



POST-ISSUANCE COMPLIANCE POLICY FOR TAX-EXEMPT OBLIGATIONS

1. Compliance Officer; Consultation and Training: The Finance Director (the “Compliance Officer”) shall be responsible for monitoring post-issuance compliance with respect to the Town’s Tax-exempt Obligations (as defined below).
 - a. Unless a shorter time-frame is specified below, the Compliance Officer shall annually review each of the Town of Falmouth’s Tax-exempt Obligations to monitor for compliance with this Policy.
 - b. The Compliance Officer shall consult with the Town’s bond counsel and/or its financial advisor and a rebate consultant as necessary to meet the requirements of this Policy.
 - c. The Compliance Officer will be trained to implement this Policy.
2. Closing Transcripts; Form 8038-G. The Compliance Officer shall maintain a copy of the transcript of proceedings for each tax-exempt obligation issued by the Town, including but not limited to all tax-exempt bonds, notes and lease-purchase contracts (referred to as “Tax-exempt Obligations”).

If not included in the closing transcript, the Compliance Officer shall also maintain records required to be maintained to qualify for the safe harbor for investment contracts or defeasance escrows and to identify any qualified hedge contract on the Town’s books and records.

The Compliance Officer shall confirm the proper filing of an 8038-G return for each Tax-exempt Obligation issued by the Town.

3. Deposit and Use of Proceeds; Arbitrage Compliance. The Compliance Officer shall:
 - a. create appropriate funds and accounts to track the deposit and use of the sale proceeds and investment proceeds of each Tax-exempt Obligation issued by the Town;
 - b. maintain records of all investments and expenditures from such funds and accounts;
 - c. make a final allocation of the proceeds of any Tax-exempt Obligation to expenditures by no later than (i) 18 months after the later of the date the expenditure was made or (ii) the date the project being financed was placed in service. Notwithstanding the forgoing, the final allocation shall be made not later than the earlier of five years after the particular Tax-Exempt Obligations were issued or 60 days after the issue is retired.
 - d. determine whether each Tax-exempt Obligation meets the requirements of either the “small issuer” exception to arbitrage rebate or the semi-annual target dates for the 6-month, 18-month, or 24-month spending exception to arbitrage rebate, as applicable;

- e. consult with bond counsel to identify and monitor any proceeds of a Tax-exempt Obligation that must be invested in yield restricted investments following the expiration of any applicable temporary period;
- f. in the event the Town fails to meet the requirements of the applicable temporary period or exception to rebate:
 - i. arrange for the timely calculation and payment of any rebate liability or yield reduction payment, if available and as applicable;
 - ii. ensure that if rebate is due, the first rebate installment is paid by the fifth anniversary of the issue date of the particular Tax-Exempt Obligation plus 60 days and each fifth anniversary thereafter until the final maturity date plus 60 days.

4. Proper Use of Bond Financed Property. The Compliance Officer shall:

- a. maintain a record of all bond financed property and the proceeds of any Tax-exempt Obligation spent on each such bond financed property;
- b. monitor all non-public use of any property financed with the proceeds of any Tax-exempt Obligation and confer with bond counsel as appropriate. Such non-public use may arise out of some of the following arrangements: non-qualified management or research contracts (refer to Rev. Procs. 97-13 and 97-14), leases (including leases to the Federal Government), naming rights, or the sale, disposition or other change in use of such property;
- c. maintain copies of any non-public use arrangement; and
- d. in the event the Town takes an action which causes the private activity bond tests to be met, contact bond counsel and take all actions necessary to ensure timely remedial action under the applicable IRS Regulation.

5. Continuing Disclosure. The Compliance Officer shall file the annual financial statements and other financial information and operating data and shall provide notice of any material events as required by any continuing disclosure certificate delivered by the Town with respect to any Tax-exempt Obligation.

6. Significant modification. The Compliance Officer shall evaluate all modifications to any of the Town's Tax-Exempt Obligations to determine that such modifications do not result in a reissuance or, if such modifications do result in a reissuance, to take all actions necessary to maintain the tax-exempt status of the Tax-Exempt Obligations.

7. Retention of Records. The closing transcript for each Tax-Exempt Obligation and other records to be retained pursuant to this Policy shall be maintained until three (3) years after said Tax-exempt Obligation (or obligations issued to refund such Tax-exempt Obligation) has been retired.

If records and materials to be maintained under this Policy are kept in electronic format, the record system shall comply with the requirements of Rev. Proc. 97-22, as such may be amended, modified, superseded or replaced.

8. Examples of Tax Exempt Obligation Covered by this Policy. Examples of Tax-Exempt Obligations covered by this Policy include but are not limited to General Obligation Bonds, Revenue Bonds, Tax Anticipation Notes, Bond Anticipation Notes, and Grant Anticipation Notes.