



Town of Paradise Town Council Amended Special Meeting Agenda

5:00 pm - October 03, 2016

Date/Time: 2nd Tuesday of each month at 6:00 p.m.

Location: Town Hall Council Chamber, 5555 Skyway, Paradise, CA

Mayor, Jody Jones
Vice Mayor, Scott Lotter
Council Member, Greg Bolin
Council Member, Steve "Woody" Culleton
Council Member, John J. Rawlings

Town Manager, Lauren Gill
Town Attorney, Dwight L. Moore
Town Clerk, Dina Volenski
Community Development Director, Craig Baker
Finance Director/Town Treasurer, Gina Will
Public Works Director/Town Engineer, Marc Mattox
Division Chief, CAL FIRE/Paradise Fire, David Hawks
Chief of Police, Gabriela Tazzari-Dineen

Meeting Procedures

- I. The Mayor is the Presiding Chair and is responsible for maintaining an orderly meeting. The Mayor calls the meeting to order and introduces each item on the agenda.
- II. The Town staff then provides a report to Council and answers questions from the Council.
- III. Citizens are encouraged to participate in the meeting process and are provided several opportunities to address Council. Any speaker addressing the Council is limited to three minutes per speaker - fifteen minutes per agenda item
 - A. If you wish to address the Council regarding a specific agenda item, please complete a "Request to Address Council" card and give it to the Town Clerk prior to the beginning of the meeting. This process is voluntary and allows for citizens to be called to the speaker podium in alphabetical order. Comments and questions from the public must be directed to the Presiding Chair and Town Council Members (please do not address staff.) Town staff is available to address citizen concerns Monday through Thursday at Town Hall between the hours of 8am and 5pm.
 - B. If you wish to address Council regarding an item not on the agenda, you may do so under Item 4, "Public Communication." Again, please fill out a card and give it to the Town Clerk before the meeting. State Law prohibits Council action on items not listed on a public agenda.

In compliance with the Americans with Disabilities Act (ADA) Compliance, persons who need special accommodations to participate in the Town Council meeting may contact the Town Clerk at least three business days prior to the date of the meeting to provide time for any such accommodation.

1. OPENING

- a. Call to Order
- b. Pledge of allegiance to the Flag of the Untied States of America
- c. Roll Call

2. COUNCIL CONSIDERATION - ACTION CALENDAR

- a. p3 Consider adopting Resolution No. 16-____, a Resolution adopting Tax-Advantaged Bonds Post-Issuance Compliance Procedures (the “Procedures”) and taking related actions. (The adoption of these Procedures is being proposed in conjunction with the issuance of the 2016 Successor Agency Refunding Bonds. These Procedures will also apply to future tax-exempt bonds issued by the Town.) ROLL CALL VOTE
- b. p15 Consider adopting Resolution No. 16-____, a Resolution adopting Continuing Disclosure Compliance Procedures (the “Procedures”) and taking related actions. (The adoption of these Procedures is being proposed in conjunction with the issuance of the 2016 Successor Agency Refunding Bonds. These Procedures will also apply to future bond issued by the Town and its related entities.) ROLL CALL VOTE

3. ADJOURNMENT

STATE OF CALIFORNIA) COUNTY OF BUTTE)	SS.
I declare under penalty of perjury that I am employed by the Town of Paradise in the Town Clerk's Department and that I posted this Agenda on the bulletin Board both inside and outside of Town Hall on the following date:	

TOWN/ASSISTANT TOWN CLERK SIGNATURE	



**Town of Paradise
Council Agenda Summary
Date: October 3, 2016**

Agenda Item: 2(a)

Originated by: Gina S. Will, Administrative Services Director/Town Treasurer
Approved by: Lauren Gill, Town Manager
Subject: Post-issuance compliance procedure for tax-advantaged bonds

Council Action Requested:

Consider adopting Resolution No. 16-____, a resolution adopting Tax-Advantaged Bonds Post-Issuance Compliance Procedures (the “Procedures”) and taking related actions.

Alternative:

The Town Council can decide not to adopt the Procedures. However, such a decision will negatively impact the anticipated sale by the Successor Agency to the Paradise Redevelopment Agency (the “Successor Agency”) of its Paradise Redevelopment Project 2016 Subordinate Tax Allocation Refunding Bonds (the “2016 Successor Agency Refunding Bonds”).

Background:

The Successor Agency is preparing to issue the 2016 Successor Agency Refunding Bonds to refund the 2006 Subordinate Tax Allocation Notes issued by the former Paradise Redevelopment Agency. The adoption of these Procedures is being proposed in conjunction with the issuance of the 2016 Successor Agency Refunding Bonds. These Procedures will also apply to future tax-exempt bonds issued by the Town.

