

CENTRAL BASIN MUNICIPAL WATER DISTRICT

DECEMBER 5, 2006 - Finance/Administration
Hawkins, Apodaca
DECEMBER 19, 2006 - Board Meeting
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Submitted by: Aileen Hermoso
Approved by: Art Aguilar

ACTION CALENDAR

RESOLUTION NO. 12-06-724 REGARDING THE
INTENTION TO ISSUE TAX-EXEMPT OBLIGATIONS

SUMMARY:

The District has two major capital projects (Project) that may be financed through bond issuance:

- Central Basin Headquarters (6252 Telegraph Road, Commerce, CA 90040) – building purchase and renovation costs; and
- Southeast Water Reliability Project (SWRP) - 12-mile pipeline that will connect the current distribution systems.

The Reimbursement Resolution will enable the District to reimburse itself from the proceeds of the sale of bonds for Project expenditures incurred by the District prior to the issuance of the bonds.

The amount covered by the Reimbursement Resolution is \$12.5 million, broken down as follows:

- Projected cash advances for the Central Basin Headquarters - \$6 million; and
- Design and related expenses for the SWRP - \$6.5 million.

FISCAL IMPACTS:

None.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

This item was reviewed by the Finance/Administration Committee on December 5, 2006 and was recommended for approval at the December 19, 2006 Special Board meeting.

RECOMMENDED MOTION:

That the Board approves, adopts, and authorizes the President to sign Resolution No. 12-06-724, "A RESOLUTION OF THE BOARD OF DIRECTORS OF CENTRAL BASIN MUNICIPAL WATER DISTRICT REGARDING THE INTENTION TO ISSUE TAX-EXEMPT OBLIGATIONS."

LIST OF EXHIBITS:

Exhibit "A" - Resolution No. 12-06-724

EXHIBIT “A”

RESOLUTION NO. 12-06-724

RESOLUTION OF THE CENTRAL BASIN MUNICIPAL
WATER DISTRICT REGARDING THE INTENTION TO
ISSUE TAX-EXEMPT OBLIGATIONS

WHEREAS, the Central Basin Municipal Water District (the "Issuer") desires to finance the costs of acquisition of and improvements to an office building and the cost of construction of a recycled water project, all as more fully described in Exhibit A attached hereto and incorporated herein (the "Project");

WHEREAS, the Issuer intends to finance the acquisition of and improvements to the Project or portions of the Project with the proceeds of the sale of obligations the interest upon which is excluded from gross income for federal income tax purposes (the "Obligations"); and

WHEREAS, prior to the issuance of the Obligations the Issuer desires to incur certain expenditures with respect to the Project from available monies of the Issuer which expenditures are desired to be reimbursed by the Issuer from a portion of the proceeds of the sale of the Obligations;

NOW, THEREFORE, THE CENTRAL BASIN MUNICIPAL WATER DISTRICT DOES HEREBY RESOLVE, ORDER AND DETERMINE AS FOLLOWS:

SECTION 1. The Issuer hereby states its intention and reasonably expects to reimburse Project costs incurred prior to the issuance of the Obligations with proceeds of the Obligations. Exhibit A describes either the general character, type, purpose, and function of the Project, or the fund or account from which Project costs are to be paid and the general functional purpose of the fund or account.

SECTION 2. The reasonably expected maximum principal amount of the Obligations is \$12,500,000.00.

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

SECTION 4. Except as described below, the expected date of issue of the Obligations will be within eighteen months of the later of the Expenditure Date or Dates and the date the Project is placed in service; provided, the reimbursement may not be made more than three years after the original expenditure is paid. For Obligations subject to the small issuer exception of Section 148(f)(4)(D) of the Internal Revenue Code, the "eighteen-month limit" of the previous sentence is changed to "three years" and the limitation of the previous sentence beginning with "; provided," is not applicable.

SECTION 5. Proceeds of the Obligations to be used to reimburse for Project costs are not expected to be used, within one year of reimbursement, directly or indirectly to pay debt service with respect to any obligation (other than to pay current debt service coming due within the next succeeding one year period on any tax-exempt obligation of the Issuer (other than the Obligations)) or to be held as a reasonably required reserve or replacement fund with respect to an

obligation of the Issuer or any entity related in any manner to the Issuer, or to reimburse any expenditure that was originally paid with the proceeds of any obligation, or to replace funds that are or will be used in such manner.

SECTION 6. This resolution is consistent with the budgetary and financial circumstances of the Issuer, as of the date hereof. No monies from sources other than the Obligation issue are, or are reasonably expected to be reserved, allocated on a long-term basis, or otherwise set aside by the Issuer (or any related party) pursuant to their budget or financial policies with respect to the Project costs. To the best of our knowledge, this Issuer is not aware of the previous adoption of official intents by the Issuer 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. 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 Project for which the preliminary expenditures were incurred.

SECTION 8. This resolution is adopted as official action of the Issuer 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 Issuer expenditures incurred prior to the date of issue of the Obligations, is part of the Issuer's official proceedings, and will be available for inspection by the general public at the main administrative office of the Issuer.

SECTION 9. All the recitals in this Resolution are true and correct and this Issuer so finds, determines and represents.

PASSED AND ADOPTED this 19th day of December, 2006.

ATTEST:

President

Secretary
(Seal)

EXHIBIT A

DESCRIPTION OF PROJECT

1. Purchase of an existing building to be used as a headquarters building and improvements thereto. Currently the Issuer anticipates acquisition of a two story building of approximately 22,000 square feet.
2. Design and construction of a recycled water project commonly referred to as the SOUTHEAST WATER RELIABILITY PROJECT.