

**ADMINISTRATIVE REPORT**

**DATE:** December 14, 2023  
**TOPIC:** #7.4 – Sale of General Obligation and Facility Maintenance Bonds, Series 2024A  
**PRESENTER:** Dan Pyan, Executive Director of Finance and Operations  
**REFERENCE TO POLICY/STATUTE:** Policy 701, 702

**A. PURPOSE OF REPORT**

- a. South Washington County Schools held a bond election on November 7, 2023 asking voters for authorization to construct \$200 million in school expansions and renovations.
- b. Both Question 1 worth \$160 million and Bond Question 2 worth \$40 million passed in the election.
- c. The \$200 million will be raised through two different bond sales. The first \$100 million will feature a bond sale on January 18, 2023. The sale will also include selling bonds to fund Long Term Facility Maintenance projects in 2024 and 2025.
- d. Attached is a draft resolution relating to \$119,415,000 General Obligation school building and facilities maintenance bonds series 2024A stating intent to proceed with and authorizing the issuance and sale thereof and providing for credit enhancement.


**B. RECOMMENDATION**

- a. The Board is asked to adopt the resolution.

**C. CONNECTION TO STRATEGIC PRIORITY**

- a. Student Experience
- b. Student Pathways and Systemic Supports
- c. Operations, Staffing, and Finance



