

OSWEGO COUNTY CIVIC FACILITES CORPORATION

Post-Issuance Compliance Policy for Tax-Exempt and Tax-Advantaged Bonds

This Post-Issuance Compliance Policy (the “**Policy**”) sets forth specific policies of the Oswego County Civic Facilities Corporation (the “**Issuer**”) designed to monitor post-issuance compliance with applicable provisions of the Internal Revenue Code of 1986, as amended (the “**Code**”), and regulations promulgated thereunder (“**Treasury Regulations**”) for obligations issued by the Issuer on a tax-exempt or tax-advantaged basis (“**Bonds**”).

This Policy sets forth practices and describes various procedures intended to assure compliance with the requirements that must be satisfied subsequent to the issuance of the Bonds in order that the interest on such Bonds continue to be eligible to be excluded from gross income for federal tax purposes or that the Bonds continue to receive tax-advantaged treatment. The federal tax law requirements applicable to each particular issue of Bonds will be detailed in the tax compliance agreement prepared by bond counsel and executed by officials of the Issuer in connection with such issue of the Bonds. This Policy establishes a permanent, ongoing structure of procedures that will facilitate compliance with the requirements for individual issuances.

The Issuer is a conduit issuer which issues the Bonds and makes the proceeds of those Bonds available to conduit borrowers (each a “**Borrower**”) that own or operate eligible facilities. As a responsible conduit issuer, the Issuer identifies (1) the following procedures it will employ to monitor post-issuance compliance of its Bonds with the Code and Treasury Regulations, and (2) the requirements to be imposed on, and expectations of the Issuer for, Borrowers with respect to the Issuer’s Bonds. It is the policy of the Issuer to document, with the advice of bond counsel, in a tax compliance agreement (a “**Tax Compliance Agreement**”) to be entered into by each Borrower requirements and procedures necessary or appropriate so that interest on the Bonds will continue to qualify for tax-exempt status or tax-advantaged treatment.

The Issuer recognizes that compliance with applicable law and regulation is an ongoing process during the entire term of the Bonds. Accordingly, implementation of the Policy will require ongoing monitoring and consultation with bond counsel other advisors.

General Policies and Procedures

The following procedures relate to monitoring post-issuance compliance generally:

- a) ***Responsibility of Board of Directors and Designation of Staff Member.*** The Board of Directors of the Issuer (the “**Board**”) has ultimate responsibility and oversight for determining that this Policy is complied with and for determining how to proceed in instances in which non-compliance is suspected or discovered. The [Finance Director] (“**Compliance Officer**”) will be the Issuer staff member charged with implementing this Policy and monitoring compliance of the Bonds with the post-issuance requirements of the Code and Treasury Regulations and performance and observance by Borrowers of this Policy and the respective Tax Compliance Agreement. Post-issuance requirements relate generally to the expenditure and investment of the Bond

proceeds, the use or sale of the facilities financed with the Bonds and recordkeeping and reporting requirements.

- b) ***Consultation with Bond Counsel and Others.*** The Issuer maintains an ongoing relationship with bond counsel and other advisors to serve as a resource for education and advice regarding compliance of the Bonds with the Code and Treasury Regulations. The Compliance Officer may consult with bond counsel or other professionals as he/she deems appropriate with respect to implementing this Policy and interpreting the Code and Treasury Regulations.
- c) ***Reporting to Board.*** The Compliance Officer will report to the Board annually regarding compliance with this Policy. The Compliance Officer will advise the Board as needed upon discovery of non-compliance or a need for remedial action by a Borrower. The Compliance Officer will, in consultation with bond counsel, keep the Board informed of changes in the Code and Treasury Regulations and prudent practices that affect this Policy.
- d) ***Responsibility of Borrowers.*** The Issuer recognizes that principal responsibility for post-issuance compliance rests with the conduit borrowers. The Tax Compliance Agreement will establish the duties and responsibility of the Borrower for ongoing compliance with the Code and Treasury Regulations, including, without limitation, arbitrage, rebate and change in use of Bond-financed facilities. The Borrower will identify an employee responsible for monitoring compliance in the Tax Compliance Agreement. Promptly following the issuance of the Bonds, the Borrower will covenant in the Tax Compliance Agreement that the governing body of each Borrower will adopt policies and procedures with respect to monitoring compliance with the Tax Compliance Agreement and the requirements of the Code and Treasury Regulations throughout the entire period that the Bonds remain outstanding, including, without limitation, the requirements under Code Sections 141 (if applicable) and 142 (eligible use) and 148 (arbitrage and rebate) and if applicable, Treasury Regulation Section 1.141-12 (change in use). The Borrower will furnish to the Issuer a copy of the post-issuance compliance policies and procedures approved by the Borrower's governing body and will promptly notify the Issuer in writing of any instances of non-compliance of the Tax Compliance Agreement or the requirements of the Code and Treasury Regulations.

