

RESOLUTION NO. 2015-02

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE RANCHO MURIETA COMMUNITY SERVICES DISTRICT ADOPTING POLICIES AND GUIDELINES REGARDING POST-ISSUANCE COMPLIANCE WITH FEDERAL DISCLOSURE AND TAX REQUIREMENTS APPLICABLE TO TAX-EXEMPT BONDS

WHEREAS, from time to time, the District issues tax-exempt bonds and other debt instruments;

WHEREAS, federal law and the federal Internal Revenue Service and Securities and Exchange Commission impose requirements on the District regarding compliance with federal tax laws and disclosure of significant facts to the bond market; and,

WHEREAS, the Board of Directors desires to adopt and implement a policy to better ensure compliance with these requirements during the time following issuance of the bonds or other debt;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Rancho Murieta Community Services District that it adopts the following policy and guidelines:

Policies and Guidelines Regarding Post-Issuance Compliance With Federal Disclosure and Tax Requirements Applicable to Tax-Exempt Bonds

1. General. This resolution establishes policies and guidelines (the "Policies and Guidelines") of the District (including any of its financing related entities, the "Issuer") regarding compliance with certain federal disclosure and tax requirements applicable to the Issuer's bonds, certificates of participation, and other obligations the interest on which is excluded from gross income for federal income tax purposes ("Tax-Exempt Bonds"). These Policies and Guidelines relate to requirements that must be met after the issuance of Tax-Exempt Bonds in order to maintain the tax exclusion and to comply with requirements regarding disclosure to the secondary bond market.

2. Policy. It is the policy of the Issuer to adhere to all applicable disclosure and tax requirements with respect to its Tax-Exempt Bonds as set forth in the approved Tax-Exempt Bond documents (the "Bond Documents"), including, but not limited to, requirements relating to the use of proceeds of Tax-Exempt Bonds and facilities financed and refinanced with Tax-Exempt Bonds (the "Bond-Financed Facilities"), arbitrage yield restrictions and rebate, timely return filings, and other general tax requirements set forth in the Bond Documents.

3. Tax Compliance Monitoring. Consistent with the covenants of the Issuer contained in the Bond Documents, the Issuer will monitor compliance with the federal tax requirements applicable to its Tax-Exempt Bonds. The District General Manager, with assistance from District bond and tax counsel and financial advisor, is responsible for monitoring compliance with these requirements. The General Manager is authorized to consult with

District bond, tax or other legal counsel or financial advisor regarding the District's compliance monitoring requirements and obligations.

4. Record Retention. In accordance with Internal Revenue Service ("IRS") requirements, the Issuer will retain the following records with respect to its Tax-Exempt Bonds:

- a. Tax Exempt Bond transcripts;
- b. Documentation showing the expenditure of proceeds of the Tax-Exempt Bonds and for one or more Bond-Financed Facility;
- c. Documentation showing the use of the Bond-Financed Facilities;
- d. Documentation showing the sources of payment and security for the Tax-Exempt Bonds;
- e. Documentation related to the investment of proceeds of the Tax-Exempt Bonds, including the purchase and sale of securities, investment income received, yield calculations, and rebate calculations;
- f. All returns filed with the IRS for the Tax-Exempt Bonds (including, as applicable, IRS Forms 8038-G (Information Return for Tax-Exempt Governmental Obligations) and other IRS 8038 forms); and,
- g. Any other documentation that is material to the exclusion of interest on the Tax-Exempt Bonds from gross income for federal income tax purposes.

Except as otherwise set forth in the Bond Documents, the Issuer will retain the records described above in hard or electronic copy format for so long as the applicable Tax-Exempt Bonds remain outstanding and for a period of three years after final redemption of the applicable Tax-Exempt Bonds. With respect to Tax-Exempt Bonds that are refunding bonds, the Issuer will retain the above-described records for the refunding and refunded bonds (and any earlier issue in the case of a series of refundings).

The General Manager and District Secretary are responsible for retaining the records relating to the Issuer's Tax-Exempt Bonds.

5. Arbitrage Compliance. Unless exempt from arbitrage rebate requirements, the General Manager will maintain a system of record keeping and reporting to meet the arbitrage rebate compliance requirements of the Internal Revenue Code. If necessary, the General Manager may contract with an outside consultant to assist in the monitoring of the investment of bond proceeds, perform the required calculations to determine arbitrage rebate and yield restriction compliance, and file the required federal forms.

6. Continuing Disclosure Compliance Requirements.

- a. Annual Reports. In each year that the District has Tax Exempt Bonds outstanding that are subject to SEC Rule 15c2-12, it must prepare and file an annual report (the "Annual Report") with the Municipal Securities Rulemaking

Board (the "MSRB") through its Electronic Municipal Market Access system for municipal securities disclosure ("EMMA"). For each Tax Exempt Bond, the District will retain a consultant to assist it with the preparation and filing of the Annual Report. The General Manager is responsible for the preparation and filing of the Annual Report, in coordination with the retained consultant. The Annual Report will be prepared and filed in accordance with the deadline specified in the applicable continuing disclosure agreement or continuing disclosure certificate for the particular Tax Exempt Bonds. In preparing its Annual Report, the District will review each of the continuing disclosure categories in the applicable continuing disclosure agreement or continuing disclosure certificate to determine the scope of information and data to include in the report.

- b. Monitoring and Disclosure of Significant Listed Events. The District, through its General Manager, also will continuously monitor significant events, occurrences and conditions relevant to the Tax Exempt Bonds. The particular events to monitor are those listed in the applicable continuing disclosure agreement or continuing disclosure certificate. In the event of an occurrence of a listed event, the General Manager promptly will provide proper notice to the MSRB through EMMA as may be required by the applicable continuing disclosure agreement or continuing disclosure certificate. The General Manager is authorized to consult with District bond counsel or other legal counsel or advisor regarding the District's obligation to disclose listed events.

7. Remedial Action. If the Issuer in complying with these Policies and Guidelines determines that the requirements of these Policies and Guidelines or the tax or disclosure covenants, obligations or representations in the Bond Documents may have been violated, the Issuer will make final determinations, if necessary with the assistance of its bond and tax counsel and financial advisor, and take appropriate actions related to such noncompliance including, if appropriate, any remedial action described under applicable U.S. Treasury regulations or through the IRS Tax Exempt Bonds Voluntary Closing Agreement Program.

8. Coordination With Bond Documents. In the event of any conflict between these Procedures and Guidelines and the Bond Documents, the Bond Documents will govern.

9. Effective Date. These Policies and Guidelines are effective as of January 21, 2015.

PASSED AND ADOPTED this 21st day of January, 2015 by the following vote:

Ayes: Pasek, Ferraro, Gumbinger, Martel, Pecotich
Noes: None
Abstain: None
Absent: None



Gerald Pasek, President of the Board
Rancho Murieta Community Services District

Attest:



Suzanne Lindenfeld
District Secretary