SANTA FE COUNTY

POST-ISSUANCE TAX COMPLIANCE POLICY & PROCEDURES

POLICY

It is the policy of Santa Fe County (the "County") to actively follow the Post-Issuance Tax Compliance Procedures (the "Procedures") described in this document to ensure that all applicable post-issuance requirements of federal income tax law are met to preserve the tax-exempt status of the County's bonds.

GENERAL

A. A tax compliance certificate or non-arbitrage and tax matters certificate (the "Tax Certificate") will be issued for each bond issue describing the requirements and provisions of the Code that must be followed in order to maintain the tax exempt status of the interest on such bonds.

B. The Tax Certificate will contain the reasonable expectations of the County at the time of issuance of the related bonds with respect to the use of the gross proceeds of such bonds and the assets to be financed or refinanced with the proceeds thereof.

C. These Procedures supplement and support the covenants and representations made by the County in the Tax Certificate related to specific issues of tax exempt bonds. In order to comply with the covenants and representations set forth in the bond documents and in the Tax Certificate, the County will monitor all County bond issues using the post issuance compliance requirements described below.

DESIGNATION OF RESPONSIBLE PERSON

The County Finance Director shall maintain an inventory of bonds and bond-financed facilities, which inventory shall include the pertinent data to satisfy the County's monitoring responsibilities. Any transfer, sale or other disposition of bond-financed assets must be reviewed and approved by the County Manager.

POST ISSUANCE COMPLIANCE REQUIREMENTS

A. **External Advisors/Documentation**

The County shall consult with bond counsel and other legal counsel and advisors as needed throughout the issuance process to identify requirements and to establish procedures necessary or appropriate so that the bonds will continue to qualify for tax-exempt status. Those requirements and procedures shall be documented in the Tax Certificate and/or other documents finalized at or before issuance of the bonds. Those requirements and procedures shall include future compliance with applicable arbitrage

rebate requirements and all other applicable post-issuance requirements of federal tax law throughout (and in some cases beyond) the term of the bonds.

The County shall consult with bond counsel and other legal counsel and advisors as needed following issuance of the bonds to ensure that all applicable post-issuance requirements in fact are met. This shall include, without limitation, consultation in connection with future contracts with private parties for the use of bond-financed or refinanced assets.

The County shall train and employ or otherwise engage an expert advisor (a "Rebate Consultant ") to assist in the calculation of the arbitrage rebate payable with respect to the investment of the bond proceeds, unless the Tax Certificate documents that arbitrage rebate will not be applicable to an issue of bonds.

Unless otherwise provided by the resolution or other authorizing documents relating to the bonds, unexpended bond proceeds shall be held in a segregated bond fund. The investment of bond proceeds shall be managed by the County. The County shall prepare regular, periodic statements regarding the investments and transactions involving bond proceeds.

B. <u>Arbitrage Rebate and Yield</u>

Unless the Tax Certificate documents that arbitrage rebate will not be applicable to an issue of bonds, the County shall be responsible for:

1. Engaging the services of a Rebate Consultant and, prior to each rebate calculation date, delivering periodic statements concerning the investment of bond proceeds to the Rebate Consultant.
2. Providing to the Rebate Consultant, as may be requested, additional documents and information pertaining to the expenditure of proceeds from each bond issue being annually reviewed.
3. Monitoring efforts of the Rebate Consultant.
4. Assuring payment of the required rebate amounts, if any, no later than 60 days after each five (5) year anniversary of the issue date of the bonds, and no later than 60 days after the last bond of each issue is redeemed.
5. During the construction period of each capital project financed in whole or in part by bonds, monitoring the investment and expenditure of bond proceeds and consulting with the Rebate Consultant to determine compliance with the applicable exceptions with any arbitrage rebate requirements.
6. Retaining copies of all arbitrage reports and account statements as described below under "Record Keeping Requirements".

C. Use of Bond Proceeds and Bond-Financed or Refinanced Assets

As provided in the Tax Certificate and/or other documents finalized at or before the issuance of corresponding bonds, the County shall be responsible for the following tasks:

1. Monitoring the use of bond proceeds and the use of bond-financed or refinanced assets (e.g. facilities, furnishing or equipment) throughout the term of the bonds to ensure compliance with covenants and restrictions set forth in the Tax Certificate.
2. Maintaining records identifying the assets or portion of assets that are financed or refinanced with proceeds of the bonds, including a final allocation of bond proceeds as described below under "Record Keeping Requirements".
3. Consulting with bond counsel and other legal counsel and advisors in the review of any contracts or arrangements involving private use of bond-financed or refinanced assets to ensure compliance with all covenants and restrictions set forth in the Tax Certificate.
4. Maintaining records for any contracts or arrangements involving the use of bond-financed or refinanced assets as described below under "Record Keeping Requirements".
5. Conferring at least annually with personnel responsible for maintaining and operating bond-financed or refinanced assets to identify and discuss any existing or planned use of such bond-financed or refinanced assets, to ensure that those uses are consistent with all covenants and restrictions set forth in the Tax Certificate.
6. To the extent that the County discovers that any applicable tax restrictions regarding use of the bond proceeds and bond-financed or refinanced assets will or may be violated, consulting promptly with bond counsel and other legal advisors to determine a course of action to remediate all nonqualified bonds, if such counsel advises that a remedial action is necessary.

