

RESOLUTION NO. 22 , 2013

A RESOLUTION PROVIDING FOR THE ADOPTION OF POST-ISSUANCE COMPLIANCE POLICIES AND PROCEDURES FOR TAX EXEMPT OBLIGATIONS

WHEREAS, the City of Montgomery, Ohio (herein called the “City”), a municipal corporation created and existing under the laws of the State of Ohio, is authorized and has from time to time issued obligations (the “Obligations”), in accordance with the provisions of the Ohio Revised Code, to fund the cost of various capital projects and improvements; and

WHEREAS, certain Obligations receive favorable tax treatment pursuant to the provisions of the Internal Revenue Code of 1986, as amended, and the Regulations promulgated thereunder (together, the “Rules”); and

WHEREAS, the City wishes to comply with all applicable Rules to maintain such favorable tax treatment of all of such outstanding and future Obligations;

NOW, THEREFORE, the City of Montgomery, County of Hamilton, Ohio, hereby resolves that:

SECTION 1. The City hereby adopts the Post-Issuance Compliance Policies and Procedures for Tax-Exempt Obligations (“Post-Issuance Compliance Policies”), attached hereto as Exhibit A.

SECTION 2. Upon adoption of the Post-Issuance Compliance Policies, the City Manager and the Finance Director are hereby authorized to take all actions necessary to adhere to the provisions set forth in Post-Issuance Compliance Policies.

SECTION 3. It is found and determined that all formal actions of this Council concerning and relating to the adoption of this resolution were adopted in an open

meeting of this Council, and that all deliberations of this Council and of any of its committees that resulted in such formal action, were in meetings open to the public, in compliance with the law.

SECTION 4. This Resolution shall be in full force and effect from and after its passage.

PASSED: July 10, 2013

ATTEST: Susan J. Hamm
Susan J. Hamm, Clerk of Council

Ken Suer
Ken Suer, Mayor

APPROVED AS TO FORM:
Terrence M. Donnellon
Terrence M. Donnellon, Law Director

City of Montgomery, Ohio
Post-Issuance Compliance Policies and Procedures
For Tax-Exempt Obligations

Adopted July 10, 2013

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SECTION 1. Purpose.

It is the policy of the City of Montgomery, Ohio (the “Issuer”) to comply with all applicable federal tax rules related to its tax-exempt debt. The applicable federal tax rules include compliance with all applicable federal tax documentation and filing requirements, yield restriction limitations, arbitrage rebate requirements, use of proceeds and financed projects limitations and recordkeeping requirements. Given the increasing complexity of the federal tax law applicable to the Issuer’s tax-exempt debt, the Issuer hereby formally adopts the following policies and procedures concerning its tax-exempt obligations (the “TE Policies and Procedures”).

These TE Policies and Procedures are intended to serve as a guide for the Issuer to facilitate compliance with federal tax law applicable to the Issuer’s outstanding tax-exempt debt (including conduit tax-exempt obligations). In the event these policies and procedures conflict, in whole or in part, with the federal tax agreement or federal tax certificate prepared on behalf of the Issuer in connection with a tax-exempt debt issuance (the “Tax Certificate”), the terms of the applicable Tax Certificate shall control.

SECTION 2. Responsibility of City of Montgomery Officials

Except as otherwise described herein, the Issuer’s Executive Officers have primary responsibility for ensuring that the Issuer’s outstanding tax-exempt debt issuances are, and will remain, in compliance with federal tax law. The Finance Director (the “Compliance Officer”) of the Issuer will be the specific individual having primary responsibility for the implementation of these policies and procedures. The Compliance Officer will consult with third-party professionals (e.g., the Issuer’s bond counsel and arbitrage calculating agent), as necessary, to ensure compliance with such rules, including these policies and procedures.

