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MEMORANDUM

TO: Greg Sticha, Finance Director
FROM: Mary Ippel, Taft Stettinius & Hollister LLP
DATE: 3-6-2023
RE: REIMBURSEMENT RESOLUTION

Enclosed is a resolution for consideration by the City Council at an upcoming council meeting. The Resolution authorizes you to make periodic Declarations of intent to reimburse expenditures from Bonds (the form is in Exhibit A to the Resolution). The general requirements of the tax regulations relating to reimbursing expenditures are as follows:

1. the Declaration must be made no later than sixty days after payment of project costs;
2. the Declaration must contain (a) a reasonable description of the project and (b) the maximum principal amount of bonds expected to be issued for the project. You will need to fill in a description for the project in paragraph 2 and a dollar amount in paragraph 3 on Exhibit A; and
3. for Issuers that do not meet the exceptions outlined below, the bonds must be issued within the later of (a) 18 months after the payment, or (b) the date the project is placed in service, but not more than three years after the payment.

The exceptions to the general time limit listed in paragraph three above are as follows:

1. For Issuers qualifying as small issuers by reason of issuing (together with all subordinate entities thereof, and all entities treated as one with the Issuer) less than \$5,000,000 of tax-exempt governmental obligations during the calendar year, the bonds must be issued within the later of (a) three years after the payment, or (b) the date the project is placed in service.
2. For construction projects for which both the Issuer and a licensed architect or engineer certify that at least five years is necessary to complete construction of the

project, the bonds must be issued within the later of (a) 18 months after the payment, or (b) the date the project is placed in service, but not more than five years after the payment.

A Declaration is not required for preliminary and engineering costs as long as those costs do not exceed twenty percent of the bonds.

- a) Preliminary expenditures include architectural, engineering surveying, soil testing, and similar costs that are incurred prior to commencement of construction, rehabilitation or acquisition of a project. Preliminary costs do not include land acquisition, site preparation, and similar costs incident to the commencement of construction. Preliminary expenditures, however, cannot exceed 20% of the issue price of the related reimbursement bond issue.
- b) Costs in an amount not exceeding the lesser of \$100,000 or 5% of the proceeds of the issue are considered 'de minimis'."

If you have any questions, please call me.