

**BOARD OF COUNTY COMMISSIONERS  
SARPY COUNTY, NEBRASKA**

**RESOLUTION APPROVING TAX-EXEMPT FINANCING COMPLIANCE PROCEDURE  
AND APPOINTING BOND COMPLIANCE OFFICER**

WHEREAS, pursuant to Neb. Rev. Stat. §23-104(6) (Reissue 2007), the County has the power to do all acts in relation to the concerns of the County necessary to the exercise of its corporate powers; and,

WHEREAS, pursuant to Neb. Rev. Stat. §23-103 (Reissue 2007), the powers of the County as a body are exercised by the County Board; and,

WHEREAS, Sarpy County understands that in exchange for the right to issue Tax-Exempt Bonds at favorable interest rates and terms, the Internal Revenue Code and Regulations impose ongoing requirements related to the proceeds of the Tax-Exempt Bonds and the project facility financed by the Tax-/Exempt Bonds; and,

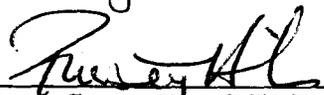
WHEREAS, Sarpy County recognizes that the Internal Revenue Service has stated that all issuers of Tax-Exempt Bonds should have separate written procedures regarding ongoing compliance with federal tax requirements for Tax-Exempt Bonds.

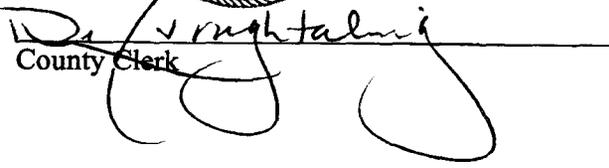
NOW, THEREFORE, BE IT RESOLVED, By the Sarpy County Board of Commissioners that the attached Tax-Exempt Financing Compliance Procedure is hereby approved to ensure compliance with regulations pertaining to tax-exempt financings.

BE IT FURTHER RESOLVED, that the August 17, 2010 Tax Exempt Bond Compliance Policy will apply to all Build America Bonds and the attached Procedure will apply to all other Tax-Exempt Financings.

BE IT FURTHER RESOLVED, that Brian Hanson, Sarpy County Fiscal Administrator is hereby appointed to serve as the Bond Compliance Officer as required in the attached procedure.

The above Resolution was approved by a vote of the Sarpy County Board of Commissioners at a public meeting duly held in accordance with applicable law on the 28<sup>th</sup> day of August, 2012.

  
\_\_\_\_\_  
Sarpy County Board Chairman

Attest:  
SEAL  
  
  
\_\_\_\_\_  
County Clerk

# *Sarpy County Board of Commissioners*

1210 GOLDEN GATE DRIVE  
PAPILLION, NE  
593-4155  
[www.sarpy.com](http://www.sarpy.com)

ADMINISTRATOR Mark Wayne  
DEPUTY ADMINISTRATOR Scott Bovick  
FISCAL ADMIN/PURCHASING AGT. Brian Hanson



## COMMISSIONERS

**Rusty Hike** District 1  
**Jim Thompson** District 2  
**Tom Richards** District 3  
**Jim Nekuda** District 4  
**Jim Warren** District 5

## MEMO

To: Sarpy County Board

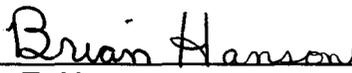
From: Brian Hanson

Re: Tax Exempt Financing Compliance Procedure

On August 17, 2010, the Sarpy County Board approved a Tax Exempt Bond Compliance Policy. However, this policy was focused mainly on one specific type of tax exempt bonds (Build America Bonds). In addition, further guidance has recently been received that gives more detail on the requirements of the policy. As a result, on August 28, 2012, the County Board will be asked to approve the attached Tax Exempt Financing Compliance Procedure. This new Procedure will supplement the Policy for Build America bonds that was adopted in 2010.

The Procedure requires the designation of a Bond Compliance Officer. In addition to approving the Procedure, the attached Resolution will appoint me as the Bond Compliance Officer. Please let me know if you have any questions.

August 24, 2012

  
\_\_\_\_\_  
Brian E. Hanson

BEH/dp

cc: Mark Wayne  
Scott Bovick  
Deb Houghtaling  
Mike Smith

**SARPY COUNTY, NEBRASKA**

**TAX-EXEMPT FINANCING  
COMPLIANCE PROCEDURE**

**DATED AS OF AUGUST 28, 2012**

**TAX-EXEMPT FINANCING COMPLIANCE PROCEDURE**  
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# TAX EXEMPT COMPLIANCE PROCEDURE

## ARTICLE I DEFINITIONS

**Section 1.1. Definitions.** Capitalized words and terms used in this Compliance Procedure have the following meanings:

**“Annual Compliance Checklist”** means a questionnaire and/or checklist described in **Section 6.1** hereof that is completed each year for the Tax-Exempt Bonds.

**“Annual Report”** means the Issuer’s audited financial statements (or unaudited financial statements as permitted by the Continuing Disclosure Undertaking for the Tax-Exempt Bonds) and certain other financial information and operating data required to be filed annually with the MSRB for the Tax-Exempt Bonds.

**“Bond Compliance Officer”** means the Issuer’s Fiscal Administrator or, if the position of Fiscal Administrator is vacant, the person filling the responsibilities of the Fiscal Administrator for the Issuer.