The Issuer is an issuer of governmental obligations and from time to time may serve as a conduit issuer of certain tax-exempt obligations. When the Issuer serves as a conduit issuer, a substantial portion of the post-issuance compliance duties will be imposed on the conduit borrower. Specifically, the conduit borrower will have primary responsibility for ensuring compliance with all matters concerning the tax-exempt status of the tax-exempt obligations except those matters that are under federal tax law exclusively limited to actions of the Issuer (e.g., information return filings).

SECTION 3. Closing of Tax-Exempt Obligation Issuances

I. Tax Certificates

The Issuer’s bond counsel for that transaction (the “Bond Counsel”), with assistance from the Issuer and other professionals associated with the financing, shall prepare a Tax Certificate in connection with each tax-exempt debt issuance issued by the Issuer, to the extent required by law, to be executed by the Issuer, and any other relevant parties determined by Bond Counsel, at closing. The Tax Certificate shall serve as the operative document for purposes of establishing the Issuer’s reasonable expectations as of the date of issue for the tax-exempt obligation, and may provide a summary of the federal tax rules applicable to such issuance. The Compliance Officer, in consultation with Bond Counsel and, if applicable the Issuer’s counsel, will review

the Tax Certificate prepared for each of the Issuer's tax-exempt obligation before the closing of the issue.

The Tax Certificate will be included as part of the transcript for each tax-exempt obligation issued, and in all events the Issuer will keep a copy of the final executed version of the Tax Certificate in accordance with the provision of Section 7, "Recordkeeping," of these TE Policies and Procedures.

II. *Internal Revenue Service Form 8038, 8038-G, 8038-GC – Tax-Exempt Bonds*

Bond Counsel, with assistance from the Issuer and other professionals associated with the financing, shall prepare an Internal Revenue Service Form 8038, Information Return for Tax-Exempt Private Activity Bond Issues, Form 8038-G, Information Return for Tax-Exempt Governmental Obligations, or Form 8038-GC, Informatory Return for Small Tax-Exempt Governmental Bond Issuer, Loans, and Installment Sales, as applicable, in connection with each tax-exempt obligation issued by the Issuer, which the Compliance Officer or its designee will review prior to closing. Each Internal Revenue Service Form 8038, 8038-G or 8038-GC, as applicable, prepared for a tax-exempt obligation will be filed with the Internal Revenue Service no later than the 15th day after the 2nd calendar month after the close of the calendar quarter in which the tax-exempt obligation to which such Form 8038, 8038-G or 8038-GC, as applicable, relates is issued. All Form 8038s, 8038-Gs, and 8038GCs shall be filed by Bond Counsel with the Internal Revenue Service at the address required by such Form or the Internal Revenue Service, which is currently Internal Revenue Service Center, Ogden, UT 84201 (the "Ogden Submission Processing Center").

The Internal Revenue Service Form 8038, 8038-G, 8038-GC, as applicable, will be included as part of the transcript for each tax-exempt obligation issued by the Issuer, and in all events the Issuer will keep a copy of the final executed version of the Internal Revenue Service Form 8038, 8038-G, 8038-GC, as applicable, in accordance with the provisions of Section 7, "Recordkeeping," of the TE Policies and Procedures.

III. *Late Filing of Information Returns*

The Issuer may request an extension of time to file Forms 8038, 8038-G, or 8038-GC, as applicable, if the failure to file the return on time was not due to willful neglect. To request an extension, the Issuer will follow the procedures outlined in Revenue Procedure 2002-48, 2002-37 I.R.B. 531. These procedures generally require that the Issuer: 1) attach a letter to the return filed (such as Form 8038, 8038-G, 8038-GC) briefly explaining when the return was required to be filed, why the return was not timely submitted, and whether or not the bond issue is under examination; 2) enter on top of the return "Request for Relief under section 3 of Revenue Procedure 2002-48;" and 3) file the letter and the return with the IRS at the applicable IRS address, currently the Ogden Submission Processing Center.