Discussion:

Bonds that are issued by municipalities to finance or refinance public capital improvements or certain other purposes, as permitted by law, are sometimes provided preferential treatment under federal tax laws. Such bonds include those that are commonly referred to as “tax-exempt bonds” and “tax credit bonds.” They are often collectively referred to by the Internal Revenue Service as “tax-advantaged bonds.” Tax advantaged bonds are subject to federal tax requirements both at the time the bonds are issued and for as long as they remain outstanding. Failure by the issuer to comply with any applicable federal tax requirement with respect to tax-advantaged bonds jeopardizes their preferential treatment and could subject the issuer of non-compliant bonds to IRS penalties or civil liability.

October 3, 2016

In recent years, the IRS has placed new focus on the importance of issuers to establish and adopt written procedures to monitor post-issuance compliance of tax-advantaged bonds, which focus is reflected in the recently amended IRS form to be filed upon the closing of a tax-exempt bond issue.

Related entities of the Town, such as the Successor Agency, are considered subordinate entities of the Town for federal tax purposes. The currently proposed 2016 Successor Agency Refunding Bonds, as well as the 2006 Notes being refunded, are an example of tax-exempt bonds. In the future, the Town or another related entity of the Town may issue other tax-advantaged bonds to finance public capital improvements within the Town.

The Town's Staff currently monitors post-issuance compliance with federal tax requirements of outstanding bonds and refers questions on an as-needed basis to the Town's bond counsel. Approval of this item would formalize and aid the Town's monitoring process with written procedures that can be used as a checklist.

The attached post-issuance compliance procedures will help the Town monitor compliance with applicable federal tax requirements as long as any tax-advantaged Bonds to be issued in the future by the Town or any other related entity of the Town are outstanding. These procedures advance recent IRS objectives and serve as a measure of added internal controls to assist the Town in preventing violations from occurring, or timely correcting identified violations, to ensure the continued tax-advantaged status of the bonds.

Fiscal Impact:

In connection with the issuance of any currently outstanding or future tax-advantaged Bonds, the Town will have to comply with the related federal tax requirements. The Procedures will formalize the process by which the Town will comply with such requirements. The adoption of the Procedures will not have any fiscal impact on the General Fund budget.

Attachments:

Resolution No. _____ (with Exhibit A – form of Tax-Advantaged Bonds Post-Issuance Compliance Procedures).

**TOWN OF PARADISE
RESOLUTION NO. 16-___**

**A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF
PARADISE ADOPTING TAX-ADVANTAGED BONDS POST-ISSUANCE
COMPLIANCE PROCEDURES AND TAKING RELATED ACTIONS**

WHEREAS, the Town of Paradise, a municipal corporation duly formed and existing under the laws of the State of California, or one or more of its related entities (collectively, the “Town”) has issued bonds or otherwise incurred bonded indebtedness (“Tax-Exempt Bonds”), the interest on which is excluded from gross income for owners thereof for federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended (the “Code”); and

WHEREAS, the Town intends to issue additional Tax-Exempt Bonds from time to time; and

WHEREAS, the Town may also, in the future, issue bonds or incur bonded indebtedness (“Tax Credit Bonds,” and together with Tax-Exempt Bonds, “Tax-Advantaged Bonds”) that entitle the Town, the owners of the Tax Credit Bonds or another party to either a credit against federal income tax liability or a refundable credit from the United States Treasury; and

WHEREAS, issuers of Tax-Advantaged Bonds are required to comply with certain post issuance requirements in accordance with the Code; and

WHEREAS, the Successor Agency is tasked with winding-down the Former Agency’s affairs and the Successor Agency’s powers are limited by the Dissolution Act; and

WHEREAS, the Town desires to adopt the Tax-Advantaged Bonds Post-Issuance Compliance Procedures (the “Procedures”), as set forth in Exhibit A hereto;

NOW, THEREFORE, THE TOWN COUNCIL OF THE TOWN OF PARADISE HEREBY FINDS, DETERMINES, RESOLVES, AND ORDERS AS FOLLOWS:

Section 1. The above recitals are true and correct and are a substantive part of this Resolution.

Section 2. The Procedures, as set forth in Exhibit A, are hereby approved and adopted, and shall be made applicable to all Tax-Advantaged Bonds issued by or on behalf of the Town and its related entities (such as, but not limited to, the Successor Agency to the Paradise Redevelopment Agency).

Section 3. The Town Manager, in consultation with bond counsel, is hereby authorized to amend the Procedures from time to time as necessary or appropriate.

Section 4. The Town Manager, the Finance Director and all other officers of the Town are hereby authorized and directed, jointly and severally, to do any and all things to effectuate the purposes of this Resolution, and to implement the Procedures, and any such actions previously taken by such officers are hereby ratified and confirmed.

Section 5. This Resolution shall take effect immediately upon adoption.

