

# Board of Trustees Regular Meeting (VI.AA)

Meeting	October 18, 2022
Agenda Item	Other Items (VI.AA)
Subject	Other items Resolution for Intention to Issue Tax-Exempt Certificates of Participation - Resolution No. 18-22/23
College/District	District
Funding	N/A
Recommended Action	Recommend approving Intention to Issue Tax-Exempt Certificates of Participation adopting Resolution No. 18-22/23.

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## Background Narrative:

The District is considering the acquisition and installation of various solar energy projects (the "Project"). The District may elect to advance certain of its own funds toward the development of the Project. The District would do so on the knowledge that it could be reimbursed for amounts expended from the subsequent sale of any tax-exempt obligations it elected to sell. The Internal Revenue Code has certain requirements that need to be satisfied in order for a community college district to reimburse itself for costs incurred for capital projects in advance of the sale of tax-exempt obligations. In order to qualify for reimbursement of such costs from the proceeds of a debt issue, the Board must adopt a resolution which satisfies all the requirements of the Internal Revenue Code within 60 days of the date on which the expenditures had been made.

The District's bond counsel, Stradling Yocca Carlson & Rauth, has prepared the attached resolution which complies with applicable requirements of the Internal Revenue Code and would allow the District to reimburse itself for such advanced Project costs from the proceeds from the future sale of certificates of participation (COP). The adoption of this resolution does not obligate the District to advance its own funds toward the acquisition. The adoption of this resolution preserves the option for the Board to decide whether or not it would be in the best interests of the District to allocate a portion of any COP proceeds towards the reimbursement of the monies the District might spend on the Project.

There is a reference in this resolution to a \$25,000,000 COP issue. The Internal Revenue Code obligates this resolution to include an estimated size of the borrowing from which the reimbursement will occur. It is included to satisfy a legal requirement and constitutes only a rough estimate of the likely size of a COP issue that the Board may consider if it decides to fund the Project. If the Board were to sell a smaller COP, such decision would not adversely affect its ability to use a portion of the proceeds of such COP to reimburse the District for these costs.

Prepared By: Aaron S. Brown, Vice Chancellor, Business and Financial Services

**RIVERSIDE COMMUNITY COLLEGE DISTRICT**

**RESOLUTION NO. 18-22/23**

**REIMBURSEMENT RESOLUTION**

**RESOLUTION OF THE BOARD OF TRUSTEES OF THE RIVERSIDE COMMUNITY COLLEGE DISTRICT REGARDING ITS INTENTION TO ISSUE TAX-EXEMPT CERTIFICATES OF PARTICIPATION**

**WHEREAS**, the Board of Trustees (the “Board”) of the Riverside Community College District (the “District”) desires to finance the costs of acquiring and installing a variety of solar energy projects (“Project”); and

**WHEREAS**, the District intends to finance the Project or portions of the Project with the proceeds of the sale of certificates of participation, the interest on which is excluded from gross income for federal income tax purposes (the “Obligations”); and

**WHEREAS**, prior to the issuance of the Obligations, the District desires to incur certain capital expenditures (the “Expenditures”) with respect to the Project from available moneys of the District; and

**WHEREAS**, the Board of Trustees 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 District for the Expenditures from the proceeds of the Obligations.

**NOW, THEREFORE, THE BOARD OF TRUSTEES OF THE RIVERSIDE COMMUNITY COLLEGE DISTRICT DOES HEREBY RESOLVE, ORDER, AND DETERMINE AS FOLLOWS:**

**SECTION 1.** The District hereby states its intention to and reasonably expects to reimburse Projects costs incurred prior to the issuance of the Obligations with proceeds of the Obligations.

**SECTION 2.** The reasonably expected maximum principal amount of the Obligations is \$25,000,000.

**SECTION 3.** This resolution is being adopted not later than sixty (60) days after the payment of the original Expenditures (the “Expenditures Date” or “Expenditures Dates”).

**SECTION 4.** The District will make a reimbursement allocation, which is a written allocation that evidences the District’s use of proceeds of the Obligations to reimburse an Expenditure, no later than 18 months after the later of the date on which the Expenditure is paid or the Projects are placed in service or abandoned, but in no event more than three years after the date on which the Expenditure is paid. If both the District and a licensed architect or engineer certify that at least 5 years is necessary to complete construction of the Projects, the maximum reimbursement period is changed from 3 years to 5 years.

**SECTION 5.** Each Expenditure will be either (a) of a type properly chargeable to a capital account under general federal income tax principles (determined in each case as of the date of the Expenditure), (b) a cost of issuance with respect to the Obligations, (c) a nonrecurring item that is not customarily payable from current revenues, or (d) a grant to a party that is not related to or an agent of the District so long as such grant does not impose any obligation or condition (directly or indirectly)

to repay any amount to or for the benefit of the District.

**SECTION 6.** This resolution is consistent with the budgetary and financial circumstances of the District, as of the date hereof. No moneys from sources other than the Obligations are, or are reasonably expected to be reserved, allocated on a long-term basis, or otherwise set aside by the District (or any related party) pursuant to their budget or financial policies with respect to the Projects costs. To the best of our knowledge, this Board is not aware of the previous adoption of official intents by the District 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 7.** This resolution is adopted as official action of the District 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 District expenditures incurred prior to the date of issue of the Obligations.

**SECTION 8.** The limitations described in Section 3 and Section 4 do not apply to (a) costs of issuance of the Obligations, (b) an amount not in excess of the lesser of \$100,000 or five percent (5%) of the proceeds of the Obligations, or (c) any preliminary expenditures, such as architectural, engineering, surveying, soil testing, and similar costs other than land acquisition, site preparation, and similar costs incident to commencement of construction, not in excess of twenty percent (20%) of the aggregate issue price of the Obligations that finances the Projects for which the preliminary expenditures were incurred.

**SECTION 9.** All the recitals in this resolution are true and correct and this Board of Trustees so finds, determines and represents.

**SECTION 10.** This Resolution shall take effect immediately upon its passage.

ADOPTED, SIGNED AND APPROVED this 18th day of October, 2022.

BOARD OF TRUSTEES OF THE  
RIVERSIDE COMMUNITY COLLEGE DISTRICT

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President, Board of Trustees

Attest:

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Secretary, Board of Trustees

STATE OF CALIFORNIA,  
RIVERSIDE COUNTY

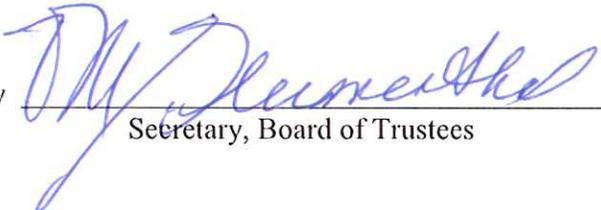
I, Virginia Blumenthal, do hereby certify that the foregoing is a true and correct copy of Resolution No. 18-22/23, which was duly adopted by the Board of Trustees of the Riverside Community College District at a meeting thereof held on the 18<sup>th</sup> day of October, 2022, and that it was so adopted by the following vote:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

By  Secretary, Board of Trustees