

**RESOLUTION NO. 2015-19**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE PHELAN PIÑON HILLS COMMUNITY SERVICES DISTRICT DECLARING ITS OFFICIAL INTENT TO REIMBURSE CERTAIN CAPITAL EXPENDITURES FOR (I) THE PURCHASE OF BASE ANNUAL PRODUCTION AND (II) ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS, INCLUDING FACILITIES TO TREAT AND BLEND WATER TO MEET CHROMIUM VI REMEDIATION STANDARDS FROM PROCEEDS DERIVED FROM AN INSTALLMENT PURCHASE AGREEMENT OR OTHER OBLIGATIONS INCURRED BY THE DISTRICT**

**WHEREAS**, the Phelan Piñon Hills Community Services District (the “District”) intends to acquire base annual production and to acquire and construct improvements, including facilities to treat and blend water to meet Chromium VI remediation standards (collectively, such improvements are described in Exhibit A attached hereto and incorporated herein by this reference and shall hereinafter be referred to as the “Project”) serving the District; and

**WHEREAS**, the District expects to pay capital expenditures in connection with the Project as funds are available from federal, State and local sources; and

**WHEREAS**, as a component of the Project, the District intends to install infrastructure improvements and may acquire land or easements in connection with the Project as more particularly described in Exhibit A hereto; and

**WHEREAS**, the District has incurred and will incur certain capital expenditures in connection with the Project prior to the execution of an installment purchase agreement or other obligation which will provide for the financing of such expenditures; and

**WHEREAS**, the District is authorized to enter into an installment purchase agreement or other obligation to finance costs of the Project; and

**WHEREAS**, in order to reimburse itself or pay for costs of the Project, the District reasonably expects it will incur obligations in an amount not reasonably expected to exceed \$12,000,000, less amounts which become available through grants, if any, for the purpose of financing costs of the Project on a long-term basis; and

**WHEREAS**, Section 1.150-2 of the Treasury Regulations requires the District to declare its reasonable official intent to reimburse prior expenditures for the Project with proceeds of a financing;

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE PHELAN PIÑON HILLS COMMUNITY SERVICES DISTRICT, AS FOLLOWS:**

**SECTION 1.** The Board of Directors finds and determines that the foregoing recitals are true and correct.

**SECTION 2.** This Resolution is adopted by the Board of Directors solely for purposes of establishing compliance with the requirements of Section 1.150-2 of the Treasury Regulations. This Resolution does not bind the District to make any expenditure, incur any obligation or indebtedness or proceed with the Project.

**SECTION 3.** The Board of Directors expects the District to pay certain capital expenditures in connection with the Project prior to the execution of an installment purchase agreement or incurring other obligations for such capital expenditures for the Project. The reimbursement of such Project expenditures is consistent with the District's established budgetary and financial circumstances. There are no funds or sources of moneys of the District or any related person or commonly controlled entity, that have been, or reasonably are expected to be, reserved, allocated on a long-term basis, or otherwise set aside to pay any costs of the Project which are to be paid or reimbursed out of proceeds derived through an installment purchase agreement or through other obligations incurred for the Project.

**SECTION 4.** The Board of Directors hereby declares the District's official intent to use proceeds derived through an installment purchase agreement or through other obligations, the interest component on which is excludable from gross income under Section 103 of the Internal Revenue Code, to reimburse the District for future Project expenditures.

**SECTION 5.** The reimbursement allocation to be made with respect to the expenditures will occur not later than eighteen (18) months after the later of (i) the date on which the expenditure is paid, or (ii) the date on which the Project is placed in service, but in no event more than 3 years after the expenditure is paid.

**SECTION 6.** This Resolution shall be reasonably available for inspection by the general public either during normal business hours at the offices of the District, located at 4176 Warbler Road, Phelan, California 92317.

**SECTION 7.** This Resolution shall take effect immediately upon its adoption.

PASSED, APPROVED, AND ADOPTED this 15<sup>th</sup> day of July, 2015, by the following vote:

AYES: Brandon, Morrissette, Pace, Roberts, Whalen

NOES:

ABSENT:

ABSTENTIONS:

PHELAN PIÑON HILLS COMMUNITY SERVICES  
DISTRICT

By   
Al Morrissette, President of the Board

Attest:

  
Kimberly Ward, Executive Secretary

**EXHIBIT A**  
**THE PROJECT**

The Project consists of the following:

1. The acquisition of Base Annual Production: 929 acre feet of BAP
2. Rehabilitation of two water production wells
3. Design and install approximately 14 miles of 16" and 12" waterline
4. Design and install booster stations
5. Design and install 5 million gallon blending tank
6. Surveying and Inspection services for Project