PASSED, APPROVED, and ADOPTED by the Town Council of the Town of Paradise at a meeting duly held on the 3rd day of October, 2016.

Jody Jones, Mayor

ATTEST:

Dina Volenski, CMC, Town Clerk

APPROVED AS TO LEGAL FORM

Dwight L. Moore, Town Attorney

EXHIBIT A

Town of Paradise
Tax-Advantaged Bonds Post-Issuance Compliance Procedures
(attached)

TAX-ADVANTAGED BONDS POST-ISSUANCE COMPLIANCE PROCEDURES

1. BACKGROUND AND TRAINING

Bonds that receive preferential treatment under federal law are commonly referred to by the Internal Revenue Service as “tax-advantaged bonds.” These bonds are issued by or on behalf of state and local governments, including the Town of Paradise and its related public entities such as the Successor Agency to the Paradise Redevelopment Agency. These bonds are subject to federal tax requirements both at the time the bonds are issued and for as long as they remain outstanding. An issuer’s (or other party’s) failure to comply with any applicable federal tax requirement with respect to these bonds jeopardizes their preferential treatment.

While compliance with applicable federal tax requirements normally occurs at closing, other federal tax requirements require on-going monitoring after the issuance of the bonds. These requirements include filing a Form 8038 information return (8038-G for fully tax-exempt bonds, 8038-GC for fully tax-exempt bonds with an issue price of less than \$100,000, 8038 for tax-exempt (“qualified”) private activity bonds, 8038-B for Build America Bonds, or 8038-TC for tax credit bonds, such as qualified school construction bonds) and the issuer having reasonable expectations of on-going, post-issuance compliance.

Post-issuance federal tax requirements generally fall into two categories: (1) the use of proceeds and the use of bond-financed property; and (2) arbitrage yield restriction on investments and rebate. Use requirements require monitoring of the various direct and indirect uses of bond-financed property over the life of the bonds and calculations of the percentage of nonqualified uses. Arbitrage requirements also require monitoring over the life of the bonds to determine whether the yield on investments acquired with bond proceeds are properly restricted and whether the Town must file a Form 8038-T to pay a rebate or a yield reduction payment.

Post-issuance compliance procedures will help the Town monitor compliance as long as the bonds remain outstanding and improve the Town’s ability to identify noncompliance and prevent violations from occurring, or timely correct identified violations, to ensure the continued tax-advantaged status of the bonds.

The designated officer or employee (described in Section 2.A, below) and anyone assigned particular responsibilities in connection with the procedures described below must read the certificate regarding compliance with certain tax matters (commonly referred to as the “tax certificate”) that is executed by the Town (or a related public entity) in connection with each bond issue for a more complete explanation of the matters described in these Procedures. In addition, the designated officer or employee and anyone assigned particular responsibilities, should discuss these matters with bond counsel and meet with bond counsel for training related to these Procedures.

2. GENERAL ADMINISTRATION

A. Responsible Officers or Employees. The Town Manager will designate the officer or employee (e.g., the Finance Director of the Town) who will be responsible for compliance with each of the procedures set forth below. The Town Manager will notify the current holder of that office, or the employee, of the responsibilities and provide that person a

copy of these Procedures. The holder of the office, or the employee, may in turn designate other officers or employees and assign to them particular responsibilities for certain of these Procedures. Qualified consultants may assist in conducting the compliance procedures. The Town Manager will be notified in writing of all such designations and assignments.

B. Reassignment of Responsibilities. Upon the transition of a designated officer or employee, the Town Manager will advise the new officer or employee of the responsibilities under these procedures. If officer or employee positions are restructured or eliminated, the Town Manager, or his or her designee will reassign responsibilities as necessary to ensure that all of the procedures listed below have been appropriately assigned.

C. Periodic Reviews. The designated officer or employee will conduct periodic reviews of compliance with these procedures and with the terms of any existing tax certificate relating to outstanding tax-advantaged bonds, such as fully tax-exempt bonds or Build America Bonds, to determine whether any violations have occurred. Such periodic reviews will occur at least once every six months. In the event that violations have occurred, bond counsel will be contacted immediately so that violations can be remedied through the remedial actions set forth in Section 1.141-12 of the Treasury Regulations, the Voluntary Closing Agreement Program described in IRS Notice 2008-31, or further guidance as may be provided by the IRS. Where necessary, violations will be reported to the IRS by submitting a VCAP request within 90 days after identification of the violation.

D. Changes or Modifications to Bond Terms. If any change or modification to the terms of tax-advantaged bonds is contemplated, the designated officer or employee will immediately contact bond counsel (a change or modification could result in a reissuance, which in the case of BABs, for example, would constitute a refunding of the BABs and thereby jeopardize their preferential tax status).