Issuance of Bonds - Documents and Records

With respect to each issue of Bonds, the Compliance Officer will:

- a) Review the form of Tax Compliance Agreement with bond counsel and ensure that the agreement contains covenants that require the Borrower to comply with this Policy including engagement of a rebate analyst. No changes to the foregoing covenants are permitted without prior approval of the Compliance Officer.
- b) Obtain and store a closing binder and/or CD or other electronic copy of the relevant and customary transaction documents (the "**Transcript**").
- c) Confirm that bond counsel has filed the applicable information report (e.g., Form 8038, Form 8038-CP) for such issue with the IRS on a timely basis.

- d) Retain all documentation relating to the Bonds assembled pursuant to the above requirements subject to the Record Retention requirements set forth below.

Responsibilities of Compliance Officer

- a) **List of Bonds.** The Compliance Officer is charged with maintaining the list referred to in Schedule A hereof, and updating such list whenever a new issue of Bonds subject to this Policy is issued or when an issue of Bonds subject to this Policy is retired.
- b) **List of Facilities.** The Compliance Officer is charged with maintaining the list referred to in Schedule B hereof. When an issue of Bonds financing or refinancing a subject facility is retired or redeemed, the list shall identify the retirement or redemption of the Bonds that financed or refinanced such subject facility. The Compliance Officer may simplify the list by including entire buildings or other facilities even if only a portion was Bond financed.
- c) **Adoption by Borrower of Post-Issuance Compliance Policy.** The Compliance Officer will ensure that the Borrower timely adopts and submits its Post-Issuance Compliance Policy in accordance with this Policy and the applicable Tax Compliance Agreement. The Compliance Officer will review the Borrower's policy and as necessary consult with the Borrower and bond counsel to address any deficiencies or questions.
- d) **Arbitrage, Rebate and Use of the Bond Proceeds.** The Compliance Officer will establish a calendar of due dates for the completion date, each rebate calculation date and annual certifications, if any, to track the Borrower's delivery of the required forms and reports. To the extent that the Issuer discovers that any applicable tax requirements regarding arbitrage and rebate or use of the Bond proceeds will or may be violated, the Issuer will promptly consult with bond counsel and other legal counsel and advisers to determine a course of action.
- e) **Change in Use of Tax-Exempt Bond-Financed Facility.** To the extent that the Issuer discovers that any applicable tax restrictions regarding use of the Bond proceeds and the Bond-financed or refinanced assets will or may be violated, the Issuer will promptly consult 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.

Arbitrage and Rebate

It is the Issuer's policy that each Borrower will be responsible for compliance with all requirements under Section 148 of the Code and the Treasury Regulations relating to arbitrage, rebate and yield restriction on investment of proceeds with respect to the Bonds issued on behalf of that Borrower. The following steps relate to the monitoring and calculating of arbitrage and rebate and compliance with specific arbitrage rules and regulations.

To such end, the Issuer requires the Borrowers to be responsible to:

- a) Maintain a system for tracking investment earnings on the proceeds of the Bonds.
- b) Coordinate the tracking of expenditures, including the expenditure of any investment earnings. If the facilities to be financed with the proceeds of the Bonds will be funded with multiple sources of funds, confirm that the Borrower has adopted a reasonable consistently applied accounting methodology that maintains each source of financing separately, monitors the actual expenditure of proceeds of the Bonds and records the allocation of proceeds to expenditures in accordance with such methodology.
- c) Maintain a procedure for the allocation of proceeds of the issue and investment earnings to expenditures, including the reimbursement of pre-issuance expenditures. This procedure shall include an examination of the expenditures made with proceeds of the Bonds within 18 months after each facility financed by the Bonds is placed in service and, if necessary, a reallocation of expenditures in accordance with Section 1.148-6(d) of the Treasury Regulations.
- d) Monitor compliance with the applicable “temporary period” (as defined in the Code and Treasury Regulations) exceptions for the expenditure of proceeds of the issue, and provide for yield restriction on the investment of such proceeds if such exceptions are not satisfied.
- e) Ensure that investments acquired with proceeds of such issue are purchased at fair market value and determine fair market value in accordance with any applicable Treasury Regulation safe harbor.
- f) Avoid formal or informal creation of funds reasonably expected to be used to pay debt service on such issue without determining in advance whether such funds must be invested at a restricted yield.
- g) Consult with the Issuer and the Issuer’s bond counsel prior to engaging in any post-issuance credit enhancement transactions or investments in guaranteed investment contracts.
- h) Identify situations in which compliance with applicable yield restrictions depends upon later investments and monitor implementation of any such restrictions.
- i) Monitor compliance with six-month, 18-month or 2-year spending exceptions to the rebate requirement, as applicable.
- j) Procure a timely computation of any rebate liability and, if rebate is due, file a Form 8038-T and arrange for payment of such rebate liability.
- k) Arrange for timely computation and payment of “yield reduction payments” (as such term is defined in the Code and Treasury Regulations), if applicable.