**“Bond Counsel”** means a law firm selected by the Issuer to provide a legal opinion regarding the tax status of interest on the Tax-Exempt Bonds as of the issue date or the law firm selected to advise the Issuer on matters referenced in this Compliance Procedure.

**“Bond Restricted Funds”** means the funds, accounts, and investments that are subject to arbitrage rebate and/or yield restriction rules that have been identified in the Tax Compliance Agreement for the Tax-Exempt Bonds.

**“Bond Transcript”** means the “transcript of proceedings” or other similarly titled set of transaction documents assembled by Bond Counsel following this issuance of the Tax-Exempt Bonds.

**“Code”** means the Internal Revenue Code of 1986, as amended.

**“Compliance Procedure”** means this Tax-Exempt Financing Compliance Procedure.

**“Continuing Disclosure Undertaking”** means the Continuing Disclosure Agreement(s), Continuing Disclosure Undertaking(s), Continuing Disclosure Instructions or other written certification(s) and agreements of the Issuer setting out covenants for satisfying the Issuer’s requirements for providing information to the MSRB pursuant to SEC Rule 15c2-12 on an ongoing basis for one or more Tax-Exempt Bond issues.

**“Cost”** or **“Costs”** means all costs and expenses paid for the acquisition, design, construction, equipping or improvement of a Project Facility or costs of issuing Tax-Exempt Bonds for a Project Facility.

**“EMMA”** means the Electronic Municipal Market Access system for municipal

securities disclosures established and maintained by the MSRB, which can be accessed at [www.emma.msrb.org](http://www.emma.msrb.org) .

**“Final Written Allocation”** means the Final Written Allocation of Tax-Exempt Bond proceeds prepared pursuant to **Section 5.4** of this Compliance Procedure.

**“Financed Assets”** means that part of a Project Facility treated as financed with Tax-Exempt Bond proceeds as reflected in a Final Written Allocation or, if no Final Written Allocation was prepared, the accounting records of the Issuer and the Tax Compliance Agreement for the Tax-Exempt Bonds.

**“Governing Body”** means the County Board of the Issuer.

**“Intent Resolution”** means a resolution of the Issuer stating (1) the intent of the Issuer to finance all or a portion of the Project Facility, (2) the expected maximum size of the financing and (3) the intent of the Issuer to reimburse Costs of the Project Facility paid by the Issuer from proceeds of the Tax-Exempt Bonds.

**“IRS”** means the Internal Revenue Service.

**“Issuer”** means the County of Sarpy, Nebraska.

**“MSRB”** means the Municipal Securities Rulemaking Board, or any successor repository designated as such by the Securities and Exchange Commission in accordance with Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

**“Placed in Service”** means that date (as determined by the Bond Compliance Officer when the Project Facility is substantially complete and in operation at substantially its design level.

**“Project Facility”** means all tangible or intangible property financed in whole or in part with Tax-Exempt Bonds that are (1) functionally related or integrated in use, (2) located on the same physical site or proximate sites, and (3) expected to be Placed in Service within a one-year period of each other.

**“Rebate Analyst”** means the rebate analyst for the Tax-Exempt Bonds selected pursuant to the Tax Compliance Agreement.

**“Regulations”** means all regulations issued by the U.S. Treasury Department to implement the provisions of Code §§ 103 and 141 through 150 and applicable to tax-exempt obligations.

**“Tax Compliance Agreement”** means the Federal Tax Certificate, Tax Compliance Agreement, Arbitrage Agreement, or other written certification or agreement of the Issuer setting out representations and covenants for satisfying the post-issuance tax compliance requirements for the Tax-Exempt Bonds.

**“Tax-Exempt Bonds”** means any bond, note, installment sale agreement, lease or certificate intended to be a debt obligation of the Issuer or another political subdivision or government instrumentality, the proceeds of which are to be loaned or otherwise made available to the Issuer, and the interest on which is excludable from gross income for federal income tax purposes. A list of all Tax-Exempt Bonds outstanding and subject to this Compliance Procedure as of August 1, 2012, is attached as **Exhibit A**.

**“Tax Exempt Bond File”** means documents and records which may consist of paper and electronic medium, maintained for the Tax-Exempt Bonds. Each Tax-Exempt Bond File will include the following information if applicable:

- a) Intent Resolution.
- b) Bond Transcript.
- c) Final Written Allocation and/or all available accounting records related to the Project Facility showing expenditures allocated to the proceeds of the Tax-Exempt Bonds and expenditures (if any) allocated to other sources of funds.
- d) All rebate and yield reduction payment calculations performed by the Rebate Analyst and all investment records provided to the Rebate Analyst for purposes of preparing the calculations.
- e) Forms 8038-T together with proof of filing and payment of rebate.
- f) Investment agreement bid documents (unless included in the Bond Transcript) including:
  - 1) bid solicitation, bid responses, certificate of broker;
  - 2) written summary of reasons for deviations from the terms of the solicitation that are incorporated into the investment agreement; and
  - 3) copies of the investment agreement and any amendments.
- g) Any item required to be maintained by the terms of the Tax Compliance Agreement involving the use of the Project Facility or expenditures related to tax compliance for the Tax-Exempt Bonds.
- h) Any opinion of Bond Counsel regarding the Tax-Exempt Bonds not included in the Bond Transcript.
- I) Amendments, modifications or substitute agreements to any agreement contained in the Bond Transcript.
- j) Any correspondence with the IRS relating to the Tax-Exempt Bonds including all correspondence relating to an audit by the IRS of the Tax-Exempt Bonds or any proceedings under the Tax-Exempt Bonds Voluntary Closing Agreement Program (VCAP).
- k) Any available questionnaires or correspondence substantiating the use of the Project Facility in accordance with the terms of the Tax Compliance Agreement for the Tax-Exempt Bonds.
- l) For refunding bond issues, the Tax-Exempt Bond File for the refunded Tax-Exempt Bonds.

