

**County of Contra Costa
Post-Issuance Tax Compliance Procedures
For Tax-Exempt and Build America Bonds**

The purpose of these Post-Issuance Tax Compliance Procedures is to establish policies and procedures in connection with tax-exempt bonds and "Build America bonds" ("Bonds") issued by the County of Contra Costa and the County of Contra Costa Financing Authority (together, the "County") so as to ensure that the County complies with all applicable post-issuance requirements of federal income tax law needed to preserve the tax-exempt or Build America bond status of the Bonds.

General

Ultimate responsibility for all matters relating to County financings and refundings, other than Tax and Revenue Anticipation Notes ("TRANS"), rests with the County Administrator (the "Administrator"). The County Treasurer and County Auditor-Controller are responsible for tax compliance with respect to TRANS.

Post-Issuance Compliance Requirements

Timely Reporting of Final Sale

The Administrator and other appropriate County personnel shall file timely any report required by state and federal regulatory agencies notifying those agencies of final sale of bonds, or receipt bank loan/private placement proceeds, as required by law. As of this writing, this section applies to the following:

1. California Debt and Investment Advisory Commission (CDIAC)
 - *Report of Final Sale:* This Reports details information about the issuer and the bond issuance. The report requires attachment of the Official Statement related to the transaction or other bond documents in the case of a bank loan/private placement. The report is required to be filed within 21 days of closing, pursuant to Government Code § 8855(j).
 - *Special Requirement for Refunding Bonds sold via Negotiated Sale or Private Placement:* In addition to the Report of Final Sale above, if refunding bonds are sold through a negotiated sale or private placement, CDIAC requires submission of a written statement explaining the reasons for not selling those bonds at a public sale within 14 days of closing, pursuant to Government Code § 53583(c)(2)(B).
2. Internal Revenue Service (IRS)
 - *IRS Form 8038-G "Information Return for Tax-Exempt Governmental Obligations":* This filing details information about the issuer and tax-exempt governmental obligations over \$100,000. The report is required to be filed no later than the 15th day of the second calendar month after the close of the calendar quarter in which the bond was issued, pursuant to Internal Revenue Code § 149(e).

External Advisors / Documentation

The Administrator and other appropriate County personnel shall consult with bond counsel and other legal counsel and advisors, as needed, throughout the Bond issuance process to identify requirements and to establish procedures necessary or appropriate so that the Bonds will continue to qualify for the appropriate tax status. Those requirements and procedures shall be documented in a County resolution(s), Tax Certificate(s) and / or other documents finalized at or before issuance of the Bonds.

Those requirements and procedures shall including 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 Administrator and other appropriate County personnel also 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 respect to the use of Bond-financed assets and future contracts with respect to the use of output or throughput of Bond-financed assets.

Whenever necessary or appropriate, the County shall engage expert advisors (each a “Rebate Service Provider”) to assist in the calculation of arbitrage rebate payable in respect of the investment of Bond proceeds.

Role of the County as Bond Issuer

Unless otherwise provided by County resolutions, unexpended Bond proceeds shall be held by the County, and the investment of Bond proceeds shall be managed by the [Administrator]. The Administrator shall maintain records and shall prepare regular, periodic statements to the County regarding the investments and transactions involving Bond proceeds.

If a County resolution provides for Bond proceeds to be administered by a trustee, the trustee shall provide regular, periodic (monthly) statements regarding the investments and transactions involving Bond proceeds.

Arbitrage Rebate and Yield

Unless a Tax Certificate documents that bond counsel has advised that arbitrage rebate will not be applicable to an issue of Bonds:

- the County shall engage the services of a Rebate Service Provider, and the County or the Bond trustee shall deliver periodic statements concerning the investment of Bond proceeds to the Rebate Service Provider on a prompt basis;
- upon request, the Administrator and other appropriate County personnel shall provide to the Rebate Service Provider additional documents and information reasonably requested by the Rebate Service Provider;
- the Administrator and other appropriate County personnel shall monitor efforts of the Rebate Service Provider and assure payment of required rebate amounts, if any, no later than 60 days after each 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; and
- during the construction period of each capital project financed in whole or in part by Bonds, the Administrator and other appropriate County personnel shall monitor the investment and expenditure of Bond proceeds and shall consult with the Rebate Service Provider to determine compliance with any applicable exceptions from the arbitrage rebate requirements during each 6-month spending period up to 6 months, 18 months or 24 months, as applicable, following the issue date of the Bonds.

The County shall retain copies of all arbitrage reports and trustee statements as described below under “Record Keeping Requirements”.

Use of Bond Proceeds

The Administrator and other appropriate County personnel shall:

- monitor the use of Bond proceeds, the use of Bond-financed assets (e.g., facilities, furnishings or equipment) and the use of output or throughput of Bond-financed assets throughout the term of the Bonds (and in some cases beyond the term of the Bonds) to ensure compliance with covenants and restrictions set forth in applicable County resolutions and Tax Certificates;
- maintain records identifying the assets or portion of assets that are financed or refinanced with proceeds of each issue of Bonds;
- consult with Bond Counsel and other professional expert advisers in the review of any contracts or arrangements involving use of Bond-financed facilities to ensure compliance with all covenants and restrictions set forth in applicable County resolutions and Tax Certificates;
- maintain records for any contracts or arrangements involving the use of Bond-financed facilities as might be necessary or appropriate to document compliance with all covenants and restrictions set forth in applicable County resolutions and Tax Certificates;
- meet at least annually with personnel responsible for Bond-financed assets to identify and discuss any existing or planned use of Bond-financed, assets or output or throughput of Bond-financed assets, to ensure that those uses are consistent with all covenants and restrictions set forth in applicable County resolutions and Tax Certificates.

All relevant records and contracts shall be maintained as described below.

Record Keeping Requirements

Unless otherwise specified in applicable County resolutions or Tax Certificates, the County shall maintain the following documents for the term of each issue of Bonds (including refunding Bonds, if any) plus at least three years:

- a copy of the Bond closing transcript(s) and other relevant documentation delivered to the County at or in connection with closing of the issue of Bonds;
- a copy of all material documents relating to capital expenditures financed or refinanced by Bond proceeds, including (without limitation) construction contracts, purchase orders, invoices, trustee requisitions and payment records, as well as documents relating to costs reimbursed with Bond proceeds and records identifying the assets or portion of assets that are financed or refinanced with Bond proceeds;
- a copy of all contracts and arrangements involving private use of Bond-financed assets or for the private use of output or throughput of Bond-financed assets; and
- copies of all records of investments, investment agreements, arbitrage reports and underlying documents, including trustee statements.