

THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF PIMA

POST-ISSUANCE TAX COMPLIANCE PROCEDURES

The Industrial Development Authority of the County of Pima (the "*Authority*") hereby adopts these Post-Issuance Tax Compliance Procedures, the purpose of which is to establish policies and procedures in connection with bonds (the "*Bonds*") issued by the Authority so as to ensure that all applicable post-issuance requirements of federal income tax law needed to preserve the tax-exempt status of the Bonds which are intended to be tax-exempt are met. The Authority reserves the right to use its discretion as necessary and appropriate to make exceptions or request additional provisions as it may determine. The Authority also reserves the right to change these policies and procedures from time to time, without notice.

General

With the exception of Single Family Mortgage Revenue Bonds, the Authority expects to act exclusively as a conduit issuer. Therefore, pursuant to the tax certificate and/or agreement relating to an issue of tax-exempt Bonds (each, a "*Tax Certificate*"), the conduit borrower, with regard to such Bonds (the "*Borrower*") will bear primary responsibility for all ongoing tax compliance matters relating to Bonds.

With regard to Single Family Mortgage Revenue Bonds, the Authority will work with the Master Servicer and the Trustee for such bonds to ensure all tax compliance matters are covered in the documents at the time of issuance of the Bonds, including arbitrage rebate and yield, use of bond proceeds and record keeping requirements.

The Authority further expects to use a trustee (the "*Trustee*") on its Bonds, who will be assigned certain document retention requirements in compliance with the Authority's document retention policy. The Authority retains the right to inquire of either the Borrower or the Trustee for any documentation regarding the Bonds.

Designation of Responsible Person(s)

The Authority hereby designates its then acting President as the officer with responsibility to oversee compliance herewith; provided that each Borrower shall retain responsibility for such written procedures described below. The Borrower shall designate an officer thereof in the Tax Certificate as its compliance officer with responsibility to oversee compliance with the written procedures described below, and shall inform the Authority of such designation and contact information for such employee(s). The Borrower shall also provide timely notice to the Authority of changes in such designated personnel from time to time.

In furtherance of this responsibility, the President or another officer of the Authority designated by the President shall obtain training from bond counsel or others as necessary to perform the monitoring and record-keeping activities outlined in these Post-Issuance Tax Compliance Procedures, such training to be conducted at the first regularly scheduled meeting of the Board of the Authority held in each calendar year or such other meeting of the Board of the Authority as the President shall specify. Compliance checks under these Post-Issuance Tax Compliance Procedures shall be performed annually and shall consist of a notice to each conduit borrower (hereinafter referred to as a "*Compliance Notice*"), which Compliance Notice shall remind each conduit borrower of its obligations under its Tax Certificate and shall include a request that each conduit borrower acknowledge (i) receipt of the Compliance Notice, and (ii) its obligation to comply with the provisions of its Tax Certificate.

Post-Issuance Compliance Requirements

External Advisors / Documentation

The Authority and the Borrower 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 Bonds which are intended to be tax-exempt 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 by both the Borrower and the Trustee and all other applicable post-issuance requirements of federal tax law throughout (and in some cases beyond) the term of the Bonds.

The Borrower 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 the use of proceeds, as well as future contracts with respect to the use of Bond-financed or refinanced assets.

The Authority shall require the Borrower to engage expert advisors (each a "*Rebate Analyst*") 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 indenture or other authorizing documents relating to the Bonds, unexpended Bond proceeds shall be held by the Trustee, and the investment of Bond proceeds shall be managed by the Borrower. The Borrower shall prepare (or cause the Trustee to prepare) regular, periodic statements regarding the investments and transactions involving Bond proceeds and such statements shall be delivered to the Authority if it so requests.

Arbitrage Rebate and Yield

Unless the Tax Certificate documents that arbitrage rebate will not be applicable to an issue of Bonds, it is the Authority's policy that the Borrower shall be responsible for:

- engaging the services of a Rebate Analyst 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 Analyst;
- providing to the Rebate Analyst additional documents and information reasonably requested by the Rebate Analyst;
- monitoring efforts of the Rebate Analyst;
- 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 consult with the Rebate Analyst 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” and, upon request, providing such copies to the Authority.

The Borrower, in the Tax Certificate relating to the Bonds and/or other documents finalized at or before the issuance of the Bonds, shall agree 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:

It is the Authority’s policy that the Borrower shall be responsible for:

- monitoring the use of Bond proceeds and the use of Bond-financed or refinanced assets (c.g., facilities, furnishings or equipment) throughout the term of the Bonds to ensure compliance with covenants and restrictions set forth in the Tax Certificate relating to the Bonds;
- maintaining records identifying the assets or portion of assets that are financed or refinanced with proceeds of each issue of 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 relating to the Bonds;
- 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 discussing 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 relating to the Bonds; and
- to the extent that the Borrower 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 Borrower, in the Tax Certificate relating to the Bonds and/or other documents finalized at or before the issuance of the Bonds, shall agree to undertake the tasks listed above.

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

Record Keeping Requirement

It is the Authority’s policy that the Borrower shall be responsible for maintaining the following documents for the term of each issue of Bonds (including refunding Bonds, if any) plus at least six years:

- a copy of the Bond closing transcript(s) and other relevant documentation delivered to the Borrower at or in connection with closing of the issue of Bonds, including any elections made by the Issuer or Borrower 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; 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.

The Borrower, in the Tax Certificate relating to the Bonds and/or other documents finalized at or before the issuance of the Bonds, shall agree to the foregoing records retention requirements and procedures.

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ADOPTED this 18th day of January, 2013.

THE INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE COUNTY OF PIMA

By: _____ /s/ _____

Its: President _____