## ARTICLE II PURPOSE AND SCOPE

### Section 2.1. Purpose of Compliance Procedure.

a) Issuer's Use of Tax-Exempt Bonds. The Issuer uses Tax-Exempt Bonds to fund Costs of a Project Facility. The Issuer understands that in exchange for the right to issue Tax-Exempt Bonds at favorable interest rates and terms, the Code and Regulations impose ongoing requirements related to the proceeds of the Tax-Exempt Bonds and the Project Facility financed by the Tax-Exempt Bonds. These requirements focus on the investment, use and expenditure of proceeds of the Tax-Exempt Bonds and related funds as well as restrictions on the use of the Project Facility.

b) IRS Recommends Separate Written Procedures. The Issuer recognizes that the IRS has stated that all issuers of Tax-Exempt Bonds should have separate written procedures regarding ongoing compliance with the federal tax requirements for Tax-Exempt Bonds.

c) Continuing Disclosure Undertaking: Issuer Commitment. The Issuer is required under the Continuing Disclosure Undertaking to provide disclosures of certain financial information and operating data and to file notices of certain material events to the marketplace to facilitate informed secondary market trading in Tax-Exempt Bonds issued by the Issuer. The Issuer is committed to full compliance with the federal tax (and securities) law requirements for all of its outstanding and future tax-exempt financings. This Compliance Procedure is adopted by the Governing Body to comply with the IRS (and Securities and Exchange Commission) directives and to improve tax (and securities) law compliance and documentation.

**Section 2.2. Scope of Compliance Procedures; Conflicts.** This Compliance Procedure applies to all Tax-Exempt Bonds currently outstanding and all Tax-Exempt Bonds issued in the future. If the provisions of this Compliance Procedure conflict with a Tax Compliance Agreement, the Continuing Disclosure Undertaking or any other specific written instructions of Bond Counsel, the terms of the Tax Compliance Agreement, Continuing Disclosure Undertaking or specific written instructions of Bond Counsel will supersede and govern in lieu of this Compliance Procedure. Any exception to this Compliance Procedure required by Bond Counsel as part of a future issue of Tax-Exempt Bonds will be incorporated in the Tax Compliance Agreement for the future issue. If doing so would conflict with previous issues, the exception will be so noted. (The Issuer acknowledges that the Continuing Disclosure Undertaking may also apply to one or more issues of taxable securities issued by the Issuer.)

**Section 2.3. Amendments and Publication of Compliance Procedure.** This Compliance Procedure may be amended from time-to-time by the Governing Body. Copies of this Compliance Procedure and any amendments will be included in the permanent records of the Issuer.

**ARTICLE III  
BOND COMPLIANCE OFFICER; TRAINING**

**Section 3.1. Bond Compliance Officer Duties.** The Bond Compliance Officer is responsible for implementing this Compliance Procedure. The Bond Compliance Officer will work with other employees that use the Project Facility to assist in implementing this Compliance Procedure. The Bond Compliance Officer will consult with Bond Counsel, legal counsel to the Issuer, accountants, tax return preparers and other outside experts to the extent necessary to carry out the purposes of this Compliance Procedure. The Bond Compliance Officer will report to the Governing Body as necessary, and at least annually, regarding implementation of this Compliance Procedure and any recommended changes or amendments to this Compliance Procedure.

**Section 3.2. Training.** When appropriate, the Bond Compliance Officer and/or other employees of the Issuer under the direction of the Bond Compliance Officer will attend training programs offered by the IRS or other industry professionals regarding tax-exempt financing that are relevant to the Issuer. At the time the individual acting as the Bond Compliance Officer passes the responsibilities for carrying out the provisions of this Compliance Procedure to another individual, the outgoing Bond Compliance Officer is responsible for training the incoming individual acting as Bond Compliance Officer to ensure the Issuer's continued compliance with the provisions of this Compliance Procedure and all Tax Compliance Agreements for any outstanding Tax-Exempt Bonds.

**ARTICLE IV  
TAX-EXEMPT BONDS CURRENTLY OUTSTANDING**

**Section 4.1. Tax-Exempt Bonds Covered by Article IV Procedures.** This Article IV applies to all Tax-Exempt Bonds issued prior to the date of this Compliance Procedure that are currently outstanding. These Tax-Exempt Bonds are listed on **Exhibit A**. Other Tax-Exempt Bonds may be issued at a later date.

**Section 4.2. Tax-Exempt Bond File.** As soon as practical, the Bond Compliance Officer will attempt to assemble as much of the Tax-Exempt Bond File as is available for the Tax-Exempt Bonds listed on **Exhibit A**.

**Section 4.3. Annual Compliance Checklists.** As soon as practical following the adoption of this Compliance Procedure, the Bond Compliance Officer will work with Bond Counsel and/or legal counsel to the Issuer and cause Annual Compliance Checklists to be completed for all outstanding Tax-Exempt Bonds and will follow the procedures specified in Article VI to complete the Annual Compliance Checklists and thereafter include each completed Annual Compliance Checklist in the Tax-Exempt Bond File.