IV. *Volume Cap Limit*

The volume cap limit for certain qualified private activity bonds, as set forth in section 146 of the Code, limits the Issuer to a maximum amount of tax-exempt bonds that can be issued to finance a particular qualified purpose during a calendar year. If, during a given year, the

Issuer issues qualified private activity bonds in excess of its applicable volume cap limit, the tax-exempt status of those bonds is jeopardized. The Issuer will monitor volume cap allocations in order to properly file information returns and make carryforward elections. Certain types of qualified private activity bonds do not require volume cap allocations. In addition, certain current refunding bonds do not require volume cap allocations to the extent the amount of refunding bonds does not exceed the outstanding amount of the refunded bonds.

Certain governmental bonds and 501(c)(3) bonds may also require volume cap if certain requirements are met. The Issuer will review or cause Bond Counsel to review governmental bonds and 501(c)(3) bonds to ensure that no volume cap is needed in connection with the issuance of those bonds.

In the event of drawdown bonds or similar arrangement, the requirement of Notify 2011-63 must be satisfied.

V. *Carryforward of Unused Volume Cap*

The Issuer may elect to carry any unused volume cap of a calendar year forward for three years. This election can be made for each of the carryforward purposes described in section 146 of the Code. These purposes generally include the qualified private activity bond purposes subject to volume cap except for the purpose of issuing qualified small issue bonds. This election is made by filing IRS Form 8328, Carryforward Election of Unused Private Activity Bond Volume Cap, by the earlier of February 15th following the year in which the unused amount arises or the date of issue of any bonds pursuant to the carryforward election. Once Form 8328 is filed, the Issuer may not revoke the carryforward election or amend the carryforward amounts shown on the form. Errors on this form cannot be corrected through an amended filing. The conduit issuer will file a TEB Voluntary Closing Agreement Program request to correct mathematical, typographical, and similar errors. See Notice 2008-31, 2008-11 I.R.B. 592, and section 7.2.3 of the Internal Revenue Manual.

VI. *Public Approval Requirement*

Generally, prior to issuance, qualified private activity bonds (including qualified 501(c)(3) bonds) must be approved by an applicable elected representative for the governmental entity issuing the bonds and, in some cases, for each governmental entity having jurisdiction over the area in which the bond-financed facility is to be located. The public approval must occur after the holding of a public hearing following reasonable public notice in advance of the public hearing and must be completed within a prescribed period. As such, the Issuer is involved in certain aspects of the public approval process. Public approval by a governmental unit may also be by voter referendum. Section 147(f) of the Code and Section 5f.103-2 of the Treasury Regulations define the specific rules for this requirement. The Issuer will cause Bond Counsel to ensure that the public approval requirements applicable to the bonds are satisfied.

VII. *Limitations Relating to Fees Charged by the Conduit Issuer*

In conduit bond issues, the Issuer may charge fees payable either out of the bond proceeds or by the conduit borrower. Such fees may be used by the Issuer to offset all or a portion of the costs payable by the Issuer related to its role and may also be used to raise funds

for governmental purposes of the Issuer. Such fees may increase the effective yield of the conduit loan when viewed by the Issuer as a purpose investment. Section 148 of the Code generally limits the yield on purpose investments to the yield on the bonds plus a spread. This limitation effectively limits the size of the fees that may be charged by the Issuer regardless of whether paid periodically or up front. The Issuer will ensure that the yield on the conduit loan does not exceed the yield on the bonds by more than the permitted spread in order to prevent the bonds from becoming arbitrage bonds.

VIII. *Certification Regarding Expectations for Use and Investment of Proceeds*

The Treasury regulations generally require the Issuer to make a certification regarding its expectations in certain bond deals. Section 1.148-2(b)(2)(i) provides that an officer of the Issuer responsible for issuing the bonds must, in good faith, certify the Issuer's reasonable expectations as of the issue date. The certification must state the facts and estimates that form the basis of the issuer's expectations. The certification is evidence of the Issuer's expectations, but does not establish any conclusions of law or any presumptions regarding either the Issuer's actual expectations or their reasonableness. This certification is not required if the Issuer reasonably expects, as of the issue date, that there will be no unspent gross proceeds after the issue date, other than gross proceeds in a bona fide debt service fund or the issue price of the bond issue does not exceed \$1,000,000. The Issuer will review bond issuances to make sure that the certification requirements described above are satisfied.

