



Resolution

NO. 962

OFFICE OF THE
MAYOR
CITY OF SAN LUIS

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF
SAN LUIS, ARIZONA APPROVING POST-ISSUANCE TAX
COMPLIANCE PROCEDURES

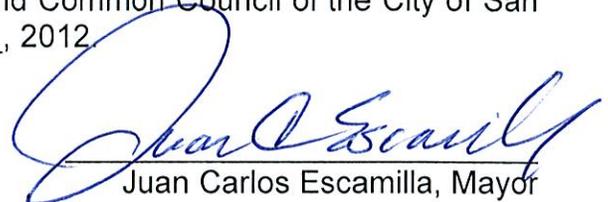
Whereas, the City of San Luis desires to adopt post issuance tax compliance procedures for its financings:

NOW THEREFORE BE IT RESOLVED, by the Mayor and Council of the City of San Luis, State of Arizona, as follows:

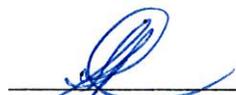
Section 1: That the post-issuance tax compliance procedures attached as Exhibit A are hereby approved and adopted.

Section 2: That the Finance Director of the City of San Luis is hereby authorized and directed to take any all actions as may be necessary to effectuate said procedures.

PASSED AND ADOPTED by the Mayor and Common Council of the City of San Luis, Arizona, this 8th day of February, 2012.


Juan Carlos Escamilla, Mayor

ATTEST:



Sonia Cuello, City Clerk

APPROVED AS TO FORM:



Glenn Gimbut, City Attorney

**CITY OF SAN LUIS
POST-ISSUANCE TAX COMPLIANCE PROCEDURES
ADOPTED FEBRUARY 8, 2012**

The purpose of these Post-Issuance Tax Compliance Procedures (these "Procedures") is to establish policies and procedures in connection with tax-exempt bonds issued by the City of San Luis or any entities formed on its behalf (the "City") so as to ensure that all applicable post-issuance requirements of federal income tax law needed to preserve the tax-exempt status of such bonds are met.

General

In connection with the issuance of any tax-exempt bonds, the City will execute a tax compliance certificate (the "Tax Certificate") that describes the requirements and provisions of the Code that must be followed in order to maintain the tax exempt status of interest on such bonds. In addition, the Tax Certificate will contain the reasonable expectations of the City 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. These Procedures supplement and support the covenants and representations made by the City 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 City tracks and monitors the actual use of the proceeds of the related series of bonds, the investment and expenditure of the bond proceeds and the assets financed or refinanced with the proceeds of such bonds over the life of the related bonds.

Designation of Responsible Person

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

Post-Issuance Compliance Requirements

External Advisors/Documentation

The City 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 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 City 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 or refinanced assets.

The City shall train and employ or otherwise engage expert advisors (a "Rebate Service Provider") to assist in the calculation of arbitrage rebate payable in respect of the investment of 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 account by a trustee, and the investment of bond proceeds shall be managed by the City. The City shall prepare (or cause the trustee to prepare) regular, periodic statements regarding the investments and transactions involving bond proceeds.

Arbitrage Rebate and Yield

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

- engaging the services of a Rebate Service Provider and, prior to each rebate calculation date, causing the trustee or other account holder to deliver periodic statements concerning the investment of bond proceeds to the Rebate Service Provider;
- providing to the Rebate Service Provider additional documents and information reasonably requested by the Rebate Service Provider;
- monitoring efforts of the Rebate Service Provider;
- assuring 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;
- 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 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; and
- retaining copies of all arbitrage reports and account statements as described below under “Record Keeping Requirements.”

The City, in the Tax Certificate and/or other documents finalized at or before the issuance of the bonds, has agreed to undertake the tasks listed above (unless the Tax Certificate documents that arbitrage rebate will not be applicable to an issue of bonds).

Use of Bond Proceeds and Bond-Financed or Refinanced Assets:

The City shall be responsible for:

- monitoring the use of bond proceeds and the use of bond-financed or refinanced assets (*e.g.*, facilities, furnishings or equipment) throughout the term of the bonds to ensure compliance with covenants and restrictions set forth in the Tax Certificate;
- 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;”
- consulting with bond counsel and other legal counsel and advisers in the review of any contracts or arrangements involving use of bond-financed or refinanced assets to ensure compliance with all covenants and restrictions set forth in the Tax Certificate;

- maintaining records for any contracts or arrangements involving the use of bond-financed or refinanced assets as described below under “Record Keeping Requirements;”
- conferring at least annually with personnel responsible for bond-financed or refinanced assets to identify and discuss any existing or planned use of bond-financed or refinanced assets, to ensure that those uses are consistent with all covenants and restrictions set forth in the Tax Certificate; and
- to the extent that the City discovers that any applicable tax restrictions regarding use of bond proceeds and bond-financed or refinanced assets will or may be violated, consulting promptly with bond counsel and other legal counsel and advisers to determine a course of action to remediate all nonqualified bonds, if such counsel advises that a remedial action is necessary.

The City, in the Tax Certificate and/or other documents finalized at or before the issuance of the bonds, has agreed to undertake the tasks listed above.

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

Record Keeping Requirement

The City shall be responsible for maintaining 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 City at or in connection with closing of the issue of bonds, including any elections made by the City in connection therewith;
- 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, 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 assets or portion of assets that are financed or refinanced with Bond proceeds, including a final allocation of Bond proceeds;
- a copy of all contracts and arrangements involving the use of Bond-financed or refinanced assets;
- copies of all trustee statements and reports, including arbitrage reports, prepared with respect to City bonds; and
- a copy of all records of investments, investment agreements, arbitrage reports and underlying documents, including trustee statements, in connection with any investment agreements, and copies of all bidding documents, if any.

CITY OF SAN LUIS

By: 
Ketur St. Louis, Finance Director