**Section 4.4. Correcting Prior Deficiencies in Compliance.** In the event the Bond Compliance Officer determines any deficiency in compliance with a Tax Compliance Agreement for an outstanding Tax-Exempt Bond listed on **Exhibit A**, the Bond Compliance Officer will follow the procedures described in the Regulations or the Tax-Exempt Bonds Voluntary Closing Agreement Program (VCAP) to remediate the noncompliance. If remediation of the

noncompliance requires the Issuer to submit a request under VCAP, the Bond Compliance Officer will undertake this step only after reporting the violation to the Governing Body and obtaining its approval.

**ARTICLE V**  
**COMPLIANCE PROCEDURE FOR NEW TAX-EXEMPT BOND ISSUES**

**Section 5.1. Application.** This Article V applies to Tax-Exempt Bonds issued on or after the date of this Compliance Procedure.

**Section 5.2. Prior to Issuance of Tax-Exempt Bonds.**

a) **Intent Resolution.** The Governing Body will authorize and approve the issuance of Tax-Exempt Bonds. Prior to or as a part of the authorizing resolution or ordinance, the Governing Body may adopt an Intent Resolution.

b) **Directions to Bond Counsel.** The Bond Compliance Officer will provide a copy of this Compliance Procedure to Bond Counsel with directions for Bond Counsel to structure the documentation and procedural steps taken prior to issuing the Tax-Exempt Bonds so that they conform to the requirements of this Compliance Procedure, except to the extent Bond Counsel determines that different procedures are required. The Bond Compliance Officer will consult with Bond Counsel so that appropriate provisions are made to fund or reimburse the Issuer's costs and expenses incurred to implement this Compliance Procedure.

c) **Tax Compliance Agreement.** For each issuance of Tax-Exempt Bonds, a Tax Compliance Agreement will be signed by the County Board Chairman. The Tax Compliance Agreement will (1) describe the Project Facility and the anticipated Financed Assets, (2) identify all Bond Restricted Funds and provide for arbitrage and rebate compliance, (3) for new money financings, require a Final Written Allocation, and (4) contain a form of the Annual Compliance Checklist for the Tax-Exempt Bonds. The Bond Compliance Officer will confer with Bond Counsel and the Issuer's counsel regarding the meaning and scope of each representation and covenant contained in the Tax Compliance Agreement.

d) **Preliminary Cost Allocations.** For each issuance of Tax-Exempt Bonds, the Bond Compliance Officer in consultation with Bond Counsel, may prepare a preliminary cost allocation plan for the Project Facility. The preliminary cost allocation plan, if prepared, will identify the assets and expected costs for the Project Facility, and when necessary, will break-out the portions of Costs that are expected to be financed with proceeds of the Tax-Exempt Bonds (the "Financed Assets") and the portions, if any, expected to be financed from other sources.

e) **Correct Disbursements of Project Proceeds.** Once invoices and pay applications have been submitted (and approved by the architect/engineer if applicable) they will be approved by the County Representative serving as the Project Manager and then will be submitted to the County Board of Commissioners for approval. After such approval, the requisition forms will be forwarded to the trustee (if applicable) for the issuance of checks to vendors.

f) Disposition of interest earnings. Interest earned on a bond construction account will be spent in the same manner as the bond proceeds.

g) Limitations. The Bond Compliance Officer will review the costs of issuance with the Underwriter and/or Bond Counsel to ensure that any limitations (if applicable) are not exceeded. (E.g. the 2% limitation on Build America Bonds.)

h) Tax Review with Bond Counsel. Prior to the sale of Tax-Exempt Bonds, the Bond Compliance Officer and Bond Counsel will review this Compliance Procedure together with the draft Tax Compliance Agreement to ensure that any tax compliance issues in the new financing are adequately address by this Compliance Procedure an/or the Tax Compliance Agreement. If Bond Counsel determines that this Compliance Procedure conflicts with the Tax Compliance Agreement, or must be supplemented to account for special issues or requirements for the Tax-Exempt Bonds, the Bond Compliance Officer will ask Bond Counsel to include the written modifications or additions in the final Tax Compliance Agreement. The Bond Compliance Officer will request Bond Counsel to prepare a form of Annual Compliance Checklist for use in monitoring the ongoing compliance requirements for the Tax-Exempt Bonds or to approve the existing Annual Compliance Checklist.

### **Section 5.3 Accounting and Recordkeeping.**

a) Accounting for New Money Projects. The Bond Compliance Officer will be responsible for accounting for the investment and allocation of proceeds of the Tax-Exempt Bonds. The Bond Compliance Officer will establish separate accounts or subaccounts to record expenditures for Costs of the Project Facility. Where appropriate, the Bond Compliance Officer may use accounts established as part of the Issuer's financial records for this purpose. In recording Costs for the Project Facility, the Bond Compliance Officer will ensure that the accounting system will include the following information: (1) identity of person or business paid, (2) date of payment, and (3) amount paid. In addition, documentation will be retained showing a narrative description of the purpose for the payment and an invoice number or other identifying reference.

b) Accounting for Refunded Bonds and Related Refunded Bond Accounts. For Tax-Exempt Bonds that are issued to refund prior Tax-Exempt Bonds, the Tax Compliance Agreement will set out special accounting and allocation procedures for the proceeds of the financing, and if necessary proceeds of the refinanced Tax-Exempt Bonds.