E. Recordkeeping. For each issue of tax-advantaged bonds, the designated officer or employee will:

- (1) maintain a copy of the transcript of the documents relating to the bonds.
- (2) maintain records of all facilities and other costs (e.g., issuance costs, credit enhancement fees and capitalized interest) and uses (e.g., deposits to project funds and reserve funds) for which bond proceeds were spent or used (in the case of a qualified private activity bond, the conduit borrower will be responsible for providing the Town with this information);
- (3) maintain records of investments and expenditures of bond proceeds, rebate exception analyses, rebate calculations, Forms 8038-T, and rebate and yield reduction payments, and any other records relevant to compliance with arbitrage restrictions (in the case of a qualified private activity bond, the borrower will be responsible for providing the Town with this information in the event it is not otherwise available to the Town);
- (4) maintain all records described in these Procedures while any bonds of the issue are outstanding and during the three-year period following the final maturity or redemption of the bond issue or, if later, while any bonds that refund bonds of that original issue are

outstanding and for the three year period following the final maturity or redemption date of the latest refunding bond issue; and

(5) maintain copies of all of the following contracts or arrangements with non-governmental persons or organizations or with the federal government: (a) the sale of any bond-financed facility; (b) the lease of any bond-financed facility (other than individual tenant leases in the case of qualified private activity multifamily rental housing bonds); (c) management or service contracts relating to a bond-financed facility (other than those entered into in connection with qualified private activity bonds); (d) research contracts involving research undertaken in a bond-financed facility (other than those entered into in connection with qualified private activity bonds); and (e) any other contracts involving “special legal entitlements” (such as naming rights or exclusive provider arrangements) with respect to a bond-financed facility (other than those entered into in connection with qualified private activity bonds).

3. IRS INFORMATION RETURN FILING

In cooperation with bond counsel, the designated officer or employee will ensure that the Form 8038-G (or other applicable Form 8038) is timely filed (on or before the 15th day of the second calendar month after the end of the quarter in which the bonds were issued) with respect to each tax-advantaged bond issue, including any required schedules and attachments.

4. INVESTMENT AND EXPENDITURE OF BOND PROCEEDS AND REBATE

A. Track Investments and Expenditures. The designated officer or employee will ensure the existence of an established accounting procedure for tracking the investment and the timely expenditures of bond proceeds, including investment earnings.

B. Reimbursement. Upon issuance of the bonds, the designated officer or employee will allocate bond proceeds to reimbursement of prior expenditures (assuming, if required, an appropriate declaration of intent to reimburse has been adopted). In the case of qualified private activity bonds, the designated officer or employee shall rely on information provided by the conduit borrower.

C. Final Allocations. The designated officer or employee will ensure that a final allocation of bond proceeds (including investment earnings) to qualifying expenditures is made if bond proceeds are to be allocated to project expenditures on a basis other than “direct tracing” (direct tracing means treating the bond proceeds as spent as shown in the accounting records for bond draws and project expenditures). This allocation must be made within 18 months after the later of the date the expenditure was made or the date the project was placed in service, but not later than the earlier of five years and 60 days after the issuance date of the bonds or 60 days after the bond issue is retired. In the case of qualified private activity bonds, the designated officer or employee shall rely on information provided by the conduit borrower, which shall be required to provide such information within the timeframe described in the preceding section.

D. Timely Expenditure of Bond Proceeds. Mindful of the expectations regarding the timing of the expenditures of bond proceeds set forth in the tax certificate, the designated officer or employee will monitor expenditures of bond proceeds, including investment earnings, against issuance date expectations for satisfaction of three-year (or five-year) temporary period from

yield restriction on investment of bond proceeds. In the case of qualified private activity bonds, the conduit borrower shall be required to comply with this section.

E. Yield. The designated officer or employee will make note of the “yield” of the bond issue, as shown on the Form 8038-G, 8038-B or other applicable Form 8038.

F. Temporary Periods and Yield Restriction. The designated officer or employee will review the tax certificate to determine the “temporary periods” for the bond issue, during which periods various categories of gross proceeds of the bond issue may be invested without restriction as to yield. In the case of qualified private activity bonds, the conduit borrower shall be required to comply with this section.

G. Investment of Proceeds and Yield Restriction. The designated officer or employee will ensure that bond proceeds are not invested in investments with a yield above the bond yield following the end of the applicable temporary period unless yield reduction payments are to be made. In the case of qualified private activity bonds, the conduit borrower shall be required to comply with this section.

H. Bidding Requirements. If purchasing investments other than publicly traded securities for immediate delivery (for example, a guaranteed investment contract or certificates of deposit), the designated officer or employee will consult with bond counsel to ensure that investments of bond proceeds satisfy IRS regulatory safe harbors for establishing fair market value (e.g., through the use of bidding procedures), and maintain records to demonstrate satisfaction of such safe harbors. In the case of qualified private activity bonds, the conduit borrower shall be required to comply with this section.