IX. *Reimbursement Declarations of Official Intent*

Under section 1.150-2 of the Treasury regulations, the Issuer or the conduit borrower, in conduit issues, is permitted to use bond proceeds to reimburse certain expenditures paid before the date of issuance subject to certain requirements. One requirement is that the Issuer must adopt a declaration of official intent to reimburse expenditures not later than 60 days after the reimbursed expenditure is paid. In the case of qualified 501(c)(3) bonds only, the conduit borrower may adopt a declaration of official intent instead of the Issuer. Accordingly, for virtually all types of qualified private activity bonds the Issuer must act to adopt declarations of official intent to permit reimbursement financing. If a bond issue will provide for reimbursement, the Issuer will make sure an official intent is adopted timely.

X. *Qualified Hedge*

An issuer pursuant to section 1.148-4(h) of the Treasury regulations must identify a qualified hedge on its books and records maintained for the hedged bonds not later than three (3) days after the date on which the conduit issuer (or conduit borrower) and the hedge provider enter into a hedge contract. If the Issuer or the conduit borrower enter into a hedge, the Issuer will verify whether the hedge is intended to be a qualified hedge and ensure Bond Counsel takes appropriate steps.

SECTION 4. Use of Debt Proceeds – Tax-Exempt Bonds

I. Overview

The Issuer will review its uses of its tax-exempt debt financed facilities for “private business use” and the conduit borrowers will review their use of tax-exempt debt financed facilities for compliance with application use restrictions on such facilities. In addition, the Issuer will consult, as needed, with its bond counsel regarding the applicable federal tax limitations imposed on its outstanding tax-exempt debt issuances and whether arrangements with third parties give rise to private business use of the financed projects. For these purposes, the Issuer will monitor all uses of its tax-exempt debt financed facilities, including but not limited to uses pursuant to a management contract, operating agreement, license, lease, sublease, naming rights agreement, research agreement, clinical trial agreement, and joint venture or partnership arrangement. In the event the Issuer enters into an arrangement involving a facility for which tax-exempt debt is outstanding, and that gives rise to private business use, the Issuer will consult its bond counsel regarding the arrangement and whether such arrangement impacts the tax-exempt status of the Issuer’s outstanding debt, as applicable.

II. Private Use Generally

The Issuer will not knowingly take or permit to be taken any action that would cause any of its outstanding tax-exempt debt issuances to become “private activity bonds,” as described below. Generally, an issue of tax-exempt debt will be considered “private activity bonds” if more than 10% of the proceeds of the debt are used directly or indirectly in any trade or business carried on by a private business user and more than 10% of the debt service on the debt is directly or indirectly (1) secured by any interest in property used or to be used in any trade or business carried on by a private business user, or (2) derived from payments made in respect of property used or to be used in any trade or business carried on by a private business user.

III. Leases and Subleases

The Issuer will track all leases and subleases that involve the use of tax-exempt debt financed projects, including the name of the lessee (or sublessee), the term of the lease (or sublease), the amount of the rent paid by the lessee (or sublessee) and the square footage of space used by the lessee (or sublessee) relative to the square footage of the debt-financed facility. If the Issuer desired to enter into a lease or sublease related to the use of tax-exempt debt financed property, it will consult with its bond counsel to determine what impact, if any, such lease or sublease would have on the tax status of the Issuer’s outstanding tax-exempt debt.

IV. Sale of Debt-Finance Property

It is the Issuer’s policy to finance projects using tax-exempt debt that the Issuer intends to own for the entire term of the debt issue financing the projects. Prior to selling or otherwise disposing of any tax-exempt debt financed project for which debt remains outstanding, the Issuer will consult with its bond counsel to determine what impact, if any, such agreement would have on the tax status of the Issuer’s outstanding tax-exempt debt.