c) Tax-Exempt Bond File. The Bond Compliance Officer will be responsible for assembling and maintaining the Tax-Exempt Bond File. The Annual Reports, other reports and notices of certain material events filed by the Issuer with the MSRB will be publicly available on EMMA and need not be separately maintained in the Tax-Exempt Bond File.

d) Six month, eighteen month and two year spending exceptions. Every six months after issuance of the bonds until the bond proceeds are drawn down, the Bond Compliance Officer will complete a spreadsheet to monitor the expenditure of funds to ensure that the spending limitation are met for arbitrage rebate as set forth in the Tax Compliance Agreements. This information will be shared with the Rebate Analyst in a timely manner.

e) Proper Determination of Interest Payable. The Bond Compliance Officer will ensure that the proper amount of interest is paid on the outstanding bonds by utilizing the Debt Service Schedule prepared by the Bond Underwriter and verified by Bond Counsel. In the event that a portion of the bond issue is redeemed in advance, the Bond Underwriter will be contacted to prepare a revised debt service schedule.

f) Maintenance of records. All records pertaining to the Tax-Exempt Bonds will be retained by the Bond Compliance Officer or County Clerk's Office until the final maturity of the bonds or any reissued bonds plus three years in either paper or electronic format. The Bond Compliance Officer will provide copies of the Trustee/Paying Agent statements to the County Clerk on a monthly basis.

g) Revenue Reports. On an annual basis, the Bond Compliance Officer will file a report with the Tax-Exempt Bond File showing the source of revenues for the payment of bond principal and interest if any "private" revenues are used.

#### **Section 5.4 Final Allocation of Bond Proceeds.**

a) Preparation of Final Written Allocation: Timing. The Bond Compliance Officer is responsible for making a written allocation of proceeds of Tax-Exempt Bonds to expenditures and identifying the Financed Assets. This process will be memorialized in the Final Written Allocation. As soon as practical following the adoption of this Compliance Procedure, the Bond Compliance Office will work with Bond Counsel and/or legal counsel to the Issuer and cause Final Written Allocations to be completed for all outstanding Tax-Exempt Bond issues. For a new money financing, the Bond Compliance Officer will commence this process as of the earliest of (1) the requisition of all Tax-Exempt Bond proceeds from any segregated Tax-Exempt Bond funded account, (2) the date the Project Facility has been substantially completed or (3) four and one-half years following the issue date of the Tax-Exempt Bonds. For Tax-Exempt Bonds issued only to refund a prior issue of Tax-Exempt Bonds, the Bond Compliance Officer will work with Bond Counsel to prepare and/or document the Final Written Allocation for the Project Facility financed by the refunded Tax-Exempt Bonds and include it in the Tax Compliance Agreement or issue it as soon thereafter as possible.

b) Contents and Procedure. The Bond Compliance Officer will consult the Tax Compliance Agreement and, if necessary, contact Bond Counsel to seek advice regarding any special allocation of Tax-Exempt Bond proceeds and other money of the Issuer to the Costs of the Project Facility. If no special allocation is required or recommended, the Bond Compliance Officer will allocate Costs of the Project Facility to the proceeds of the Tax-Exempt Bonds in accordance with the Issuer's accounting records. Each Final Written Allocation will contain the following: (1) a reconciliation of the actual sources and uses to Costs of the Project Facility, (2) the percentage of the cost of the Project Facility financed with proceeds of the Tax-Exempt Bonds (sale proceeds plus any investment earning on those sale proceeds), (3) the Project Facility's Placed in Service date, (4) the estimated economic useful life of the Project Facility, and (5) any special procedures to be followed in completing the Annual Compliance Checklist (e.g., limiting the Annual Compliance Checklist to specific areas of the Project Facility that the Final Written Allocation or the Tax Compliance Agreement treats as having been

financed by Tax-Exempt bonds). The Final Written Allocation format may be adjusted if needed for each issue. See **Exhibit B** for sample format.

c) Finalize Annual Compliance Checklist. As part of the preparation of the Final Written Allocation, the Bond Compliance Officer will update the Annual Compliance Checklist. The Bond Compliance Officer will include reminders for all subsequent arbitrage rebate computations required for the Tax-Exempt Bonds in the Annual Compliance Checklist.

d) Review of Final Written Allocation and Annual Compliance Checklist. Each Final Written Allocation and Annual Compliance Checklist will be reviewed by legal counsel to the Insurer or Bond Counsel for sufficiency and compliance with the Tax Compliance Agreement and this Compliance Procedure if deemed necessary by the Bond Compliance Officer. Following the completion of the review, (if performed) the Bond Compliance Officer will execute the Final Written Allocation.

## **ARTICLE VI ONGOING MONITORING PROCEDURES**

**Section 6.1. Annual Compliance Checklist.** An Annual Compliance Checklist will be completed by the Bond Compliance Officer each year following completion of the Final Written Allocation. Each Annual Compliance Checklist will be designed and completed for the purpose of identifying potential noncompliance with the terms of the Tax Compliance Agreement or this Compliance Procedure and obtaining documents (such as investment records, arbitrage calculations, or other documentation for the Project Facility) that are required to be incorporated in the Tax-Exempt Bond File. The Bond Compliance Officer will refer any responses indicating a violation of the terms of the Tax Compliance Agreement to legal counsel to the Issuer or Bond Counsel and, if recommended by counsel, will follow the procedure set out in **Section 4.4** hereof to remediate the non-compliance.