I. Credit Enhancement and Hedging Transactions. The designated officer or employee will consult with bond counsel before engaging in credit enhancement or hedging transactions with respect to a bond issue. The designated officer or employee will maintain copies of all contracts and certificates relating to credit enhancement and hedging transactions.

J. Debt Service Fund. The designated officer or employee will ensure that the debt service fund meets the requirements of a “bona fide debt service fund,” i.e., one used primarily to achieve a proper matching of revenues with debt service that is depleted at least once each bond year, except for a reasonable carryover amount not to exceed the greater of (i) the investment earnings on the fund for the immediately preceding bond year; or (ii) one-twelfth of the debt service on the bond issue for the immediately preceding bond year. To the extent that a debt service fund qualifies as a bona fide debt service fund for a given bond year, the investment of amounts held in that fund is not subject to yield restriction for that year. The designated officer or employee will consult with bond counsel before creating separate additional funds that are expected to be used to pay debt service on the bonds. In the case of qualified private activity bonds, the conduit borrower shall be required to comply with this section.

K. Reserve Fund. The designated officer or employee will ensure that amounts of bond proceeds invested in any reasonably required reserve fund do not exceed the least of (each determined at the time of issuance of the bonds): (i) ten percent of the stated principal amount of the bonds (or the sale proceeds of the bond issue if the bond issue has original issue discount or

original issue premium that exceeds two percent of the stated principal of the bond issue plus, in the case of premium, reasonable underwriter's compensation); (ii) maximum annual debt service on the bond issue; or (iii) 125 percent of average annual debt service on the bond issue. In the case of qualified private activity bonds, the conduit borrower shall be required to comply with this section.

L. Escrow Fund. For an advance refunding escrow (where the refunding bonds are issued more than 90 days before the refunded bonds are to be redeemed) funded with taxable open market securities earning yields higher than the yield of the advance refunding bonds, assure that all or part of the escrow is invested in zero interest rate SLGS issued by the U.S. Treasury Department if needed to blend down the yield.

M. Gifts for Bond-Financed Projects. Before beginning a campaign that may result in gifts that will be restricted for use relating to a bond-financed facility (or, in the absence of such a campaign, upon the receipt of such restricted gifts), the designated officer or employee will consult with bond counsel to determine whether replacement proceeds may result. In the case of qualified private activity bonds, the conduit borrower will be required to comply with this paragraph.

N. Performance of Rebate Calculations. Subject to the small issuer exception and the exceptions described in the tax certificate, investment earnings on bond proceeds at a yield in excess of the bond yield generally must be rebated to the United States. The designated officer or employee will ensure that rebate calculations will be timely performed and payment of rebate amounts, if any, will be timely made. Rebate payments are generally due 60 days after the fifth anniversary of the issuance date of the bond issue, then in succeeding installments every five years. The final rebate payment is due 60 days after retirement (or early redemption) of the last bond of the issue. In the case of qualified private activity bonds, the conduit borrower shall be required to comply with this section.

O. Rebate Consultant. The designated officer or employee will engage the services of an experienced rebate consultant to undertake rebate calculations described above for each bond issue. In the case of qualified private activity bonds, the conduit borrower shall be required to comply with this section.

P. Spending Exceptions. If the six-month, 18-month, or 24-month spending exceptions from the rebate requirement (as described in the tax certificate) apply to the bond issue, the designated officer or employee will ensure that the spending of bond proceeds is monitored prior to semi-annual spending dates for the applicable exception.

Q. Follow-up on Rebate. After all bond proceeds have been spent, the designated officer or employee will ensure compliance with rebate requirements for any reserve fund and any debt service fund that is not exempt from the rebate requirement. In the case of qualified private activity bonds, the conduit borrower shall be required to comply with this section.

R. Filing of 8038-T. The designated officer or employee will make rebate and yield reduction payments timely and file Form 8038-T.

5. PRIVATE BUSINESS USE

A. Private Business Use. Use of bond proceeds or bond-financed property by a nongovernmental person (including the federal government) in furtherance of a trade or business activity is considered private business use. Any activity carried on by other than a natural person (individual acting as a member of the general public) is treated as a trade or business. Indirect uses of bond proceeds must also be considered in determining whether more than ten percent of the proceeds of a bond issue will be for a private business use. For example, a facility is treated as being used for a private business use if it is sold or leased to a nongovernmental person and the nongovernmental person's use is in a trade or business. The designated officer or employee will analyze any private business use of bond-financed facilities and, for each issue of bonds, determine whether the ten percent limit on private business use (five percent in the case of "unrelated or disproportionate" private business use) is exceeded and immediately contact bond counsel if either of these limits is exceeded. This section shall not apply to qualified private activity bonds.

