

RESOLUTION NO. _____

RESOLUTION OF THE NAPA SANITATION DISTRICT
REGARDING ITS INTENTION TO ISSUE TAX-EXEMPT
OBLIGATIONS

WHEREAS, the Napa Sanitation District (the “District”) desires to finance the costs of constructing, expanding and/or reconstructing certain public wastewater facilities and improvements relating to its sewer collection system, as provided in Exhibit A attached hereto and incorporated herein (the “Project”);

WHEREAS, the District intends to finance the construction, expansion and/or reconstruction of 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 District desires to incur certain expenditures (the “Expenditures”) with respect to the Project from available monies of the District, which expenditures are desired to be reimbursed by the District from a portion of the proceeds of the sale of the Obligations;

NOW, THEREFORE, THE DISTRICT DOES HEREBY RESOLVE, ORDER AND DETERMINE AS FOLLOWS:

SECTION 1. The District 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 twenty million dollars (\$20,000,000).

SECTION 3. This resolution is being adopted on or prior to the date or within sixty (60) days of the date (the “Expenditures Date or Dates”) that the District has expended or will expend monies for the portion of the Project costs to be reimbursed from proceeds of the Obligations.

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.

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 District (other than the Obligations)) or to be held as a reasonably required reserve or replacement fund with respect to an obligation of the District or any entity related in any manner to the District, 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 District, 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 District (or any related party) pursuant to their budget or financial policies with respect to the Project costs. To the best of our knowledge, the Board of Directors 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. 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 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, is part of the District's official proceedings, and will be available for inspection by the general public at the main administrative office of the District.

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

I hereby certify that the foregoing Resolution was duly and regularly adopted by the Board of Directors of the Napa Sanitation District, at its regularly scheduled meeting on the 15th day of May, 2019, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

ATTEST:

Chair, Board of Directors
Napa Sanitation District

Clerk of the Board, Napa Sanitation District

EXHIBIT A

DESCRIPTION OF PROJECT

- **66-Inch Trunk Rehabilitation (Kaiser to IPS)** – This project will repair and/or rehabilitate approximately 1.3 miles of 66-inch sewer trunk main from Kaiser Road in Napa south to the Influent Pump Station (IPS) at the Soscot Water Recycling Facility.
- **2020 Collection System Rehabilitation** – This collection system rehabilitation project of approximately 2% of Napa Sanitation District's sewer mainlines will be designed and constructed to reduce inflow and infiltration (I&I) and to repair, rehabilitate and/or replace aging and deteriorating mainline and lateral sewers in various high priority areas.