D. Record Keeping Requirement

The County shall be responsible for maintaining the following documents for the term of the issuance of bonds (including refunding bonds, if any) plus at least three years.

1. A copy of the bond closing transcript(s) and other relevant documentation delivered to the County in connection with closing of the issuance of bonds, including any elections made by the County in connection therewith.
2. A copy of all material documents relating to capital expenditures financed or refinanced by bond proceeds, including (without limitation) construction contracts, purchase orders, invoices, requisitions and payment records, draw requests for bond proceeds and evidence as to the amount and date for each draw down of bond proceeds, as well as documents relating to costs paid or reimbursed

with bond proceeds and records identifying the asset or portion of assets that are financed or refinanced with bond proceeds, including a final allocation of bond proceeds.

3. A copy of all contracts and written arrangements involving the use of bond-financed or refinanced assets.

4. A copy of all records of investments, investment agreements, arbitrage reports and underlying documents in connection with any investment agreements, and copies of all bidding documents, if any, including Paying Agent account statements, bank statements for reserve funds, etc.

IMPLEMENTED THIS 1st day of June, 2013

SANTA FE COUNTY, NEW MEXICO

Teresa Martinez, Finance Director

Attachment A Rebate Report Review Form
Attachment B Responsibility Matrix Form

ATTACHMENT A

REBATE REPORT REVIEW FORM

SANTA FE COUNTY

TAX-EXEMPT BONDS

COMPLIANCE WITH IRS SECTION 148

Arbitrage, Yield Restriction and Rebate Requirements

Santa Fe County retains the services of an arbitrage and rebate consultant, _____ (the "Rebate Consultant"), to provide all necessary calculations and services relating to the arbitrage and /or rebate penalty election requirements contained in the IRS Code, Section 148, and any related regulations promulgated by the County Finance Department.

On an annual basis:

1. The County provides all relevant bond and related project information to the Rebate Consultant for its use as defined in the professional services agreement.

2. The Rebate Consultant reviews all bond issues with outstanding project funds for arbitrage, yield restrictions and rebate requirements, and provides the required reports and directions to the County to comply with IRS Section 148.

3. The County reviews the Rebate Consultant's reports and verifies the results, and acts on any directions from the Rebate Consultant regarding amounts to be rebated back to the U.S. Treasury.

4. The County completes the attached form for each report submitted on each bond issue to verify its review and compliance.

SANTA FE COUNTY

TAX-EXEMPT BONDS

COMPLIANCE WITH IRS SECTION 148

Arbitrage, Yield Restriction and Rebate Requirements

The County has reviewed and agrees with the attached arbitrage rebate report and has taken all necessary action to comply with IRS Section 148.

☐ Annual Report dated _____ for Bond Issue: _____
Further reports will be required on this bond issue.

☐ Final Report dated _____ for Bond Issue: _____
No further reports are required on this bond issue.

☐ Rebate to IRS Required and Submitted:

- O IRS Form
- O Check

☐ No Rebate to IRS Required

_____ _____

Signature Date

ATTACHMENT B

RESPONSIBILITY MATRIX FORM

Frequency	Task/Responsible	Bond Counsel	Financial Advisor	Arbitrage Consult.	County Clerk	Finance Director	Asst. Fin. Director	Purchasing Officer	PW Director	Accnting	Treasurer
By bond	Closing documents	x	x								
By bond	Tax Certificate	x									
By bond	Form 8038G	x									
By bond	Final Transcript preparation	x									
By bond	Final Transcript copies received				x	x		x			
	ARBITRAGE REBATE CALCULATIONS:										
4yrs	Retain arbitrage consulting firm					x		x			
By report	Payment of Arbitrage Consultant					x		x			
Annually	Provision of bond/project info to consultant					x					
Annually	Annual Arbitrage reports per bond issue			x							
Anl/by bond	Review/Acceptance of annual arbitrage reports by bond issue					x		x			
As needed	Preparation of form 8038T as needed			x							
By report	Completion of County arbitrage form			x		x					
As needed	Filing of form 8038T/Check			x		x					
	BOND PROCEEDS:										
Clsg; mnthly	Investment of proceeds (commingled)					x	x				
Monthly	Regular reports of investment of proceeds					x				x	x
Annual	Annual Expenditure of bond proceeds - Excel file to Arb Consult.					x				x	x
Annual	Monitor records of assets financed/refinanced w/ bond proceeds						x			x	
Anl/by bond	Review of expenditures w/ Arb. Consult.					x	x				
Anl/by bond	Annual review of planned asset use for Tax Cert. compliance	x				x	x		x	x	
By bond	Report of final allocation of bond proceeds	x				x	x		x	x	
Annual	Annual review for tax restriction violations	x				x					
Monthly	Review of bond reserve accounts/statements					x	x				
	RECORDS RETENTION: (Bond Term + 3 yrs)										
Term+3	Transcript/bond records				x	x					
Term+3	Arbitrage reports/underlying documents					x					
Term+3	All bidding documents for consultants							x	x	x	
Term+3	Investment and reports					x				x	x
Term+3	Bond Project records - construction contracts, purchase orders, payment records, asset identification records, etc.									x	
Term+3	Report of final allocation of bond proceeds					x				x	
	OTHER:										
Annual	Annual meeting of parties to review each bond - collection of responsibility by bond reports from staff for bond file	x				x	x		x	x	