**Section 6.2. Arbitrage and Rebate Compliance.** The Bond Compliance Officer will monitor the investment of Bond Restricted Funds and provide investment records to the Rebate Analyst on a timely basis. The Bond Compliance Officer will follow the directions of the Rebate Analyst with respect to the preparation of and the timing of rebate or yield reduction computations.

**Section 6.3. Rebate Analyst.** The firm of Berens and Tate Consulting Group, 10050 Regency Circle, Omaha, Nebraska 68114 will be used as rebate analyst unless another Rebate Analyst is specified in the Tax Compliance Agreement.

**Section 6.4. Rebate Analyst Successor.** If needed, a successor Rebate Analyst will be engaged as set forth in the Tax Compliance Agreement.

**Section 6.5. Sample Format.** A sample format of the Annual Compliance Checklist is set forth in **Exhibit C**. The format of the Annual Compliance Checklist may be adjusted if needed for each issue.

## **ARTICLE VII CONTINUING DISCLOSURE**

**Section 7.1. Annual Disclosure Filings.** For each issuance of Tax-Exempt Bonds, the Bond Compliance Officer will review the Continuing Disclosure Undertaking to determine the financial information and operating data required to be included in the Annual Report to be filed by the Issuer with the MSRB on EMMA. The Bond Compliance Officer will cause the Annual Report to be filed with the MSRB on EMMA within the time limits provided in the Continuing Disclosure Undertaking for the Tax-Exempt Bonds.

**Section 7.2. Material Event Disclosure Filings.** For each outstanding issue of Tax-Exempt Bonds, the Bond Compliance Officer will review the Continuing Disclosure Undertaking to determine the “material events” that require prompt notice to be filed with the MSRB. Generally, the occurrence of any of the following events with respect to the Tax-Exempt Bonds represents a “material event”:

- 1) principal and interest payment delinquencies;
- 2) non-payment related defaults, if material;
- 3) unscheduled draws on debt service reserves reflecting financial difficulties;
- 4) unscheduled draws on credit enhancements reflecting financial difficulties;
- 5) substitution of credit or liquidity providers, or their failure to perform;
- 6) adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issues (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Tax-Exempt Bonds, or other material events affecting the tax status of the Tax-Exempt bonds;
- 7) modifications to rights of bondholders, if material;
- 8) bond calls, if material, and tender offers;
- 9) defeasances;
- 10) release, substitution or sale of property securing repayment of the Tax-Exempt Bonds, if material;
- 11) rating changes;
- 12) bankruptcy, insolvency, receivership or similar event of the obligate d person;
- 13) the consummation of a merger, consolidation, or acquisition involving the obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and,
- 14) appointment of a successor or additional trustee or the change of name of the trustee, if material.

After obtaining actual knowledge of the occurrence of any event that the Bond Compliance Officer believes may constitute an event requiring disclosure, the Bond Compliance Officer will contact Bond Counsel to determine if notice of the event is required to be given to

the MSRB under the Continuing Disclosure Undertaking. If it is determined that notice should be provided to the MSRB or is required to be provided to the MSRB by the Continuing Disclosure Undertaking, the Bond Compliance Officer will cause the appropriate notice to be filed with the MSRB on EMMA within 10 business days after the occurrence of the event or as otherwise directed by Bond Counsel.

ADOPTED BY THE SARPY COUNTY BOARD OF COMMISSIONERS

RESOLUTION 2012-271

AUGUST 28<sup>th</sup>, 2012

**EXHIBIT A**

**LIST OF TAX-EXEMPT BONDS COVERED BY THIS COMPLIANCE PROCEDURE  
AS OF AUGUST 1, 2012**

<u>Description</u>	<u>Issue Amount</u>
Sarpy County Leasing Corporation Lease Rental Revenue Bonds	
Series 2009A	\$4,195,000
Series 2009B (Build America Bonds)	\$9,290,000
Taxable Series 2009C	\$5,500,000
Recovery Zone Facility Certificates of Participation Series 2010	\$8,070,000
General Obligation Highway Allocation Fund Pledge Bonds Series 2009	\$6,075,000
Limited Tax Building Bonds, Series 2009 (Law Enforcement Center)	\$7,790,000
Limited Tax Building Bonds, Series 2007 (Courthouse Addition)	\$7,000,000
Limited Tax Building Bonds, Series 2008 (Courthouse Remodel)	\$5,700,000
Limited Tax /Refunding Bonds, Series 2011 (Refund of Series 2007)	\$4,165,000

## EXHIBIT B

### SARPY COUNTY, NEBRASKA (BOND ISSUE NAME)

#### FINAL WRITTEN ALLOCATION

The undersigned is the Bond Compliance Officer of Sarpy County, Nebraska (the “Issuer”) and in that capacity is authorized to execute federal income tax returns to be filed by the Issuer and to make appropriate elections and designations regarding federal income tax matters on behalf of the Issuer. This allocation of the proceeds of the bond issue referenced above (the “Bonds”) is necessary for the Issuer to satisfy ongoing reporting and compliance requirements under federal income tax laws.

