

**BOARD AGENDA ITEM**

**June 26, 2018**

**SUBJECT:**

Reimbursement Resolution Related to the \$90,000,000.00 Referendum Bond Issuance(s)

**BACKGROUND:**

The School District anticipates incurring certain initial expenditures related to the referendum-approved capital improvements and projects, which include renovation and expansion of existing facilities and construction and equipping of new facilities within the District, and reimbursing funds used for such necessary expenses with funding from the bond indebtedness, after bond issuances.

**ADMINISTRATIVE CONSIDERATION:**

Frequently there are expenses incurred in preliminary planning, architectural, engineering, and related work prior to the actual issuance(s) of referendum-approved bonds. Accordingly, the Internal Revenue Service and U.S. Treasury Department have promulgated Section 1.150-2 of the Treasury Regulations that enables an issuer to reimburse itself from the proceeds of tax-exempt debt prior to any actual issuance of the debt. The Regulations require that the governing body of the political subdivision declare an official intent to reimburse any project-related expenditures incurred before debt issuance prior to the incurrence of the expenditure, or within an allowed "look-back" period. The purpose of passing this recommended Resolution is to allow such reimbursement of these needed initial expenses from bond proceeds after issuance thereof.

**RECOMMENDATION:**

Approve the proposed Reimbursement Resolution to enable this needed flexibility.

**ATTACHMENT:**

Proposed Reimbursement Resolution

**PREPARED BY:**

McNair Law Firm – Francenia B. Heizer, Esq. (Resolution)  
William H. Burkhalter, Jr. (Agenda Item)

**A RESOLUTION**

**A RESOLUTION RELATING TO THE DECLARATION OF INTENT BY THE CONSOLIDATED SCHOOL DISTRICT OF AIKEN COUNTY, SOUTH CAROLINA, TO REIMBURSE CERTAIN EXPENDITURES MADE PRIOR TO THE ISSUANCE BY THE SCHOOL DISTRICT OF ITS TAX-EXEMPT DEBT**

WHEREAS, the Internal Revenue Service and U.S. Treasury Department have promulgated Section 1.150-2 of the Treasury Regulations (the "Regulations") that authorizes an issuer to reimburse itself from the proceeds of tax-exempt debt; and

WHEREAS, The Consolidated School District of Aiken County, South Carolina (the "School District"), anticipates incurring expenditures (the "Expenditures") related to referendum-approved capital improvements including renovation and expansion of existing facilities and constructing and equipping of new facilities within the School District (the "Projects") prior to the issuance by the School District of tax-exempt debt not to exceed \$90,000,000, in one or more series, in one or more years, for such purposes; and

WHEREAS, the Regulations require that the governing body of the political subdivision declare an official intent to reimburse an expenditure prior to the incurrence of the expenditure.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Education (the "Board") of the School District:

Section 1. The School District hereby declares that this Resolution shall constitute its declaration of official intent pursuant to Section 1.150-2 of the Regulations to reimburse the School District from the proceeds of tax exempt debt of the School District to be issued pursuant to South Carolina state law, for Expenditures with respect to the Projects. The School District anticipates incurring Expenditures with respect to the Projects prior to the issuance by the School District of its tax-exempt debt for such purposes.

Section 2. To be eligible for reimbursement of the Expenditures, the reimbursement allocation must be made not later than 18 months after the later of (a) the date on which the Expenditures were paid, or (b) the date the Projects was placed in service, but in no event more than three (3) years after the original Expenditures.

Section 3. The Expenditures are incurred solely to acquire, construct or rehabilitate property having a reasonably expected economic life of at least one (1) year.

Section 4. The Board hereby authorizes the use of general fund monies or other funds on hand as the source of funds for the Expenditures with respect to the Projects.

Section 5. This Resolution shall be in full force and effect from and after its adoption as provided by law. This Resolution shall be made available for inspection during normal business hours by the general public at the offices of the School District.

Adopted this \_\_\_\_ day of \_\_\_\_\_, 2018.

THE CONSOLIDATED SCHOOL DISTRICT OF  
AIKEN COUNTY, SOUTH CAROLINA

\_\_\_\_\_  
Chair, Board of Education

(SEAL)

ATTEST:

\_\_\_\_\_  
Secretary, Board of Education