 <div> <div>Division of School Finance</div> <div>400 NE Stinson Blvd</div> <div>Minneapolis, MN 55413</div> </div>		Long-Term Facility Maintenance Ten-Year Expenditure Application (LTFM) - Fund 01 and Fund 06 Projects Only										ED - 02478-08
<b>Instructions:</b> Enter estimated, allowable LTFM expenditures (Fund 01 and/or Fund 06 only) under Minnesota Statutes 2021, section 123B.595, subd. 10. Enter by Uniform Financial and Accounting Reporting Standards (UFARS) finance code and by fiscal year in the cells provided.												
<b>District Info.</b>		<b>Enter Information</b>		<b>District Info.</b>		<b>Enter Information</b>						
District Name:		South Washington County Schools		Date:		12/14/2023						
District Number:		833		Email:		dpvao0@sowashco.org						
District Contact Name:		Dan Ryan										
Contact Phone #		651-425-6260										
<div> <div>Expenditure Categories</div> <div>Fiscal Year (FY) Ending June 30</div> </div>												
		2022 (base year)	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
<b>Health and Safety - this section excludes project costs in Category 2 of \$100,000 or more for which additional revenue is requested for Finance Codes 358, 363 and 366.</b>												
<b>Finance Code</b>	<b>Category (1)</b>											
347	Physical Hazards	\$192,135	\$192,135	\$192,135	\$192,135	\$192,135	\$192,135	\$192,135	\$192,135	\$192,135	\$192,135	\$192,135
349	Other Hazardous Materials	\$65,000	\$65,000	\$63,000	\$63,000	\$63,000	\$63,000	\$63,000	\$63,000	\$63,000	\$63,000	\$63,000
352	Environmental Health and Safety Management	\$490,087	\$502,087	\$546,490	\$546,490	\$546,490	\$546,490	\$546,490	\$546,490	\$546,490	\$546,490	\$546,490
358	Asbestos Removal and Encapsulation	\$22,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
363	Fire Safety	\$405,778	\$405,778	\$189,000	\$189,000	\$189,000	\$189,000	\$189,000	\$189,000	\$189,000	\$189,000	\$189,000
366	Indoor Air Quality	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	<b>Total Health and Safety Capital Projects</b>	\$1,175,000	\$1,175,000	\$1,000,625	\$1,000,625	\$1,000,625	\$1,000,625	\$1,000,625	\$1,000,625	\$1,000,625	\$1,000,625	\$1,000,625
<b>Health and Safety - Projects Costing \$100,000 or more per Project/Site/Year</b>												
<b>Finance Code</b>	<b>Category (2)</b>											
358	Asbestos Removal and Encapsulation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
363	Fire Safety	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
366	Indoor Air Quality	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	<b>Total Health and Safety Capital Projects \$100,000 or More</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Remodeling for Approved Voluntary Pre-K under Minnesota Statutes, section 124D.151</b>												
<b>Finance Code</b>	<b>Category (3)</b>											
355	Remodeling for prekindergarten (Pre-K) instruction approved by the commissioner.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	<b>Total Remodeling for Approved Voluntary Pre-K Projects</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Accessibility</b>												
<b>Finance Code</b>	<b>Category (4)</b>											
367	Accessibility	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	<b>Total Accessibility Projects</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Deferred Capital Expenditures and Maintenance Projects</b>												
<b>Finance Code</b>	<b>Category (5)</b>											
368	Building Envelope	\$100,000	\$0	\$0	\$0	\$0	\$0	\$1,200,000	\$2,700,000	\$3,000,000	\$4,000,000	\$0
369	Building Hardware and Equipment	\$880,000	\$1,220,000	\$850,000	\$300,000	\$1,475,000	\$2,425,000	\$3,025,000	\$1,300,000	\$300,000	\$300,000	\$550,000
370	Electrical	\$2,345,000	\$920,000	\$3,000,000	\$5,250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$1,750,000	\$1,750,000	\$250,000
379	Interior Surfaces	\$2,135,000	\$6,305,000	\$7,285,000	\$7,680,000	\$6,410,000	\$11,730,000	\$5,410,000	\$8,885,000	\$2,385,000	\$4,085,000	\$435,000
380	Mechanical Systems	\$7,100,000	\$5,005,000	\$6,335,000	\$1,470,000	\$4,500,000	\$4,800,000	\$7,250,000	\$3,400,000	\$10,900,000	\$10,900,000	\$19,400,000
381	Plumbing	\$0	\$650,000	\$350,000	\$250,000	\$300,000	\$450,000	\$230,000	\$250,000	\$250,000	\$250,000	\$250,000
382	Professional Services and Salary	\$965,000	\$965,000	\$1,050,000	\$1,050,000	\$1,050,000	\$1,050,000	\$1,050,000	\$1,050,000	\$1,050,000	\$1,050,000	\$1,050,000
383	Roof Systems	\$5,950,000	\$5,950,000	\$0	\$2,500,000	\$4,150,000	\$200,000	\$3,350,000	\$1,720,000	\$0	\$0	\$0
384	Site Projects	\$5,625,000	\$775,000	\$4,634,375	\$5,084,375	\$5,284,375	\$2,284,375	\$784,375	\$3,584,375	\$3,784,375	\$784,375	\$784,375
	<b>Total Deferred Capital Expense and Maintenance</b>	\$23,100,000	\$21,490,000	\$23,504,375	\$23,584,375	\$23,619,375	\$23,189,375	\$22,869,375	\$23,139,375	\$23,419,375	\$23,119,375	\$22,719,375
<b>Total Annual 10-Year Plan Expenditures</b>		\$26,275,000	\$22,665,000	\$24,505,000	\$24,585,000	\$24,620,000	\$24,190,000	\$23,870,000	\$24,140,000	\$24,420,000	\$24,120,000	\$23,720,000

[illegible]