V. *Remedial Actions*

The Issuer is aware of the remedial action rules contained in Treasury Regulations Section 1.141-12, providing the Issuer with the ability, in certain circumstances, to voluntarily remediate violations of the private business tests or private loan financing test. Although the Issuer intends that none of its tax-exempt debt issuances will require the application of the remedial action rules, prior to taking any action that would cause one or more of its outstanding tax-exempt debt issuances to, absent a remedial action, violate the private business tests or private loan financing test, the Issuer will consult with its bond counsel regarding the applicability of the remedial action rules to such action and the ability to remediate the impacted tax-exempt debt.

VI. *Private Loans*

The Issuer will not take or permit to be taken any action that would cause any of its tax-exempt debt issuances to be considered taxable “private loan bonds.” The Issuer debt will be considered “private loan bonds” if more than 5% of the proceeds of the issue are used directly or indirectly to make or finance loans to private persons. The Issuer will not loan the proceeds of any of the Issuer’s debt issuance to a third party except in connection with conduit bond issuances.

SECTION 5. – Arbitrage Limitations Imposed on Debt Issuances

I. *Arbitrage Calculating Agent*

The Issuer will retain or cause the conduit borrower to retain an arbitrage calculating agent to review its outstanding tax-exempt debt issuances, unless, in the judgment of the Issuer, and in compliance with these policies and procedures and the Tax Certificate entered into in connection with a tax-exempt debt issuance, there is no reasonable prospect of any arbitrage rebate or yield reduction payment liability. The arbitrage calculating agent will perform calculations to ascertain whether the Issuer or the conduit borrower owes an arbitrage rebate payment or yield reduction payment to the Internal Revenue Service, including whether the tax-exempt debt issuance in question qualifies for an exception to the arbitrage rebate rules.

II. *Payment of Arbitrage Rebate and Yield Reduction Liability*

In the event the Issuer owes arbitrage rebate or has accrued a yield reduction payment liability to the Internal Revenue Service, the Issuer will timely submit Internal Revenue Service Form 8038-T, Arbitrage Rebate Yield Reduction and Penalty in Lieu of Arbitrage Rebate, to be prepared by the arbitrage calculating agent, together with payment in the amount equal to the arbitrage rebate or yield reduction payment liability calculated by the arbitrage calculating agent in accordance with the Tax Certificate related to such debt issue. For these purposes, within 60 days after each installment computation date, the Issuer will cause to be paid to the Internal Revenue Service at least 90% of the amount of arbitrage rebate and yield reduction payment liability owed, determined in accordance with the provisions of the Tax Certificate related to such tax-exempt debt issuance and the applicable federal tax rules, and based on calculations performed by the arbitrage calculating agent.

In addition, within 60 days after the final installment computation date, the Issuer will cause to be paid to the Internal Revenue Service 100% of the amount of arbitrage rebate and yield reduction payment liability owed, determined in accordance with the provisions of the Tax Certificate related to such tax-exempt debt issuance and the applicable federal tax rules, and based on calculations performed by the arbitrage calculating agent.

Each completed Internal Revenue Service Form 8038-T, Arbitrage Rebate Yield Reduction and Penalty in Lieu of Arbitrage Rebate, together with full payment in the amount equal to the arbitrage rebate or yield reduction payment liability calculated by the arbitrage calculating agent in accordance with the Tax Certificate related to such debt issue, shall be filed with the Internal Revenue Service at the applicable address currently, Internal Revenue Service Center, Ogden, UT 84201.

III. *Yield Restriction Limitations*

Each Tax Certificate prepared for the Issuer's tax-exempt debt issuances shall contain the applicable yield restriction investment limitations, including the applicable investment limitations imposed on proceeds of the debt issuance and any temporary periods during which the Issuer may invest proceeds of the debt issuance at an unrestricted yield.