*Purpose.* This document, together with the schedules and records referred to below, is intended to memorialize allocations of Bond proceeds to expenditures for purposes of (\*\*§§ 141 and 148\*\*) of the Internal Revenue Code (the “Code”). All allocations are or were previously made no later than 18 months following the date the expenditure was made by the Issuer or, if later, the date of the “project” was “placed in service” (both as defined below), and no later than 60 days following the 5<sup>th</sup> anniversary of the issue date of the Bonds, although this form may have been completed after such date restrictions..

*Background.* The Bonds were issued on (Issue Date) (the “Issue Date”), by Sarpy County (the “Issuer”). The Bonds were issued in order to provide funds needed to construct, equip and furnish \_\_\_\_\_ (the “Project”). The Bonds were issued pursuant to a Resolution of the Issuer. Proceeds of the Bonds were deposited to the following accounts:

(Project Account)  
(Costs of Issuance Account)  
(Debt Service Reserve Account)

*Sources Used to Fund Project Costs and Allocation of Proceeds to Project Costs.* A portion of the costs of the Project was paid from sale proceeds of the Bonds and the remaining portion of the costs of the Project was paid from earnings from the investment of bond sale proceeds (and from other money of the Issuer) as shown on **Exhibit A** to this Final Written Allocation.

*Identification of Financed Assets.* The portions of the Project financed from Bond proceeds (i.e., the “Financed Facility” referenced in the Federal Tax Certificate) are listed on page 1 of **Exhibit B** to this Final Written Allocation. **(Add additional language if only a specified percentage of the space in the Project is to be treated as financed by Bond proceeds. For example “2,650 square feet (15%) of the financed student union building project financed a book store that is expected to be leased to Barnes & Noble Bookstore. The Issuer used funds other than bond proceeds to finance 15% of the cost of the student union building).**

*Identification and Timing of Expenditures for Arbitrage Purposes.* For purposes of complying with the arbitrage rules, the Issuer allocates the proceeds of the bonds to the various expenditures described in the invoices, requisitions or other substantiation attached as **Exhibit B** to this Final Written Allocation. In each case, the cost requisitioned was either paid directly to a third party or reimbursed the Issuer for an amount it has previously paid or incurred. Amounts received from the sale of the Bonds and retained as underwriters discount are allocated to that purpose and spent on the Issue Date. Amounts allocated to interest expense are treated as paid on the interest payment dates for the Bonds.

*Placed In Service.* The Project was “placed in service” on the date set out on **Exhibit B** to this Final Written Allocation. For this purpose, the assets are considered to be “placed in service” as of the date on which, based on all the facts and circumstances: (1) the constructing and equipping of the asset has reached a degree of completion which would permit its operation at substantially its design level; and (2) the asset is, in fact, in operation at that level.

This allocation has been prepared based on statutes and regulations existing as of this date. The Issuer reserves the right to amend this allocation to the extent permitted by future Treasury Regulations or similar authorities.

SARPY COUNTY, A BODY POLITIC

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Chairman,  
Sarpy County Board of Commissioners

Dated: \_\_\_\_\_

Approved as to form:

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Deputy County Attorney

**EXHIBIT A TO FINAL WRITTEN ALLOCATION**

**SARPY COUNTY, NEBRASKA  
(NAME OF BONDS)  
(PROJECT NAME) SERIES \_\_\_\_ NEW**

**ALLOCATION OF SOURCES AND USES**

<b>SOURCES</b>	<b>BONDS &amp; EARNINGS ESTIMATED @ CLOSING</b>	<b>BONDS &amp; EARNINGS ACTUAL</b>
Par	\$ -	\$ -
Plus OIP (less OID)	\$ -	\$ -
Sale Proceeds	\$ -	\$ -
Accrued Interest	\$ -	\$ -
Investment Earnings	\$ -	\$ -
<b>Total Sources</b>	<b>\$ -</b>	<b>\$ -</b>
<b>USES</b>		
Accrued Interest	\$ -	\$ -
Bond Issuance Costs	\$ -	\$ -
Underwriting Fee	\$ -	\$ -
Other Costs	\$ -	\$ -
<b>Total Issuance Costs</b>	<b>\$ -</b>	<b>\$ -</b>
Credit Enhancement Fees	\$ -	\$ -
Reserve Fund	\$ -	\$ -
Current Refunding	\$ -	\$ -
Advance Refunding	\$ -	\$ -
Subtotal		
Project Portion		
<b>Total Uses</b>		

Exhibit B  
 Sarpy County, Nebraska  
 Post Issuance Bond Compliance  
 Final Written Allocation-\_\_\_\_\_ Bonds Series 20\_\_  
 As of 8/23/2012

Asset Description	Original Economic Life	Economic Life x Total Bond Financed Cost	Paid From Bond Issue	Paid From _____ Fund	Paid From _____ Fund	Total Cost
Original Funds Available						\$ -
Interest Received						\$ -
Other Revenues						\$ -
<b>Total Funds Available</b>			\$ -	\$ -	\$ -	\$ -
Construction		\$ -				\$ -
Underwriter & Architect		\$ -				\$ -
Other Costs		\$ -				\$ -
Other Costs		\$ -				\$ -
Other Costs		\$ -				\$ -
Other Costs		\$ -				\$ -
Other Costs		\$ -				\$ -
Other Costs		\$ -				\$ -
Other Costs		\$ -				\$ -
Other Costs		\$ -				\$ -
Other Costs		\$ -				\$ -
<b>Total Costs Allocated</b>		\$ -	\$ -	\$ -	\$ -	\$ -
Average Original Economic Life of Assets			#DIV/0!			
120% of Expected Economic Life of Facilities Financed			#DIV/0!			
Note: Economic lives were obtained from County Clerk's Fixed Asset Reports where available.						