FY 25 Long-Term Facilities Maintenance (LTFM) Ten-Year Revenue Projection					Revised 5/4/2023										
833	<= Type in School District Number														
	SOUTH WASHINGTON COUNTY SCHOOL DIST														
Calculations for Ten Year Projection				Pay 23	Change only if requiring levy adjustments	Payable 2023 LLC Certification	Current Estimate								
		LLC #		FY 2023	FY 2024	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033
	Old Formula revenue														
21	Old formula Health & Safety revenue (these should match the pay as you go amounts entered into the Health & Safety Data Submission System through FY 2025)	409		1,000,625	1,000,625		1,035,625	1,035,625	1,035,625	1,035,625	1,035,625	1,035,625	1,035,625	1,035,625	1,035,625
22	Old formula alt facilities debt revenue (1A) - gross before debt excess	701			12,253,369	12,033,394	10,468,631	10,048,999	10,095,908	-	-	-	-	-	
23	Debt Excess allocated to line 22														
24	Old formula alt facilities debt revenue (1A) - debt excess	765			12,253,369	12,033,394	10,468,631	10,048,999	10,095,908	-	-	-	-	-	
25	Old formula alt facilities net debt revenue (18) = (12) - (13)	766								-	-	-	-	-	
26	Old formula alt facilities pay as you go revenue (1A)	410	-		9,364,375		13,010,000	16,960,000	8,655,000	10,790,000	10,590,000	12,040,000	11,215,000	8,990,000	8,965,000
26b (18)	Pay-as-you-go revenue for H&S projects over \$100,000 per site	411													
27	Old formula alt facilities pay as you go revenue (18) > \$500,000 (these should match the pay as you go amounts entered into the Health & Safety Data Submission System through FY 2024)	413													
27a	LTFM "H&S >100K per site" bonds	767													
27b	LTFM "other" bonds for 1A hold harmless	769			3,919,164	3,919,164	5,133,699	7,281,501	16,056,810	20,729,271	19,127,456	15,865,329	15,111,639	13,959,015	
28	Old formula deferred maintenance revenue = (if (22) + (26) = 0, (10) * (\$64 / formula allowance))	416													
29	Total old formula revenue = (21)+(24)+(25)+(26)+(26b)+(27)+(27a)+(27b)+(28)	417		26,537,535	26,537,533	29,998,183	33,597,955	27,021,124	37,978,343	32,354,896	32,203,081	28,115,954	25,137,264	23,959,640	
30	Total LTFM Revenue for Individual District Projects = Greater of (20d) or [(29) + (20c)]	418		26,537,535	26,537,533	29,998,183	33,597,955	27,021,124	37,978,343	32,354,896	32,203,081	28,115,954	25,137,264	23,959,640	
31	District Requested Reduction from Maximum LTFM Revenue (to levy less than the maximum). Also enter this amount in the Levy Information System. Stated as positive number	419		-	-	-	-	-	-	-	-	-	-	-	
32	District LTFM Revenue (30) - (31)	420		26,537,535	26,537,533	29,998,183	33,597,955	27,021,124	37,978,343	32,354,896	32,203,081	28,115,954	25,137,264	23,959,640	
33	LTFM Revenue for District Share of Eligible Cooperative / Intermediate Projects (Unequalized)	421		51,973	51,973	-	-	-	-	-	-	-	-	-	
34	Grand Total LTFM Revenue (32) + (33)	422		26,589,508	26,589,506	29,998,183	33,597,955	27,021,124	37,978,343	32,354,896	32,203,081	28,115,954	25,137,264	23,959,640	
Aid and Levy Shares of Total Revenue															
35	For ANTC & APU, three year prior date	35		2021	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	
36	Three year prior Ag Modified ANTC	54		164,605,710	164,605,710	195,880,796	203,716,028	211,864,669	220,339,256	229,152,826	238,318,939	247,851,697	257,765,764	268,076,395	
37	Three year prior Adjusted PU (New Weights)	54		20,259.10	20,259.11	20,315.67	20,453.59	20,709.05	20,781.92	20,781.92	20,781.92	20,781.92	20,781.92	20,781.92	
38	ANTC / APU = (36) / (37)	424		8,125.03	8,125.02	9,641.86	9,959.92	10,230.53	10,602.45	11,026.55	11,467.61	11,926.31	12,403.37	12,899.50	
39	State average ANTC / APU with ag value adjustment	425		10,412.94	10,412.94	12,182.56	13,566.31	14,441.54	15,019.00	15,620.00	16,245.00	16,895.00	17,571.00	18,274.00	
40	Equalizing Factor = 123% of (39)	426		12,807.92	12,807.92	14,984.55	16,686.56	17,763.09	18,473.37	19,212.60	19,981.35	20,780.85	21,612.33	22,477.02	
41	Local (levy) share of Equalized Revenue (lesser of 1 or (38) / (40))	427		63.43%	63.44%	64.35%	59.69%	57.59%	57.39%	57.39%	57.39%	57.39%	57.39%	57.39%	
42	State (aid) share of Equalized Revenue (1 - (41))	428		36.57%	36.56%	35.65%	40.31%	42.41%	42.61%	42.61%	42.61%	42.61%	42.61%	42.61%	
43	Equalized Revenue (lesser of (34) or (6) * (8))	423		7,817,466	7,755,146	7,787,925	7,787,925	7,787,925	7,787,925	7,787,925	7,787,925	7,787,925	7,787,925	7,787,925	
44	Initial LTFM State Aid (42) * (43)	429		2,858,587	2,835,478	2,776,758	3,139,447	3,302,523	3,318,189	3,318,257	3,318,313	3,318,367	3,318,416	3,318,456	
45	Old formula Grandfathered Alternative Facilities Aid	431		-	-	-	-	-	-	-	-	-	-	-	
46	Total LTFM State Aid (Greater of (44) or (45))	432		2,858,587	2,835,478	2,776,758	3,139,447	3,302,523	3,318,189	3,318,257	3,318,313	3,318,367	3,318,416	3,318,456	
47	Total LTFM Levy (34) - (46) (including coop/intermediate)	435		23,730,921	23,754,028	27,221,425	30,458,508	23,718,601	34,660,153	29,036,639	28,884,768	24,797,587	21,818,849	20,641,184	
Debt Service Portion of Revenue (non-grandfather districts)															
48	Debt Service Portion of Revenue (non-grandfather districts)														
49	Subtotal Debt Service Revenue from above = (12) - (13) + (17) + (20a) + (24)	765+766+767+768			12,253,369	12,033,394	10,468,631	10,048,999	10,095,908	-	-	-	-	-	
50	Existing LTFM bonds excluding bonds on line 17 (principal + interest)*1.05 from "FM Other Bonds" tab	769			3,919,164	3,919,164	3,919,164	3,919,164	10,182,414	14,032,502	17,098,187	15,865,329	15,111,639	13,959,015	
50b	New LTFM bonds excluding bonds on line 17 (principal + interest)*1.05				-	-	1,214,535	3,362,336	5,874,396	6,696,769	2,029,269	-	-	-	
51	Total Debt Service Revenue = (49) + (50) + (50b)	770			16,172,533	15,952,558	15,602,330	17,330,499	26,152,718	20,729,271	19,127,456	15,865,329	15,111,639	13,959,015	
52	Equalized debt Service Revenue (lesser of (43) or (51))	436			7,755,146	7,787,925	7,787,925	7,787,925	7,787,925	7,787,925	7,787,925	7,787,925	7,787,925	7,787,925	
53	Debt Service Aid = (52) * (42)	438			2,835,478	2,776,758	3,139,447	3,302,523	3,318,189	3,318,257	3,318,313	3,318,367	3,318,416	3,318,456	
54	Equalized Debt Service Levy = (52) - (53)	439			4,919,668	5,011,167	4,648,478	4,485,402	4,469,736	4,469,668	4,469,612	4,469,558	4,469,510	4,469,469	
55	Unequalized Debt Service Revenue and Levy = (Greater of zero or (51) - (50))	440				8,417,387	8,164,633	7,814,405	9,542,574	18,364,792	12,941,345	11,339,531	8,077,404	7,323,714	6,171,090
56	General Fund Portion of Revenue (non-grandfather districts)														