IV. *Monitoring Yield Restriction Limitations*

The Issuer or the conduit borrower will ensure that each debt obligation complies with the yield restriction limitations outlined in the Tax Certificate entered into by the Issuer in connection with a tax-exempt debt issuance, including any exceptions to yield restriction described therein.

V. *Expenditure of Tax-Exempt Debt Proceeds*

It is the policy of the Issuer to expend tax-exempt debt proceeds as promptly and diligently as possible within the confines of these policies and procedures and the Tax Certificate entered into by the Issuer in connection with a particular debt issuance. For these purposes, it is the Issuer's policy not to finance projects using the proceeds of tax-exempt debt for which the Issuer expects that the tax-exempt debt proceeds will not be fully spent within 3 years of the date of issue of the debt unless otherwise approved by bond counsel.

VI. *Arbitrage Rebate Exceptions*

Each Tax Certificate prepared for the Issuer's tax-exempt debt issuances shall contain the arbitrage rebate exception(s) applicable to the debt issuance, which arbitrage rebate exceptions will be applied by the arbitrage calculating agent in assessing whether the Issuer owes arbitrage rebate.

VII. *Verification Agent*

The Issuer will continue to retain a third-party verification agent for each of its advance refunding bond issues. The verification agent will verify the arbitrage yield on the tax-exempt debt issuance, the arbitrage yield on the investments acquired as part of the refunding escrow

established using gross proceeds of the tax-exempt debt issuance, and the sufficiency of the refunding escrow.

VIII. *Establishment of Advance Refunding Escrows and Trustee Responsibilities*

The Issuer will deposit tax-exempt debt proceeds (and any other amounts) to be used to advance refund prior Issuer debt into one or more separate escrow trust accounts established with the trustee selected for the transaction. Working with the Issuer's bond counsel, and in accordance with the documentation prepared for the refunding transaction, the Issuer will impose primary responsibility for initiating actions required to be taken with respect to the refunding escrow (including the reinvestment of amounts within the escrow and disbursing funds from the escrow) on the trustee. In the event of an omission on the part of the trustee, an error in the documentation or procedures establishing the escrow, or an investment to be acquired as part of the refunding escrow is not available for purchase, the Issuer will timely consult with the Issuer's bond counsel, as applicable, to determine the impact, if any, on the tax-exempt status of the obligations.

IX. *Acquiring Investments for Advance Refunding Escrows*

It is the policy of the Issuer to maximize the investment return on all investments acquired with tax-exempt bond proceeds and to acquire such investments at fair market value. When funding deposits to advance refunding escrows using tax-exempt debt proceeds, it is the Issuer's policy to acquire United States Treasury Securities – State and Local Government Series (SLGS) or securities purchased on the open market in accordance with the terms of the Issuer's bond documents.

In the event the Issuer chooses to fund an advance refunding escrow using securities purchased on the open market, the Issuer will retain a third-party investment bidding agent to solicit bids from providers of qualifying securities in accordance with the limitations described in the "3-bid" safe harbors set forth in Treasury Regulations Section 1.148-5(d)(6).

X. *Interest Rate Hedges*

The Issuer will engage a third party swap advisor for all interest rate hedges entered into by the Issuer, irrespective of whether any such hedge is acquired through a direct negotiation with the provider or procured through a bidding process. In all cases, the Issuer will obtain appropriate certifications from its swap advisor and/or the hedge provider to establish the fair market value of the product. The Issuer will consult with its bond counsel with respect to all interest rate hedging transactions related to an outstanding or prospective debt issuance prior to the date on which the interest rate hedging transaction is entered into.

SECTION 6. – Accounting for Debt Proceeds

I. *General*

Except as otherwise described below and in the Tax Certificate entered into by the Issuer in connection with a tax-exempt debt issuance, it is the policy of the Issuer to apply a direct tracing method of accounting for and allocating its tax-exempt debt proceeds. However, the

Issuer reserves the right to apply to any tax-exempt debt issuance any other reasonable accounting and allocation method allowable under the law.

