



Monterey County

168 West Alisal Street,
1st Floor
Salinas, CA 93901
831.755.5066

Board Report

Legistar File Number: 15-1017

October 13, 2015

Introduced: 9/17/2015

Version: 1

Current Status: Consent Agenda

Matter Type: General Agenda Item

Adopt Post-Issuance Tax Compliance Procedures for Tax-Exempt and Tax-Advantaged Bonds.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

Adopt Post-Issuance Tax Compliance Procedures for Tax-Exempt and Tax-Advantaged Bonds.

SUMMARY AND DISCUSSION:

The Internal Revenue Service ("IRS") imposes certain record-keeping and monitoring requirements on issuers of tax-exempt and tax-advantaged bonds. Non-compliance can result in detrimental enforcement actions, including possible revocation of the tax-exempt status, civil and criminal sanctions, and other monetary remedies. Ancillary penalties could result in ratings downgrades and diminished access to capital markets. Such actions would subject the County to significantly higher borrowing costs, provided it could borrow at all.

While the County currently complies with and addresses the requirements to preserve tax-exempt status for its' outstanding bonds, it has not adopted a formal policy. Bond and Tax Counsel strongly recommend the adoption of the proposed Post-Issuance Tax Compliance Policies and Procedures to delineate responsibilities within the County. Adoption of these procedures does not insulate the County from remedies for non-compliance, but do help demonstrate awareness and understanding of responsibilities.

It is anticipated that these Post Issuance Tax Compliance Procedures For Tax-Exempt and Tax-Advantaged Bonds will be brought forward for consideration and adoption by other Copounty entities authorized to issue bonds, including the Public Improvement Corporation, the Monterey County Financing Authority, and the East Garrison Public Financing Authority.

OTHER AGENCY INVOLVEMENT:

County Counsel and the County Administrative Office have reviewed the procedures as to form. The procedures themselves were developed in consultation with the County's tax and bond counsels.

FINANCING:

Adoption of these procedures will have no fiscal impact on the County's general or other funds.

Prepared by: Ron Holly, Chief Deputy Auditor-Controller, x5493

Approved by: Michael J. Miller, CPA, CISA, Auditor-Controller, x5084

Attachments:

Post Issuance Tax Compliance Procedures For Tax-Exempt and Tax-Advantaged Bonds