[illegible]

CERTIFICATION OF MINUTES RELATING TO  
\$119,415,000 GENERAL OBLIGATION SCHOOL BUILDING AND FACILITIES  
MAINTENANCE BONDS, SERIES 2024A

Issuer: Independent School District No. 833 (South Washington County Schools), Minnesota

Governing Body: School Board

Kind, date, time and place of meeting: A regular meeting held on December 14, 2023 at 6:00 p.m. at the District offices.

Members present:

Members absent:

Documents attached:

Minutes of said meeting (including):

RESOLUTION RELATING TO \$119,415,000 GENERAL OBLIGATION SCHOOL BUILDING AND FACILITIES MAINTENANCE BONDS, SERIES 2024A; STATING OFFICIAL INTENT TO PROCEED WITH AND AUTHORIZING THE ISSUANCE AND SALE THEREOF, PROVIDING FOR CREDIT ENHANCEMENT WITH RESPECT THERETO, AND ESTABLISHING COMPLIANCE WITH REIMBURSEMENT BOND REGULATIONS UNDER THE INTERNAL REVENUE CODE

I, the undersigned, being the duly qualified and acting recording officer of the public corporation issuing the bonds referred to in the title of this certificate, certify that the documents attached hereto, as described above, have been carefully compared with the original records of said corporation in my legal custody, from which they have been transcribed; that said documents are a correct and complete transcript of the minutes of a meeting of the governing body of said corporation, and correct and complete copies of all resolutions and other actions taken and of all documents approved by the governing body at said meeting, so far as they relate to said bonds; and that said meeting was duly held by the governing body at the time and place and was attended throughout by the members indicated above, pursuant to call and notice of such meeting given as required by law.