II. *Investment of Proceeds*

Proceeds of the Issuer's capital borrowings shall be held in a separate fund or account, and will be invested in accordance with the permitted investments as determined by the indenture, the authorizing legislation or state law. The Compliance Officer has primary responsibility for ensuring that the Issuer's outstanding tax-exempt debt proceeds are, and will remain, invested in accordance with the bond documents.

III. *Expenditure of Debt Proceeds on Capital Projects*

All invoices and records of payment are retained by the Compliance Officer in accordance with Section 7, "Recordkeeping," below.

The Issuer shall maintain an active ledger, updated with each payment of an expenditure from tax-exempt debt proceeds that for each outstanding debt issuance shows:

- a) The name and date of issue of the tax-exempt debt issue to which the proceeds relate;
- b) The projects financed with the proceeds of the issue;
- c) The authorized amount of proceeds to be used to finance each project;
- d) The amount of proceeds of the debt issuance used to date to finance each project;
- e) The amount of unspent proceeds of the debt issuance to be used to finance each project; and
- f) The date on which the debt proceeds related to each project were fully expended.

SECTION 7. – Recordkeeping

I. *General*

The Issuer is aware of its ongoing recordkeeping responsibilities associated with its tax-exempt debt issuances. Each Tax Certificate prepared on behalf of the Issuer for a tax-exempt debt issuance shall provide for a description of the records to be maintained by or on behalf of the Issuer and period of time such records must be maintained. In addition, the Issuer is familiar with the Internal Revenue Service's Compliance Guide for Tax-Exempt Organizations related to the recordkeeping requirements for tax-exempt debt, a copy of which is available on the Internal Revenue Service's website at www.irs.gov.

II. *Means of Maintaining Records*

The Issuer may maintain all records required to be held as described in this Section 7 in paper and/or electronic (e.g., CD, disks, tapes) form. It is the policy of the Issuer to maintain as much of its records electronically as feasible.

III. *Transcript and Use of Debt Proceeds*

The Issuer shall maintain, or cause to be maintained, all records relating to the tax-exempt status of its tax-exempt debt issuances and the representations, certifications and covenants set forth in its respective Tax Certificates until the date three years after the last outstanding obligation of the issue to which such records and Tax Certificate relate has been retired. The records that must be retained include, but are not limited to: (1) basic records and documents relating to the obligations (including the transcript, which shall include, among other records, the Tax Certificate, Internal Revenue Service Form 8038, 8038-G, 8038-GC or 8038-B, verification report, authorizing resolution(s), trust indenture, loan agreement, record of public approval, and the opinion of bond counsel), (2) documentation evidencing the expenditure of debt proceeds, (3) documentation evidencing the use of debt financed projects by public and private sources, including copies of all arrangements described in Section 6 of these policies and procedures, (4) documentation evidencing all sources of payment or security for the debt issuance; (5) documentation pertaining to any investment of debt proceeds (including the purchase and sale of securities, SLGS subscriptions, yield calculations for each class of investments, actual investment income received from the investment of proceeds, guaranteed investment contracts, and rebate calculations).

IV. *Investment Records*

The Issuer shall maintain detailed records with respect to every investment acquired with proceeds of its tax-exempt debt, including the: (1) purchase date, (2) purchase price, (3) information establishing fair market value on the date such investment became allocated to gross proceeds of the debt, (4) any accrued interest paid, (5) face amount, (6) coupon rate, (7) periodicity of interest payments, (8) disposition price, (9) any accrued interest received, (10) disposition date, (11) broker's fees paid (if at all) or other administrative costs with respect to each such nonpurpose investment. The Issuer shall maintain all such records until the date three years after the last outstanding obligation of the issue to which such records and nonpurpose investments relate has been retired.

