

POLICY WITH RESPECT TO TAX-EXEMPT DEBT

OBJECTIVE

To comply with all applicable federal and state laws, rules and regulations related to the issuance of tax-exempt debt (the “Debt”).

SCOPE

This policy applies to all Debt issued for the benefit of Oconee County, Georgia (the “County”) and its related entities.

POLICY

The County shall comply with all federal and state laws, rules and regulations related to the issuance of Debt.

RESPONSIBILITY

The Finance Director of the County shall be administratively responsible for the policy with respect to Debt of the County (the “Finance Director”).

DISSEMINATION AND TRAINING

The policy shall be disseminated to all personnel in the finance department of the County and to the auditor for the County.

REVIEW

The policy shall be reviewed and revised annually by the Finance Director and redistributed to all personnel in the finance departments and to the auditors.

PROVISIONS

Record Keeping

All records relating to the Debt needed to comply with Section 6001 of the Internal Revenue Code of 1986, as amended (the “Code”) shall be maintained. These records shall be kept in paper or electronic form and shall include, among other things, (i) basic records relating to the transaction (including the bond documents, the opinion of bond counsel, etc.), (ii) documents evidencing the expenditure of the proceeds of the Debt, (iii) documentation evidencing the use of Debt-financed property by public and private entities (e.g., copies of management contracts, leases and research agreements) and (iv) documentation pertaining to any investment of Debt proceeds (including the purchase and sale of securities, SLG subscriptions, yield calculations for each class of investments, actual investment income received from the investment of the proceeds of the

Debt, guaranteed investment contracts and rebate calculations. Such records must be maintained as long as the Debt is outstanding, plus three years after the final payment or redemption date.

Use of Proceeds

A list of all property financed with the proceeds of the Debt shall be created and maintained. The use of such property shall be monitored to ensure that such use does not constitute “private business use” within the meaning of the Code. Without limiting the foregoing, each contract, including but not limited to management contracts and leases, relating to such property shall be reviewed by legal counsel prior to the execution of such contract. The list of property shall be reviewed at least annually to ensure that none of the property has been sold.

Remedial Action

In the event that property financed with the proceeds of the Debt is used in a manner that constitutes “private business use” or the property is sold, the remediation provisions of Treasury Regulation § 1.141-12 shall be carried out.

Yield Restriction

If bond counsel advises that a fund or account needs to be yield restricted (i.e., not invested at a yield in excess of the Debt), the moneys on deposit in such fund or account shall be invested in United States Treasury Obligations – State and Local Government Series, appropriate “yield reduction payments” shall be made if permitted by the Code or the Finance Director shall establish other procedures to ensure that such fund or account is yield restricted.

Rebate

At the time the Debt is issued, the Finance Director shall determine if he or she reasonably expects that one of the arbitrage rebate exceptions will be satisfied or that positive arbitrage will not be earned. If the arbitrage rebate exception relates to the time period over which the proceeds of the Debt are spent, the Finance Director shall verify that the appropriate expenditures have been made at each milestone. If one of the milestones is not satisfied or the Finance Director does not reasonably expect that one of the arbitrage rebate exceptions will be satisfied, an outside arbitrage rebate consultant shall be retained unless the Finance Director has determined that positive arbitrage will not be earned.