WITNESS my hand officially as such recording officer this 14<sup>th</sup> day of December, 2023.

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School District Clerk

Member \_\_\_\_\_ introduced the following resolution and moved its adoption, which motion was seconded by Member \_\_\_\_\_:

RESOLUTION RELATING TO \$119,415,000 GENERAL OBLIGATION SCHOOL BUILDING AND FACILITIES MAINTENANCE BONDS, SERIES 2024A; STATING OFFICIAL INTENT TO PROCEED WITH AND AUTHORIZING THE ISSUANCE AND SALE THEREOF, PROVIDING FOR CREDIT ENHANCEMENT WITH RESPECT THERETO, AND ESTABLISHING COMPLIANCE WITH REIMBURSEMENT BOND REGULATIONS UNDER THE INTERNAL REVENUE CODE

BE IT RESOLVED by the School Board (the Board) of Independent School District No. 833 (South Washington County Schools), Minnesota (the District), as follows:

**SECTION 1. AUTHORIZATION, ELECTION AND DISTRICT INDEBTEDNESS.**

The District is authorized, pursuant to Minnesota Statutes, Section 123B.595 and Chapter 475, to borrow money by the issuance of its general obligation facilities maintenance bonds and, subject to voter approval, general obligation school building bonds. This Board hereby determines that it is necessary and desirable and in the best interest of the District to issue its General Obligation School Building and Facilities Maintenance Bonds, Series 2024A in the approximate principal amount of \$119,415,000 (the Bonds). A portion of the proceeds of the Bonds (approximately \$100,000,000) will be used to finance the acquisition and betterment of school sites and facilities including, but not limited to, safety and security enhancements, expansions and renovations at secondary schools, expansions of elementary schools expected to exceed capacity projections, and renovations for bathrooms at five elementary schools, as approved by the electors at a special election held on November 7, 2023 (the School Building Projects). A portion of the proceeds of the Bonds (approximately \$19,415,000) will be used to finance various deferred capital maintenance projects (the Facilities Maintenance Projects), as described in the District's ten-year facility plan for Fiscal Year 2025 (the Facility Plan) hereby approved by this Board. Pursuant to the provisions of Minnesota Statutes, Section 123B.595, subdivision 5 it is hereby determined that the total amount of District indebtedness as of December 1, 2023 is \$283,615,000. The School Building Projects and the Facilities Maintenance Projects and are referred to collectively herein as the Project.

**SECTION 2. APPROVAL BY COMMISSIONER OF EDUCATION OF THE STATE OF MINNESOTA.** The Facility Plan will be submitted for approval by the Commissioner of Education of the State of Minnesota (the Commissioner) as required by Minnesota Statutes, Section 123B.595, subdivision 5 and such approval will be received prior to the date on which the Bonds will be issued.

**SECTION 3. NOTICE PUBLICATION; FACILITIES MAINTENANCE PROJECTS.** The Clerk is authorized and directed to cause notice of the intended Facilities Maintenance Projects, the amount of Bonds to be issued to finance the Facilities Maintenance Projects, and the total amount of the District's indebtedness to be published in a legal newspaper of general circulation in the District.

SECTION 4. SALE. The District has retained Ehlers & Associates, Inc., in Roseville, Minnesota (Ehlers), as its independent municipal advisor in connection with the sale of the Bonds. Ehlers is authorized to solicit proposals for the purchase of the Bonds in accordance with Minnesota Statutes, Section 475.60, subdivision 2, paragraph (9). The Board shall meet at the time and place specified in the Official Statement for the Bonds to receive and consider such proposals for the purchase of the Bonds.

SECTION 5. OFFICIAL STATEMENT; PROPOSALS. Ehlers is authorized to prepare and distribute an Official Statement for the Bonds and to open, read, and tabulate the proposals for presentation to the Board.