Private Use Compliance

The following polices relate to the monitoring and tracking of private uses and private payments with respect to facilities financed with proceeds of the Bonds:

The Issuer requires the Borrowers to be responsible to:

- a) Maintain records determining and tracking facilities and equipment financed with specific Bonds and the amount of proceeds allocated to each facility or item of equipment.
- b) Maintain records, which should be consistent with those used for arbitrage purposes, to allocate the proceeds of an issue and investment earnings to expenditures, including the reimbursement of pre-issuance expenditures.
- c) Maintain records allocating to a facility financed with Bonds any funds from other sources that will be used for otherwise non-qualifying costs.
- d) Monitor the expenditure of proceeds of an issue and investment earnings for qualifying costs.
- e) Monitor private use of financed facilities and equipment to ensure compliance with applicable limitations on such use. Examples of potential private use include:
 - i. Sale or disposition of interests in the facilities or equipment, including sale of naming rights;
 - ii. Lease or sub-lease of the facilities or equipment (including leases, easements or use arrangements for areas outside the four walls, e.g., hosting of cell phone towers) or leasehold improvement contracts;
 - iii. Management contracts (in which the Issuer authorizes a third party to operate a facility, e.g., cafeteria) and research contracts;
 - iv. Preference arrangements (in which the Issuer permits a third party preference, such as parking in a public parking lot);
 - v. Joint ventures, limited liability companies or partnership arrangements;
 - vi. Output contracts or other contracts for use of utility facilities (including contracts with large utility users);
 - vii. Development agreements which provide for guaranteed payments or property values from a developer;
 - viii. Grants or loans made to private entities, including special assessment agreements; and
 - ix. Naming rights arrangements.

Monitoring of private use should include the following:

- a) Procedures to review the amount of existing private use on an annual basis; and
- b) Procedures for identifying in advance any new sale, lease or license, management contract, sponsored research arrangement, output or utility contract, development agreement or other arrangement involving private use of financed facilities or equipment and for obtaining copies of any sale agreement, lease, license, management contract, research arrangement or other arrangement for review by bond counsel.

If the Compliance Officer discovers private use of facilities financed with tax-exempt or tax-advantaged Bonds, the Compliance Officer will consult with bond counsel to determine whether private use will adversely affect the tax status of the issue and if so, what remedial action is appropriate. The Compliance Officer should retain all documents related to any of potential private uses.

Qualified Tax-Exempt Bonds

If the Issuer issues “qualified tax-exempt obligations” in any year, the Compliance Officer shall monitor all tax-exempt financings (including lease purchase arrangements and other similar financing arrangements and conduit financings on behalf of 501(c)(3) organizations) to assure that the \$10,000,000 “small issuer” limit is not exceeded.

Reissuance

The Compliance Officer will identify and consult with bond counsel regarding any post-issuance change to any terms of an issue of Bonds which could potentially be treated as a reissuance for federal tax purposes.

Record Retention

The Borrower and, to the extent received by the Issuer, the Issuer will maintain records to support the representations, certifications and expectations set forth in the Tax Compliance Agreement until six (6) years after the last of the Bond has been retired, and if any of the Bonds are refunded by the Issuer with proceeds of obligations other than the Bonds (the “**Refunding Obligations**”) until the later of six (6) years after the last of the Bonds has been retired or the date that is six (6) years after the last of the Refunding Obligations has been retired. The records that must be retained include, but are not limited to:

- a) The Transcript relating to the transaction (including any arbitrage or other tax certificate and the bond counsel opinion);
- b) Documentation evidencing expenditure of proceeds of the issue;
- c) Documentation regarding the types of facilities financed with the proceeds of an issue, including, but not limited to, whether such facilities are land, buildings or equipment, economic life calculations and information regarding depreciation.

- d) Documentation evidencing use of financed property by public and private entities (e.g., copies of leases, management contracts, utility user agreements, developer agreements and research agreements);
- e) Documentation evidencing all sources of payment or security for the issue;
- f) Documentation pertaining to any investment of proceeds of the issue (including the purchase and sale of securities, SLGs subscriptions, yield calculations for each class of investments, actual investment income received by the investment of proceeds, guaranteed investment contracts, and rebate calculations); and
- g) Records of all amounts paid to the United States and any elections or revocations of elections.

Adopted at the January 12, 2022
Meeting of the Oswego County Civic Facilities Corporation

Schedule A

List of Bonds

<u>Name of Issue</u>	<u>Date of Issuance</u>	<u>Final Maturity Date</u>
3,450,000 Refunding Revenue Bonds, Series 2021A Oswego School District Public Library Project	December 2, 2021	December 15, 2035
\$6,794,653 Tax-Exempt Revenue Bond Series 2024 Northern Oswego County Health Services, Inc., d/b.a ConnexCare Project	July 25, 2024	August 1, 2054

Schedule B

List of Bond Financed Facilities

<u>Description of Facility</u>	<u>Location</u>	<u>Bond Name</u>	<u>Economic Life of Facility</u>
Public Library	120 East Second Street Oswego, New York	\$3,450,000 Refunding Revenue Bonds Series 2021A Oswego School District Public Library Project	24.56 years
Healthcare Facility	120 East First Street Oswego, New York	\$6,794,653 Tax-Exempt Revenue Bond Series 2024 Northern Oswego County Health Services, Inc., d/b.a ConnexCare Project	25 years