

## OKANOGAN COUNTY, WASHINGTON

### RESOLUTION NO. 127 - 2021

*A RESOLUTION of the Board of County Commissioners of Okanogan County, Washington, declaring its official intent to reimburse capital expenditures from proceeds of a future borrowing; and providing for related matters.*

**BE IT RESOLVED** by the Board of County Commissioners (the “Board”) of Okanogan County, Washington (the “County”), as follows:

Section 1. Findings and Determinations. The Board takes note of the following facts and makes the following findings and determinations:

(a) United States Treasury Regulations Section 1.150-2 relating to the reimbursement of prior expenditures from proceeds of tax-exempt bonds or other obligations (“bonds”) requires, among other things, that not later than 60 days after payment of an original expenditure the County (or any person designated by the County to do so on its behalf) declare a reasonable official intent to reimburse those original expenditures from proceeds of bonds.

(b) The County intends to make capital expenditures for the Project identified in Section 2 from money that is available but that is not (and is not reasonably expected to be) reserved, allocated on a long-term basis or otherwise set aside for those expenditures, and the County reasonably expects to be reimbursed for those expenditures from proceeds of bonds issued or incurred to finance those expenditures.

Section 2. Description of Project for Which Expenditures are to be Made. The County intends to make (and/or, not more than 60 days before the date of this resolution, has made) expenditures, and reasonably expects to reimburse itself for those expenditures from proceeds of bonds, for [the acquisition, development, construction or remodeling of County governmental facilities, including, but not limited to, Superior Court, Clerk’s Office, Juvenile Justice facilities, 911 Communications facilities, Jail facilities, Public Works Shops and other County governmental facilities] (the “Project”).

Section 3. Maximum Principal Amount of Bonds Expected to be Issued for the Project. The County expects that the maximum principal amount of bonds that will be issued to finance the Project is \$[15,000,000].

Section 4. Declaration Reasonable. The Board has reviewed the existing and reasonably foreseeable budgetary and financial circumstances of the County and has determined that the County reasonably expects to reimburse itself for expenditures for the Project from proceeds of bonds because the County has no funds available that already are, or are reasonably expected to be, reserved, allocated on a long-term basis or otherwise set aside by the County for those expenditures on the Project.

**Section 5. Limitations on Uses of Reimbursement Amounts.** The County will not, within one year after the expected reimbursement, use amounts corresponding to proceeds received from bonds issued in the future to reimburse the County for previously paid expenditures for the Project in any manner that results in those amounts being treated as replacement proceeds of any tax-exempt bonds, i.e., as a result of being deposited in a reserve fund, pledged fund, sinking fund, or similar fund (other than a bona fide debt service fund) that is expected to be used to pay principal of or interest on tax-exempt bonds. The County will not use those amounts in any manner that employs an abusive arbitrage device to avoid arbitrage restrictions.

**Section 6. Date of Declaration.** The declaration of official intent made herein is dated as of the effective date of this resolution.

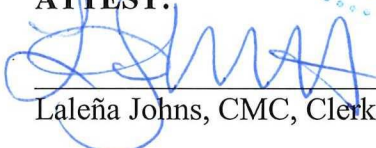
**Section 7. Ratification and Confirmation.** All actions of the County or its officers taken prior to the effective date and consistent with the terms of this resolution are ratified and confirmed.

**Section 8. Effective Date.** This resolution takes effect from and after its adoption.

**ADOPTED** by the Board of County Commissioners of Okanogan County, Washington at a regular open public meeting held this 11<sup>th</sup> day of October, 2021, the following Commissioners voting in favor of the resolution.



**ATTEST:**

  
Laleña Johns, CMC, Clerk of the Board

**BOARD OF COUNTY COMMISSIONERS  
OKANOGAN, WASHINGTON**

  
Chris Branch, Chairman

  
Jim DeTro, Member

  
Andy Hover, Member



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## MEMORANDUM

TO: Okanogan County  
FROM: Foster Garvey P.C.  
DATE: September 22, 2021  
RE: Basic reimbursement rules for capital projects

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IRS regulations generally require bond issuers (such as Okanogan County) to spend 85% of bond proceeds within three years. If an issuer makes expenditures for a capital project from funds that are not reasonably intended to be permanently allocated for that purpose (“original expenditures”), the issuer may use bond proceeds to reimburse those original expenditures and treat the bond proceeds as spent when used to make the reimbursement, if certain requirements are met.

Declaration of Official Intent to Reimburse Original Expenditures. Not later than 60 days after payment of the original expenditures (except for payments made for “preliminary expenditures,” such as architectural, engineering, surveying, soil testing and similar costs prior to commencement of acquisition or construction of the project, but not including costs of land acquisition or site preparation), the issuer must declare its official intent to reimburse the original expenditures from the proceeds of bonds. The declaration of official intent must be in writing and may be in any reasonable form, such as a resolution of the issuer or action by an official authorized or designated to declare official intents on behalf of the issuer. The declaration of official intent must generally describe the project for which the original expenditures are paid and state the maximum principal amount of bonds expected to be issued for the project.

Issuance of Reimbursement Bonds. The bonds from which the issuer expects to reimburse original expenditures for a project must be issued and the “reimbursement allocation” made not later than 18 months after the later of (a) the date the original expenditure was paid, or (b) the date that the financed project is first placed in service, but in any event not later than three years after the original expenditure was paid (except for original expenditures that constitute “preliminary expenditures” described above). A “reimbursement allocation” is an allocation in writing in the issuer’s records showing that the issuer is using bond proceeds to reimburse an original expenditure for the project. If the reimbursement allocation is made within 30 days after the issue date of the bonds, it is treated as made on the issue date of the bonds. Bond proceeds used to make a proper reimbursement allocation under these rules are treated as “spent” on the date of reimbursement. These rules can be helpful to an issuer in demonstrating compliance with IRS regulations regarding timely expenditure of bond proceeds.

## Lalena Johns

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**From:** David Y. Gecas  
**Sent:** Tuesday, October 5, 2021 4:47 PM  
**To:** Lalena Johns  
**Subject:** RE: Okanogan County - reimbursement materials

Those look okay to me. And no objection to your suggested edit to Section 2.

Thanks,

David Gecas  
Chief Civil Deputy Prosecuting Attorney  
Okanogan County Prosecutors Office  
P.O. Box 1130  
237 N. 4th Avenue  
Okanogan, WA 98840  
509-422-7280  
Fax 509-422-7290

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**From:** Lalena Johns  
**Sent:** Tuesday, September 28, 2021 11:25 AM  
**To:** David Y. Gecas <dgecas@co.okanogan.wa.us>  
**Subject:** FW: Okanogan County - reimbursement materials

Hello David,

Attached is draft Bond resolutions the board would like you to review. In section 2 in square brackets please include....  
"including, but not limited to, Superior Court, Clerk, 911 Jail, Public Works shops and other governmental facilities.

Sincerely,

Lanie Johns  
Clerk of the Board  
Okanogan County  
509-422-7105

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**From:** Leah McCormack  
**Sent:** Wednesday, September 22, 2021 4:15 PM  
**To:** Chris Branch <[cbranch@co.okanogan.wa.us](mailto:cbranch@co.okanogan.wa.us)>; Andy Hover <[andy.hover@co.okanogan.wa.us](mailto:andy.hover@co.okanogan.wa.us)>; Jim DeTro <[jdetro@co.okanogan.wa.us](mailto:jdetro@co.okanogan.wa.us)>; Cari Hall <[chall@co.okanogan.wa.us](mailto:chall@co.okanogan.wa.us)>