SECTION 6. STATE CREDIT ENHANCEMENT PROGRAM. (a) The District hereby covenants and obligates itself to notify the Commissioner of a potential default in the payment of principal and interest on the Bonds and to use the provisions of Minnesota Statutes, Section 126C.55 to guarantee payment of the principal and interest on the Bonds when due. The District further covenants to deposit with the Registrar or any successor paying agent three (3) days prior to the date on which a payment is due an amount sufficient to make that payment or to notify the Commissioner that it will be unable to make all or a portion of that payment. The Registrar for the Bonds is authorized and directed to notify the Commissioner if it becomes aware of a potential default in the payment of principal or interest on the Bonds or if, on the day two (2) business days prior to the date a payment is due on the Bonds, there are insufficient funds to make that payment on deposit with the Registrar. The District understands that as a result of its covenant to be bound by the provision of Minnesota Statutes, Section 126C.55, the provisions of that section shall be binding as long as any Bonds of this issue remain outstanding.

(b) The District further covenants to comply with all procedures now and hereafter established by the Departments of Management and Budget and Education of the State of Minnesota pursuant to Minnesota Statutes, Section 126C.55, subdivision 2(c) and otherwise to take such actions as necessary to comply with that section. The chair, clerk, superintendent or business manager is authorized to execute any applicable Minnesota Department of Education forms.

SECTION 7. REIMBURSEMENT. (a) (i) The Internal Revenue Service has issued Section 1.150-2 of the Income Tax Regulations (the Regulations) dealing with the issuance of tax-exempt obligations all or a portion of the proceeds of which are to be used to reimburse the District for Project expenditures made by the District prior to the date of issuance (the Reimbursement Obligations).

(ii) The Regulations generally require that the District make a declaration of its official intent to reimburse itself for such prior expenditures out of the proceeds of a subsequently issued series of tax-exempt obligations within 60 days after payment of the expenditures, that such obligations be issued and the reimbursement allocation be made from the proceeds of such obligations within the reimbursement period (as defined in the Regulations), and that the expenditures reimbursed be capital expenditures or costs of issuance of the obligations.



(iii) The District desires to comply with requirements of the Regulations with respect to the Project.

(b) (i) The District proposes to undertake the Project and to make original expenditures with respect thereto prior to the issuance of Reimbursement Obligations, and reasonably expects to issue Reimbursement Obligations for such project in the maximum principal amounts shown below:

<u>Project</u>	<u>Maximum Amount of Obligations Expected to be Issued for the Project</u>
Acquisition and betterment of school sites and facilities including, but not limited to, safety and security enhancements, expansions and renovations at secondary schools, expansions of elementary schools expected to exceed capacity projections, and renovations for bathrooms at five elementary schools, and various deferred capital maintenance projects.	\$119,415,000

(ii) Other than (i) de minimis amounts permitted to be reimbursed pursuant to Section 1.150-2(f)(1) of the Regulations or (ii) expenditures constituting preliminary expenditures as defined in Section 1.150-2(f)(2) of the Regulations, the District will not seek reimbursement for any original expenditures with respect to the foregoing Project paid more than 60 days prior to the date of adoption of this resolution. All original expenditures for which reimbursement is sought will be capital expenditures or costs of issuance of the Reimbursement Obligations.

(c) As of the date hereof, there are no District funds reserved, pledged, allocated on a long term basis or otherwise set aside (or reasonably expected to be reserved, pledged, allocated on a long term basis or otherwise set aside) to provide permanent financing for the original expenditures related to the Project other than pursuant to the issuance of the Reimbursement Obligations. Consequently, it is not expected that the issuance of the Reimbursement Obligations will result in the creation of any replacement proceeds.

(d) The District's business manager shall be responsible for making the "reimbursement allocations" described in the Regulations, being generally the transfer of the appropriate amount of proceeds of the Reimbursement Obligations to reimburse the source of temporary financing used by the District to make payment of the original expenditures relating to the Project. Each reimbursement allocation shall be made not later than (i) eighteen (18) months after the date of the original expenditure or (ii) eighteen (18) months after the date the Project is placed in service or abandoned (but in no event later than three (3) years after the original expenditure is paid) and shall be evidenced by an entry on the official books and records of the District maintained for the Reimbursement Obligations and shall specifically identify the original expenditures being reimbursed.

Upon vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

whereupon the resolution was declared duly passed and adopted.