the expectation of our customers."

Please consider how this agenda item relates to our mission.

TO: Board of Directors

**FROM: Kevin Phillips, Interim District Manager
Jim Passanisi, Treatment Superintendent**

DATE: March 21, 2018 (Board of Directors Meeting)

**RE: Reservoir B Replacement Project
State Revolving Fund Loan Construction Application
Reimbursement Resolution No. 2018-01**

The District applied for and received a Planning Loan Agreement (executed December 16, 2016) from the State Water Resources Control Board (State Board) Drinking Water State Revolving Fund (DWSRF) for the Reservoir "B" Replacement (Project). Now that planning has proceeded to 60% design of the Project, the District was advised by the State Board's DWSRF project manager to prepare and submit a Construction Application for the Project.

DWSRF construction loans have 20 or 30 year repayment terms with interest rates around 2%. The requested funding amount in the construction application is \$12,000,000, which includes a \$2,500,000 contingency only to ensure there is an adequate funding amount in the construction loan agreement. The final loan amount is based on the actual costs upon completion of the Project. The funding is for reimbursement of all the District's Project related expenses. The first debt service payment begins about one year after project completion.

A resolution required as part of the financial portion of the construction application is called the "Reimbursement Resolution". The adoption of the resolution attached does not obligate the District to proceed with the project or a loan.

The resolution indicates that the District desires to make and be reimbursed for capital construction expenditures with respect to the Project and finance it with money from the State through the State Board. The adoption provides compliance with Treasury Regulation Sec. 1.150-2, and other regulations of the Internal Revenue Service relating to reimbursing the District for Project costs paid prior to the State Board's approval of Project funds.

The recommended form of motion is:

"I move to adopt the Reimbursement Resolution No. 2018-01 required as part of the Construction Application for the State Board's Drinking Water State Revolving Fund program for funding for the Reservoir B Replacement Project."



PARADISE IRRIGATION DISTRICT

REIMBURSEMENT RESOLUTION

RESOLUTION BY THE BOARD OF DIRECTORS OF THE PARADISE IRRIGATION DISTRICT RESOLUTION NO. 2018-01

WHEREAS, the Paradise Irrigation District (the "Agency") desires to finance the costs of constructing and/or reconstructing certain public facilities and improvements relating to its water system, including certain water storage facilities, pipelines and other infrastructure (the "Project"); and

WHEREAS, the Agency intends to finance the construction and/or reconstruction of the Project or portions of the Project with moneys ("Project Funds") provided by the State of California, acting by and through the State Water Resources Control Board (State Water Board); and

WHEREAS, the State Water Board may fund the Project Funds with proceeds from the sale of obligations the interest upon which is excluded from gross income for federal income tax purposes (the "Obligations"); and

WHEREAS, prior to either the issuance of the Obligations or the approval by the State Water Board of the Project Funds, the Agency desires to incur certain capital expenditures (the "Expenditures") with respect to the Project from available moneys of the Agency; and

WHEREAS, the Agency has determined that those moneys to be advanced on and after the date hereof to pay the Expenditures are available only for a temporary period and it is necessary to reimburse the Agency for the Expenditures from the proceeds of the Obligations.

NOW, THEREFORE, THE AGENCY DOES HEREBY RESOLVE, ORDER AND DETERMINE AS FOLLOWS:

SECTION 1. The Agency hereby states its intention and reasonably expects to reimburse Expenditures paid prior to the issuance of the Obligations or the approval by the State Water Board of the Project Funds.

SECTION 2. The reasonably expected maximum principal amount of the Project Funds is \$12,000,000.

SECTION 3. This resolution is being adopted no later than 60 days after the date on which the Agency will expend moneys for the construction portion of the Project costs to be reimbursed with Project Funds.

SECTION 4. Each Agency Expenditure will be of a type properly chargeable to a capital account under general federal income tax principles.

SECTION 5. To the best of our knowledge, this Agency is not aware of the previous adoption of official intents by the Agency that have been made as a matter of course for the purpose of reimbursing expenditures and for which tax-exempt obligations have not been issued.

SECTION 6. This Resolution is adopted as official intent of the Agency in order to comply with Treasury Regulation §1.150-2 and any other regulations of the Internal Revenue Service relating to the qualification for reimbursement of Project costs.

SECTION 7. All the recitals in this Resolution are true and correct and this Agency so finds, determines and represents.

AYES:

NOES:

ABSENT:

PARADISE IRRIGATION DISTRICT

Daniel Wentland, President

CERTIFICATION:

I do hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the Board of Directors of the Paradise Irrigation District held on March 21, 2018.

Georgeanna Borrayo, Secretary

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