

**RESOLUTION #2020-3 RELATING TO
LEASE-PURCHASE FINANCING OF COUNTY JAIL**

BE IT RESOLVED by the Board of County Commissioners of Barnes County, North Dakota (the “County”), as follows:

SECTION 1. AUTHORIZATION.

1.1. Authorization. The County is authorized by Section 11-11-14 of the North Dakota Century Code, to enter into a lease-purchase agreement for the purpose of financing the acquisition, construction, and equipping of a new County jail (the “Project”). It is hereby found, determined and declared to be necessary and desirable and in the best interest of the County to begin preliminary proceedings to finance the Project by entering into a lease-purchase agreement and to create certificates of participation (the “Certificates”) therein.

1.2. Financing and Sale. The County hereby engages Dougherty & Company LLC as the underwriter with respect to the financing of the Project. The County hereby engages Arntson Stewart Wegner PC as bond counsel for the financing.

1.3. Financing Documents. The County authorizes Dougherty & Company LLC and Arntson Stewart Wegner PC to complete the proceedings necessary for the sale and issuance of the Certificates. The County Auditor is authorized and directed to review and approve on behalf of the County an official statement to be distributed to potential purchasers of the Certificates. Provided, the lease-purchase agreement and related documents, and the issuance of the Certificates, including terms of sale, are subject to approval by the Board of County Commissioners at a subsequent meeting.

SECTION 2. REIMBURSEMENT.

2.1. Recitals.

(a) The Internal Revenue Service has issued Section 1.150-2 of the Income Tax Regulations (the “Reimbursement Regulations”) dealing with the issuance of bonds all or a portion of the proceeds of which are to be used to reimburse the County for expenditures made prior to the date of issuance of such bonds.

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

(c) The County desires to comply with requirements of the Reimbursement Regulations with respect to the Project and the proceeds of the Certificates.

2.2. Official Intent Declaration.

(a) The County proposes to undertake the Project and to make original expenditures with respect thereto prior to the issuance of the Certificates (reimbursement bonds within the meaning of the Reimbursement Regulations), and reasonably expects to issue the Certificates (reimbursement bonds) for the Project, in one or more series, in a maximum principal amount of \$16,560,000.

(b) Other than (i) de minimis amounts permitted to be reimbursed pursuant to Section 1.150-2(f)(1) of the Reimbursement Regulations or (ii) expenditures constituting preliminary expenditures as defined in Section 1.150-2(f)(2) of the Reimbursement Regulations, the County will not seek reimbursement for any original expenditures with respect to the 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 Certificates.

2.3. Budgetary Matters. As of the date hereof, there are no County 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 Certificates (reimbursement bonds). Consequently, it is not expected that the issuance of the Certificates (reimbursement bonds) will result in the creation of any replacement proceeds.

2.4. Reimbursement Allocations. The County shall be responsible for making the “reimbursement allocations” described in the Reimbursement Regulations, being generally the transfer of the appropriate amount of proceeds of the Certificates (reimbursement bonds) to reimburse the source of temporary financing used by the County to make payment of the original expenditures relating to the Project. Each reimbursement allocation shall be made within 30 days of the date of issuance of the Certificates (reimbursement bonds), shall be evidenced by an entry on the official books and records of the County maintained for the Certificates (reimbursement bonds) and shall specifically identify the original expenditures being reimbursed.

(Remainder of page intentionally left blank.)

Dated _____, 2020.

BARNES COUNTY, NORTH DAKOTA

Attest:

Chairman, Board of County Commissioners

County Auditor

The governing body of the County acted on the foregoing resolution at a properly noticed meeting held in Valley City, North Dakota, on _____, 2020, with the motion for adoption made by _____ and seconded by _____, and the roll call vote on the motion was as follows:

"Aye" _____

"Nay" _____

Absent _____