V. *Arbitrage Rebate and Yield Reduction Payment Records*

The Compliance Officer shall maintain all records of arbitrage rebate payment and yield reduction payment calculations performed by the arbitrage calculating agent (irrespective of whether the Issuer owed any amount to the Internal Revenue Service), and records related to any arbitrage rebate payments or yield reduction payments made to the Internal Revenue Service, including the calculations performed by the arbitrage calculating agent substantiating such payments, together with the Internal Revenue Service Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, that accompanied all such payments, until the date three years after the last outstanding obligation of the issue to which such records and rebate payments relate has been retired.

VI. *Overpayment of Arbitrage Rebate Records*

If the Issuer has overpaid to the United States an arbitrage rebate or yield reduction payment liability, the Issuer shall maintain all records of such arbitrage rebate payments or yield

reduction payments, including calculations performed by the arbitrage calculating agent, together with the Internal Revenue Service Form 8038-R, Request for Recovery of Overpayments Under Arbitrage Rebate Provisions, that accompanied the request for recovery of such over payment until the date three years after the last outstanding obligation of the issue to which such records and rebate overpayments relate has been retired.

VII. *Other Records*

In addition to the records described above, the Issuer will maintain the following records, to the extent applicable to a particular tax-exempt debt offering, until the date 3 years after the last outstanding obligation of the issue to which such relate has been retired: (1) minutes and resolutions authorizing the issuance of, or the reimbursement of expenditures using proceeds of, the financing, (2) appraisals, demand surveys and feasibility studies related to financed or refinanced property, (3) documentation relating to any third-party funding for a project to which tax-exempt debt proceeds will be applied (including government grants), (4) records of any Internal Revenue Service audit(s) or compliance check(s), or any other Internal Revenue Service inquiry related to the debt.

VIII. *Applicability of Recordkeeping Requirement in the Event of a Refunding*

If the Issuer issues tax-exempt debt to retire prior Issuer debt, the Issuer shall maintain all of the records described in the Section 7 with respect to the refunded debt until the date that is three years after the last outstanding tax-exempt obligation of the issue the proceeds of which were used to retire the refunded debt has been retired. For example, if the Issuer issues tax-exempt obligations in 2009 (2009 Bonds) to refund tax-exempt obligations issued in 2004 (2004 Bonds), the Issuer will maintain the records described in the Section 7 with respect to the 2004 Bonds until the date 3 years after the date the last outstanding 2009 Bond has been retired. If the 2004 Bonds themselves refunded prior Issuer debt, the Issuer shall also maintain records related to such prior Issuer debt for the same period of time.

SECTION 8. – Voluntary Closing Agreement Program

The Issuer is aware of its ability, pursuant to Internal Revenue Service Notice 2008-31 or a successor Notice, to request a voluntary closing agreement with the Internal Revenue Service to correct failures on the part of the Issuer to comply with the federal tax rules related to tax-exempt debt issuances. A copy of Internal Revenue Service Notice 2008-31 is available on the Internal Revenue Service's website at www.irs.gov.

SECTION 9. – Continuing Education

The Issuer will continue to consult with its bond counsel regarding the federal tax rules applicable to its outstanding tax-exempt debt and changes to the federal tax law, and the Issuer will update these policies and procedures as needed to reflect any such changes.

SECTION 10. – Miscellaneous

The Issuer reserves the right to amend or withdraw these TE Policies and Procedures at any time and from time to time to reflect changes in federal tax laws or other applicable laws

concerning its tax-exempt obligations. The Issuer shall consult with bond counsel as it deems necessary to ensure the applicable federal tax law requirements are satisfied. These TE Policies and Procedures do not, and are not intended to, limit the actions of the Issuer to solely those federal tax matters listed above, but are intended to provide the Issuer with broad discretion in addressing any and all federal tax matters that may affect its tax-exempt obligations.

SECTION 11. – Consultation with Bond Counsel

Should the City have further questions regarding the Post-Issuance Compliance Policies and procedures or any other questions concerning tax-exempt obligations, please contact Peck, Shaffer & Williams, LLP at 513-621-3394.