EXHIBIT B, PAGE 3 TO FINAL WRITTEN ALLOCATION

SARPY COUNTY, NEBRASKA  
(NAME OF BONDS)  
(PROJECT NAME) SERIES \_\_\_\_ NEW

DESCRIPTION OF PROPERTY COMPRISING THE FINANCED FACILITY

Item Number	Date Paid	Amount Paid	Category	Payee	Description	Reference/Notes
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						

**EXHIBIT C**

**SAMPLE TEB  
ANNUAL COMPLIANCE CHECKLIST**

<b>Name of tax-exempt bonds (“Bonds”) financing Financed Asset:</b>	
<b>Issue Date of Bonds:</b>	
<b>Placed in service date of Project Facility:</b>	
<b>Name of Bond Compliance Officer:</b>	
<b>Period covered by request (“Annual Period”)</b>	

ITEM	QUESTION	RESPONSE
1 Ownership	Was the entire Project Facility owned by the Issuer during the entire Annual Period?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	If answer above was “No”, was an Opinion of Bond Counsel obtain prior to the Transfer?  If Yes, include a copy of the Opinion in the Tax-Exempt Bond File.  If No, contact Bond Counsel and include description of resolution in the Tax-Exempt Bond File.	<input type="checkbox"/> Yes <input type="checkbox"/> No
2 Leases & Other Rights to Possession	During the Annual Period, was any part of the Project Facility leased at any time pursuant to a lease or similar agreement for more than 50 days?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	If answer above was “Yes”, was an Opinion of Bond Counsel obtain prior to entering into the lease or other arrangement?  If Yes, include a copy of the Opinion in the Tax-Exempt Bond File.  If No, contact Bond Counsel and include description of resolution in the Tax-Exempt Bond File.	<input type="checkbox"/> Yes <input type="checkbox"/> No

3 Management or Service Agreements	During the Annual Period, has the management of all or any part of the operations of the Financed Asset (e.g. cafeteria, gift shop, etc.) been assumed by or transferred to another entity? (Other than arrangements existing prior to the Annual Period.)	<input type="checkbox"/> Yes <input type="checkbox"/> No
	<p>If answer above was "Yes", was an Opinion of Bond Counsel obtain prior to entering into the management agreement?</p> <p>If Yes, include a copy of the Opinion in the Tax-Exempt Bond File.</p> <p>If No, contact Bond Counsel and include description of resolution in the Tax-Exempt Bond File.</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No
4 Other Use	Was any other agreement entered into with an individual or entity that grants special legal rights to the Financed Asset?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	<p>If answer above was "Y", was an Opinion of Bond Counsel obtain prior to entering into the agreement?</p> <p>If Yes, include a copy of the Opinion in the Tax-Exempt Bond File.</p> <p>If No, contact Bond Counsel and include description of resolution in the Tax-Exempt Bond File.</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No
5a. Arbitrage & Rebate	Have all rebate and yield reduction calculations mandated in the Tax Compliance Agreement been prepared for the current year?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	If No, contact Rebate Analyst and incorporate report or include description of resolution in the Tax-Exempt Bond File.	

<p>5b. Arbitrage &amp; Rebate</p>	<p>If this is a new issue, has the spending limitation spreadsheet been prepared to show the 6, 18 and 24 month expenditures.</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A</p>
<p>6 Continuing Disclosure Filings</p>	<p>Did the Issuer file its annual report (including audited financial statements and any other financial information and operating data required for the Bonds) with the MSRB on EMMA by (Insert Filing Deadline)?</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
	<p>If No, file the appropriate failure to file notice required for the Bonds with the MSRB on EMMA. In addition, contact Bond Counsel and file the deficient material with the MSRB on EMMA and include a description of the reason for the delay in the Tax-Exempt Bond file.</p>	

<p style="text-align: center;">7 Material Event Filings</p>	<p>Did any of the following events occur with respect to the Bonds?</p> <ul style="list-style-type: none"> <li>• principal and interest payment delinquencies;</li> <li>• non-payment related defaults, if material;</li> <li>• unscheduled draws on debt service reserves reflecting financial difficulties;</li> <li>• unscheduled draws on credit enhancements reflecting financial difficulties;</li> <li>• substitution of credit or liquidity providers, or their failure to perform;</li> <li>• adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;</li> <li>• modifications to rights of bondholders, if material;</li> <li>• bond calls, if material, and tender offers;</li> <li>• defeasances;</li> <li>• release, substitution or sale of property securing repayment of the Bonds, if material;</li> <li>• rating changes;</li> <li>• bankruptcy, insolvency, receivership or similar event of the obligated person;</li> <li>• the consummation of a merger, consolidation, or acquisition involving the obligated person or the sale or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and</li> <li>• appointment of a successor or additional trustee or the change of the name of the trustee, if material.</li> </ul>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
	<p>If Yes, was Bond Counsel contacted and notice of the material event filed with the MSRB on EMMA?</p> <p>If No, contact Bond Counsel immediately and prepare and file any required notice with the MSRB on EMMA.</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>