B. Management and Service Agreements. Management contracts between governmental entities and private parties under which the private party receives compensation for services provided with respect to a bond-financed facility may result in private business use. Before entering into any new management agreement or service agreement relating to bond-financed facilities, the designated officer or employee will immediately contact bond counsel to review any such agreement to determine whether it may result in private business use. This section does not apply to qualified private activity bonds.

C. Special Legal Entitlements. Before entering into any agreement providing special legal entitlements relating to a bond-financing facility, the designated officer or employee will immediately contact bond counsel to review such agreement. This section does not apply to qualified private activity bonds.

6. PROCEDURES RELATING ONLY TO BUILD AMERICA BONDS AND TAX CREDIT BONDS

A. Limit on Premium. The designated officer or employee will consult with the financial advisor to ensure that the premium on each maturity (stated as a percentage of principal amount) does not exceed one-quarter of one-percent multiplied by the number of complete years to the earlier of the final maturity or, generally, the earliest optional redemption date for the bonds.

B. Two Percent Costs of Issuance Limitation. The designated officer or employee will consult with the financial advisor to ensure that the excess of the issue price (*i.e.*, the stated principal amount of the bonds plus the original issue premium or less the original issue discount) over the price at which the bond issue is sold to the investors at the initial bond offering, when combined with other issuance costs paid from bond proceeds, does not exceed two percent of the sale proceeds.

C. Review of Market Availability. The designated officer or employee will ensure that the financial advisor reviews the market trading activity after their sale date but before their

issuance date to determine whether the market pricing is consistent with the issue price reported by the underwriter or original purchaser as of their sale date. Market trading information is generally available through the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System (EMMA) (<http://www.emma.msrb.org>). A record of such determination, including copies of the market trading information, will be maintained.

D. Monitor Interest For Refundable Credit. In the case of BABs or tax credit bonds, the designated officer or employee will monitor the amount of interest payable on each interest payment date to ensure that the proper amount of direct payment (refundable credit) is requested on each Form 8038-CP.

E. Filing of 8038-CP. In the case of BABs or tax credit bonds, the designated officer or employee will ensure that IRS Form 8038-CP is timely filed with respect to each interest payment date (or each quarter in the case of certain variable rate bond issues).

F. Refundable Credit Payments to Proper Person. In the case of BABs or tax credit bonds, if the direct payments (refundable credits) to be made by the federal government with respect to the bonds will be paid to a person other than the issuer (*e.g.*, the bond trustee or the state or local government entity on whose behalf an authority issued the bonds, such as the California Statewide Communities Development Authority), the designated officer or employee will obtain and record the contact information of that person, and ensure that it is properly shown on Form 8038-CP so that the direct payment (refundable credit) will be made to the proper person.

G. Follow-up on Two Percent Costs of Issuance Limitation. In the case of BABs or tax credit bonds, in cooperation with the financial advisor, the designated officer or employee will ensure that no more than two percent of the sale proceeds are used to pay issuance costs.

H. Available Project Proceeds. In the case of BABs or tax credit bonds, the designated officer or employee will ensure that all of the sale proceeds and investment earnings, other than (i) sale proceeds used to pay issuance costs (up to the two percent limit described above) or (ii) deposited in a reasonably required reserve fund, are allocated to capital expenditures.



**Town of Paradise
Council Agenda Summary
Date: October 3, 2016**

Agenda Item: 2(b)

Originated by: Gina S. Will, Administrative Services Director/Town Treasurer
Approved by: Lauren Gill, Town Manager
Subject: Continuing disclosure compliance procedure for tax-advantaged bonds

Council Action Requested:

Consider adopting Resolution No. 16-____, a Resolution adopting Continuing Disclosure Compliance Procedures (the “Procedures”) and taking related actions.

Alternative:

The Town Council can decide not to adopt the Procedures. However, such a decision will negatively impact the anticipated sale by the Successor Agency to the Paradise Redevelopment Agency (the “Successor Agency”) of its Paradise Redevelopment Project 2016 Subordinate Tax Allocation Refunding Bonds (the “2016 Successor Agency Refunding Bonds”).

Background:

The Successor Agency is preparing to issue the 2016 Successor Agency Refunding Bonds to refund Subordinate Tax Allocation Notes (the “2006 Notes”) issued by the former Paradise Redevelopment Agency (the “Former RDA”) in 2006. The adoption of these Procedures is being proposed in conjunction with the issuance of the 2016 Successor Agency Refunding Bonds. These Procedures will also apply to future bond issued by the City and its related entities.

Discussion:

In connection with the proposed issuance of the 2016 Successor Agency Refunding Bonds, the Successor Agency will be required to execute a continuing disclosure agreement. The Successor Agency will agree to provide certain financial information annually and notices upon the occurrence of certain enumerated events (such as draws on debt service reserve funds, defaults), so that such information will be available to the investing market in connection with the investors’ decisions regarding the 2016 Successor Agency Refunding Bonds.

