

**HOUSING AUTHORITY RESOLUTION NO. 2017**

**A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF RICHMOND AUTHORIZING THE ADOPTION OF POST-ISSUANCE TAX COMPLIANCE PROCEDURES FOR TAX-EXEMPT BONDS**

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**WHEREAS**, pursuant to Chapter 1 of Part 2 of Division 24 of the Health and Safety Code of the State of California, as amended (the “Act”), the Housing Authority of the City of Richmond (the “Authority”) is authorized to issue revenue bonds, including tax-exempt bonds, for the purpose of financing the acquisition, construction, rehabilitation and development of multifamily rental housing projects, including units for households meeting the income limits set forth in the Act; and

**WHEREAS**, the Internal Revenue Service (the “IRS”) recommends that issuers of tax-exempt bonds, such as the Authority, adopt post-issuance tax compliance policies and procedures (hereinafter referred to as the “Post-Issuance Tax Compliance Procedures”); and

**WHEREAS**, the Authority desires to approve and adopt such Post-Issuance Tax Compliance Procedures in connection with such recommendation by the IRS; and

**WHEREAS**, there have been presented to this meeting a proposed form of Post-Issuance Tax Compliance Procedures:

**NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF RICHMOND, COUNTY OF CONTRA COSTA, STATE OF CALIFORNIA, THAT:**

- Section 1. The above recitals, and each of them, are true and correct.
- Section 2. The Authority hereby approves and adopts the Post-Issuance Tax Compliance Procedures presented at this meeting, and which are attached hereto as Exhibit A.
- Section 3. This Resolution shall take effect immediately upon its adoption.

The Executive Director is hereby authorized to take all actions necessary to implement the forgoing resolution.

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The foregoing resolution was passed and adopted by the Commissioners of the Housing Authority of the City of Richmond at a special meeting thereof held on March 15, 2016, by the following vote:

AYES: Commissioners Bates, Beckles, McLaughlin, Myrick, Pimplé, Vice Chairperson Martinez, and Chairperson Butt.  
NOES: None.  
ABSTENTIONS: None.  
ABSENT: None.

TOM BUTT  
Chairperson

[SEAL]

ATTEST:

PAMELA CHRISTIAN  
Secretary

Approved as to form:

BRUCE GOODMILLER  
Attorney

State of California            }  
County of Contra Costa       : ss.  
City of Richmond             }

I certify that the foregoing is a true copy of **Resolution No. 2017** finally passed and adopted at a Special Housing Authority Meeting held on March 15, 2016.

  
SECRETARY OF THE HOUSING AUTHORITY

**EXHIBIT A.**

**Housing Authority of the City of Richmond  
Post-Issuance Tax Compliance Procedures  
For Tax-Exempt Bonds  
(Multifamily Housing)**

The purpose of these Post-Issuance Tax Compliance Procedures is to establish policies and procedures in connection with tax-exempt bonds (the “Bonds”) issued by the Housing Authority of the City of Richmond (the “Authority”) so as to maximize the likelihood that all applicable post-issuance requirements of federal income tax law needed to preserve the tax-exempt status of the Bonds are met. The Authority reserves the right to use its discretion as necessary and appropriate to make exceptions or request additional provisions as circumstances warrant. The Authority also reserves the right to change these policies and procedures from time to time.

**General**

Inasmuch as the Authority is a responsible conduit issuer authorizing the issuance of Bonds for borrowers that own and/or operate qualified residential rental projects (each, a “Borrower”), the Authority now identifies post-issuance tax compliance procedures for all Bonds authorized by the Authority, as well as the Authority’s expectations of and requirements for all Borrowers concerning these procedures.

The Authority has assigned to its Executive Director primary responsibility to monitor compliance with post-issuance federal tax law requirements which must be satisfied to preserve the tax-exempt status the Bonds. In furtherance of this primary responsibility, the Executive Director or other Authority personnel under the Executive Director’s direct supervision shall obtain training from bond counsel or others as necessary to perform the monitoring and record-keeping activities outlined in these procedures. Compliance checks under these procedures shall be performed annually.

**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 the Bonds will continue to qualify for tax-exempt status. Those requirements and procedures shall be documented in the tax certificate and agreement (“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 and certain 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 any potential changes in use of Bond-financed or refinanced assets. This requirement shall be documented in the Tax Certificate and/or other documents finalized at or before issuance of the Bonds.

The Authority shall require the Borrower to engage expert advisors (each a “Rebate Service Provider”) 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 relating to the Bonds, unexpended Bond proceeds shall be held by a trustee or other financial institution, 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 Service Provider and, prior to each rebate calculation date, causing the trustee or other financial institution to deliver periodic statements concerning the investment of Bond proceeds to the Rebate Service Provider;
- providing to the Rebate Service Provider additional documents and information reasonably requested by the Rebate Service Provider;
- monitoring efforts of the Rebate Service Provider;
- 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 consulting with the Rebate Service Provider to determine compliance with any applicable exceptions from the arbitrage rebate requirements during each 6-month

spending period up to 6 months or 18 months, as applicable, following the issue date of the Bonds; and

- retaining copies of all arbitrage reports, investment records and trustee 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 (including investment earnings and including reimbursement of expenditures made before bond issuance) and the use of the project 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 investment earnings and including reimbursement of expenditures made before bond issuance), 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 change in use or transfer of Bond-financed or refinanced assets to ensure compliance with all covenants and restrictions set forth in the Tax Certificate or the Regulatory relating to the Bonds;
- at least annually reviewing the income certifications of project tenants to confirm that the low-income set-aside requirements are satisfied;
- 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 preserve the tax-exempt status of the bonds; and
- to the extent that Bond proceeds were used to acquire an existing building, confirming that qualified rehabilitation expenditures in an amount equal to at least 15% of the amount of such proceeds were made no later than 24 months after the later of (1) the date of issuance of the Bonds, or (2) the date of acquisition of the building;

- confirming that less than 25% of Bond proceeds were used to acquire land;

The Borrower, in the Tax Certificate or the Regulatory Agreement[s] 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 three 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;
- documentation evidencing that the low-income set-aside requirements set forth the Regulatory Agreement have been continuously satisfied;
- 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, as well as documents relating to costs 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; 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 retain the records listed above.