

RESOLUTION NO. 201205

RESOLUTION PRELIMINARILY AUTHORIZING THE FINANCING OF THE PLANNING, DESIGN, ACQUISITION, CONSTRUCTION AND EQUIPPING OF NEW LIBRARY FACILITIES FOR THE DISTRICT, PROVIDING FOR REIMBURSEMENT OF MONEY UPON THE EXECUTION AND DELIVERY OF AN ANNUALLY RENEWABLE LEASE PURCHASE AGREEMENT, AND AUTHORIZING REPRESENTATIVES OF THE DISTRICT TO TAKE ACTION INCIDENTAL THERETO

WHEREAS, the Board of Trustees (the "Board") of the Pueblo City-County Library District (the "District") has determined and declares that it is in the best interests of the District and its inhabitants to finance the planning, design, acquisition, construction and equipping of new library facilities in the approximate amount of \$4,000,000 (the "Project") and to finance the Project through a Lease Purchase Agreement (the "Lease") to be dated its date of execution and delivery between the District, as lessee, and a trust expected to be created pursuant to a Declaration and Indenture of Trust to be dated its date of execution and delivery, as lessor; and

WHEREAS, the District is duly organized and validly existing under the laws of the State of Colorado with full power and authority to execute and deliver the Lease, and is a "political subdivision" within the meaning of Section 103(a) of the Internal Revenue Code of 1986, as amended (the "Code"); and

WHEREAS, it will be necessary for the District and others to make certain expenditures in order to provide the Project, including, but not limited to, planning, design construction management, acquisition, construction and engineering costs, prior to the time that the Lease may be executed and delivered; and

WHEREAS, the Board reasonably expects that when the Lease is executed and delivered, such expenditures will be reimbursed with the proceeds of the Lease; and

WHEREAS, to comply with the provisions of the Code, it is the Board's desire that this Resolution shall constitute the "official intent" of the District to cause such expenditures to be reimbursed from the proceeds of the Lease.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE DISTRICT, AS FOLLOWS:

1. Authorization of Financing. The Board hereby preliminarily authorizes financing for the Project. The District expects that the financing for the Project (a) will not exceed the maximum aggregate principal amount of [\$4,000,000], and (b) will be accomplished through the Lease, the interest portion of the base rentals expected to be due under the Lease is to be excludable from gross income for federal income tax purposes.

This Resolution expresses the District's expectations as of the date hereof with respect to the financing of the Project. Future events or extraordinary circumstances beyond the control of the District may result in the Project being financed in a manner other than as described herein, and nothing contained herein constitutes an irrevocable commitment by the District to so finance the Project.

2. Reimbursement of Expenditures. The District intends to make expenditures from its own funds to finance certain costs relating to the Project. The Board reasonably expects that such expenditures will be reimbursed with the proceeds of the Lease. All of such expenditures constitute "capital expenditures" within the meaning of Section 1.150-1(h) of the Treasury Regulations.

3. Reimbursement Period. The reimbursement allocation to be made with respect to such expenditures for the Project will occur not later than eighteen (18) months after the *later* of (a) the date on which the expenditure is paid, or (b) the date on which the Project is placed in service, but in no event more than three (3) years after the original expenditure is paid. No reimbursement allocation will be made with respect to an expenditure paid prior to the sixty (60)-day period preceding the date of this Resolution.

4. Reimbursement Allocation. The District's Chief Financial Officer shall be responsible for making a written reimbursement allocation described in Section 1.150-2 of the Treasury Regulations, being generally the transfer of the appropriate amount of proceeds of the Lease to reimburse the source of temporary financing used by the District to pay the reimbursed costs of the Project. Each allocation shall (a) be evidenced by an entry on the official books and records of the District maintained for the Lease, and (b) specifically identify the actual prior expenditure being reimbursed or, in the case of reimbursement of a fund or account in accordance with Section 1.150-2 of the Treasury Regulations, the fund or account from which the expenditure was paid. Such allocation shall be made within thirty (30) days from the execution and delivery of the Lease.

5. Authorization of District Representatives to Take Action in Connection Herewith. The President of the Board and the District's Chief Financial Officer are hereby authorized and directed to take all action necessary to accomplish the purposes of this Resolution, including the negotiation of agreements in connection with the financing of the Project.

6. Severability. If any provision of this Resolution shall be judicially determined to be invalid or unenforceable, such determination shall not affect the remaining provisions hereof, the intention being that the provisions hereof are severable.

7. Effective Date. This Resolution shall take effect immediately upon its adoption.

[SIGNATURE PAGE FOLLOWS]

APPROVED AND ADOPTED this 24th day of May, 2012.

(SEAL)

THE BOARD OF TRUSTEES OF
PUEBLO CITY-COUNTY LIBRARY DISTRICT

By: _____
Sherri Baca, President

ATTEST:

By: _____
Jane Carlsen, Secretary