Continuing Disclosure Compliance Procedures
October 3, 2016

Under applicable federal securities law, a bond underwriter is generally not permitted to sell bonds into the investment market unless the local government entity that issues or otherwise is responsible for payment on the bonds agrees to undertake such continuing disclosure undertakings. The Former RDA executed continuing disclosure agreements in connection with the issuance of the 2006 Notes and other bonds.

In recent years, the U.S. Securities and Exchange Commission has placed increased emphasis on local government entities' compliance with their continuing disclosure undertakings. The adoption of the Procedures would formalize the process by the Town and its related entities (such as the Successor Agency) comply with bond continuing disclosure obligations. The adoption of such Procedures will be helpful to the bond underwriter's marketing of the 2016 Successor Agency Refunding Bonds. The lack of such Procedures may negatively impact the marketability of the 2016 Successor Agency Refunding Bonds.

Fiscal Impact:

Per applicable federal securities law, the Town will generally have to undertake continuing disclosure obligations with respect its bond issues. The Procedures will formalize the process by which the Town will comply with such obligations. The adoption of the Procedures will not have any fiscal impact on the General Fund budget.

Attachments:

Resolution No. _____ (with Exhibit A – Continuing Disclosure Compliance Procedures)

**TOWN OF PARADISE
RESOLUTION NO. 16-___**

**A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF
PARADISE ADOPTING CONTINUING DISCLOSURE COMPLIANCE
PROCEDURES AND TAKING RELATED ACTIONS**

WHEREAS, the Town of Paradise, a municipal corporation duly formed and existing under the laws of the State of California, or one or more of its related entities (collectively, the “Town”), has issued bonds which are currently outstanding and, in connection with such bonds, has agreed to undertake certain continuing disclosure obligations pursuant to Rule 15c2-12 (“Rule 15c2-12”) promulgated by the U.S. Securities and Exchange Commission (the “SEC”) pursuant to the Securities Exchange Act of 1934; and

WHEREAS, the Town may issue additional bonds from time to time and, in connection with such bonds, agree to undertake certain continuing disclosure obligations pursuant to the Rule; and

WHEREAS, the Town desires to adopt the Continuing Disclosure Compliance Procedures (the “Procedures”), as set forth in Exhibit A hereto;

NOW, THEREFORE, THE TOWN COUNCIL OF THE TOWN OF PARADISE HEREBY FINDS, DETERMINES, RESOLVES, AND ORDERS AS FOLLOWS:

Section 1. The above recitals are true and correct and are a substantive part of this Resolution.

Section 2. The Procedures, as set forth in Exhibit A, are hereby approved and adopted, and shall be made applicable to all bonds (or other municipal securities) issued by, or on behalf of the Town and its related entities (such as, but not limited to, the Successor Agency to the Paradise Redevelopment Agency), for which the Town undertakes continuing disclosure obligations in connection with the Rule.

Section 3. The Town Manager, in consultation with bond counsel, is hereby authorized to amend the Procedures from time to time as necessary or appropriate.

Section 4. The Town Manager, the Finance Director and all other officers of the Town are hereby authorized and directed, jointly and severally, to do any and all things to effectuate the purposes of this Resolution, and to implement the Procedures and any such actions previously taken by such officers are hereby ratified and confirmed.

Section 5. This Resolution shall take effect immediately upon adoption.

PASSED, APPROVED, and ADOPTED by the Town Council of the Town of Paradise at a meeting duly held on the 3rd day of October, 2016.

Jody Jones, Mayor

ATTEST:

Dina Volenski, CMC, Town Clerk

APPROVED AS TO LEGAL FORM

Dwight L. Moore, Town Attorney

EXHIBIT A

Town of Paradise
Continuing Disclosure Compliance Procedures
(attached)

CONTINUING DISCLOSURE COMPLIANCE PROCEDURES

1. BACKGROUND

Rule 15c2-12 (“Rule 15c2-12”) promulgated by the U.S. Securities and Exchange Commission (the “SEC”) pursuant to the Securities Exchange Act of 1934 requires certain information regarding an entity responsible for the repayment of bonds or other municipal securities (an “Issuer”) be disclosed to the municipal bond marketplace. The SEC, in its most recent amendment to Rule 15c2-12, enhanced the disclosure requirements of Issuers in an effort to improve the quality and availability of information regarding outstanding municipal securities. In the adopting release accompanying the amendment, S.E.C. Rel. No. 34-62184, the SEC states that the amendment is consistent with its “mandate to adopt rules reasonably designed to prevent fraudulent, deceptive or manipulative acts or practices in the market for municipal securities.” The release reiterates the SEC’s position that material non-compliance by an Issuer with past continuing disclosure obligations may warrant, without corrective actions, an underwriter being prohibited from underwriting such an Issuer’s municipal securities, and thus would prevent the Issuer from accessing the municipal securities market.

The following procedures are being adopted by the Town of Paradise (the “Town”) to help ensure the Town’s compliance with Rule 15c2-12 and its continuing disclosure obligations under the continuing disclosure agreements, or similar instruments (collectively, the “Continuing Disclosure Agreements”) executed by the Town in connection with its municipal securities obligations. Certain capitalized terms will have the respective meanings ascribed to them in the respective Continuing Disclosure Agreements.

2. DESIGNATION OF RESPONSIBLE OFFICER

As used herein, the term “Responsible Officer” shall mean the officer or other employee of the Town responsible for compiling and filing Annual Reports and notices regarding enumerated events (“Event Notices”), if required, to be filed pursuant to the Continuing Disclosure Agreements. The initial Responsible Officer shall be the Town’s Finance Director. From time to time, the Town Manager may (or at the direction of the Town Council, shall) designate a different person to serve as the Responsible Officer.

3. RESPONSIBLE OFFICER TO BECOME FAMILIAR WITH “EMMA” AND FILING REQUIREMENTS UNDER CONTINUING DISCLOSURE AGREEMENTS

(a) The Responsible Officer shall take such action as necessary or appropriate to become familiar with the SEC’s Electronic Municipal Market Access (“EMMA”) website. The Responsible Officer should understand how to locate on EMMA the filings made by the Town in connection with the municipal securities issued by the Town. If the Town is serving as its own Dissemination Agent pursuant to a Continuing Disclosure Agreement, the Responsible Officer shall establish a user identification and password for EMMA and should become familiar with uploading documents onto EMMA.

(b) The Responsible Officer shall, for each separate issue of the Town’s outstanding municipal securities to which Rule 15c2-12 applies, read the related Continuing Disclosure Agreement and identify the following:

- (i) The date by which the Annual Report must be filed;
- (ii) The contents needed to be included in the Annual Report;
- (iii) The Event Notices that must be filed; and
- (iv) When Event Notices are required to be filed.

(c) The Responsible Officer should be aware of the types of events identified in the Continuing Disclosure Agreement that would require the filing of an Event Notice (the “Listed Events”). If clarification is required regarding what is meant by a Listed Event, the Town’s bond counsel or disclosure counsel should be contacted to seek such clarification.

4. PREPARATION AND FILING OF ANNUAL REPORTS AND EVENT NOTICES

(a) The Town will strive to begin the process of completing its audited financial statements as soon as practicable after the close of each Fiscal Year. Such audited financial statements should be completed in time to be submitted to the Governing Board before the date that the Annual Report must be filed.

(b) The Responsible Officer shall identify any information that is required to be included in the Annual Report but is not part of the Town’s audited financial statements, and contact the sources necessary to compile such information as soon as possible after the close of each Fiscal Year. To the extent the Responsible Officer deems appropriate, the Town will consider adding any information required by its Continuing Disclosure Agreements not already included in its audited financial statements into a supplementary information section of its audited financial statements.

(c) Following the compilation of the information that is to be included in the Annual Report, the Responsible Officer shall, or cause the Dissemination Agent to, submit the Annual Report to EMMA on or before the date on which the Annual Report must be filed.

(d) Each year, by no later than the date that the Annual Report is required to be filed on EMMA, the Responsible Officer shall review the EMMA website to confirm that the Annual Report has been posted. If the Annual Report has not been posted, the Dissemination Agent should be notified, or the Responsible Officer should file the Annual Report, as applicable.

(e) The Responsible Officer shall, or with the assistance of consultants engaged to monitor compliance, identify the occurrence of a Listed Event and shall prepare, or have prepared, the appropriate disclosure. The Responsible Officer shall file, or cause the Dissemination Agent to file, Event Notices, when required by the Continuing Disclosure Agreements on EMMA in a timely manner. The Responsible Officer shall contact the Town’s bond counsel or disclosure counsel if there are any questions regarding whether an event constitutes a Listed Event, and whether such occurrence will require the filing of an Event Notice.

5. RETENTION OF RECORDS

(a) As relating to each Continuing Disclosure Agreement, the retained documents identified below should be retained for a period of at least six years following the termination of the Town's obligations under such Continuing Disclosure Agreement (*i.e.*, the legal defeasance, prior redemption or payment in full of the related issue of municipal securities).

(b) The Town shall retain, in its records, the transcripts containing the documents related to each issue of municipal securities of the Town.

(c) The Town shall retain copies, in paper or electronic form, of each Listed Event Notice submitted to EMMA.

(d) The Town shall retain copies, in paper or electronic form, of each Annual Report submitted to EMMA.

(e) To the extent that the content of an Annual Report is based on source materials created or obtained by the Town, the Town shall retain in its records, such source materials created or obtained by the Town.