

**Internal Revenue Service
Tax Exempt & Government Entities Division**

Department of the Treasury

Re:

Dear Sir or Madam:

We have selected the debt issuance named above for a limited scope examination concerning compliance with certain requirements of the Internal Revenue Code (the "Code"). At this time, we have no reason to believe that your debt issuance fails to comply with any of the applicable Federal tax requirements of the Code.

This correspondence examination is intended to assess the overall compliance risk of leases and installment sales, including the accuracy of certain information reported on Form 8038-G. At this time, we are only requesting general informational responses, and are not requesting any supporting documentation. However, we reserve the right to expand this examination. Moreover, failure to timely respond may result in an expansion of this examination, including a request for supporting documentation.

Please review the enclosed Form 4564, *Information Document Request* and return your responses on a compact disk within 21 days from the date of this letter to the address listed

above or email your reply to kenneth.williams@irs.gov and indicate "Lease Financing Exam" in the subject line. An electronic version of the Information Request is available upon your request. Be sure to include your contact information on all correspondence.

If you desire to appoint a representative to act on your behalf, a power of attorney must be filed with the Service in order for the Service to discuss or provide your representative with confidential information. A Form 2848, *Power of Attorney and Declaration of Representative*, or any other properly written power of attorney or authorization may be used for this purpose. Copies of Form 2848 may be obtained from any Internal Revenue Service office or downloaded at <http://www.irs.gov>.

If, in the process of preparing your response to our Information Request, a problem is discovered that impacts the tax-exempt status of your debt issue, you may request a closing agreement. Such a closing agreement request will be evaluated in a similar manner as a request submitted under the Tax Exempt Bonds Voluntary Closing Agreement Program described in Notice 2008-31.

During this examination the Internal Revenue Service may need to contact third parties. Third party contacts may include, but are not limited to bond counsel, special tax counsel, employees, trustees, lessors, financial advisors, leasing agents, GIC providers and underwriters. We are providing this notification in accordance with section 7602(c)(1) of the Internal Revenue Code, which became effective for third party contacts made after January 18, 1999. If necessary, we will request additional information by submitting information document requests.

Thank you for your cooperation in this matter. Please feel free to call or write if you have any questions or concerns about this matter or are unable to promptly respond to the Form 4564.

Thank you for your cooperation.

Sincerely,



Kenneth Williams
Tax Law Specialist
Tax Exempt Bonds

Enclosure(s):
Publication 1
Form 4564

| | | |
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| Form 4564 | Department of the Treasury Internal Revenue Service Information Document Request | Request Number 01 |
| | | Subject: Lease Financing Exam, |
| | | Submitted to: |
| | | Dates of Previous Requests: n/a |

Description of Documents Requested:

Please provide your responses to the following questions by the due date provided.

1. Has the financing issue been discharged?

Yes No

If yes, please provide the date the issue was discharged. If the discharge was pursuant to a tax exempt refunding issue, please provide the name and issue date for the refunding issue.

2. Are any assets acquired by the financing used directly or indirectly in the trade or business of a nongovernmental person other than as a member of the general public? (Include assets subject to a management contract or assets subleased.)

Yes No

If yes, please provide the name(s) of the user and describe the use, the term of the arrangement and the terms of any compensation arrangement. (If the asset is a portion of the facility, such as an auditorium, office or a general improvement such as a roof, include the proportion of private use.)

3. Have any assets acquired by the financing been sold or otherwise disposed of?

Yes No

Information Due By _____ At Next Appointment Mail In

| | | |
|-------------|---|----------------------------|
| FROM | Name and Title of Requestor Kenneth Williams, Tax Law Specialist, Tax Exempt Bonds Employee Number 1000527382 | Date: 11/10/2010 |
| | Office Location: Internal Revenue Service 700 W. Capitol Little Rock AR 72201-3225 | Page 1 |

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If yes, please indicate the amount of proceeds of any sale or disposition. Also, indicate how and when such proceeds were used and whether any remedial action was taken pursuant to section 1.141-12 of the Income Tax Regulations.

4. Is the lessor or seller, or an affiliate of the lessor or seller, the manufacturer of, distributor of, or entity constructing the financed property?

Yes No

If no, please provide the names of the entities and, if an individual not associated with an entity, the names of the individuals that the issuer paid to assist in the financing and their responsibilities, including preparation or review of the finance documents, any bidding process, and preparation of Form 8038-G.

5. Are there separately stated interest and principal payments in the financing document?

Yes No

If no, please describe how the amount of debt service or lease payments that constitute interest and principal are determined.

6. Was cash directly or indirectly received by the issuer to acquire the financed property? For purposes of this question, amounts used to acquire the financed property are

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considered received by the issuer if such amounts are invested by anyone for the benefit of the issuer in an escrow account, certificate of deposit, or a guaranteed investment contract pending the acquisition of the financed property. Payments made by the lessor or seller directly to other parties for the benefit of the issuer, other than costs of issuance, are also considered the receipt of cash by the issuer.

Yes No

IF THE RESPONSE TO 6 IS YES, PLEASE RESPOND TO QUESTIONS 7 THROUGH 14. IF THE RESPONSE TO QUESTION 6 IS NO, DO NOT RESPOND TO QUESTIONS 7 THROUGH 12 AND SKIP TO QUESTIONS 13 and 14.

7. Were proceeds used to reimburse the issuer for financed property expenditures incurred prior to funding of the lease or installment sale?

Yes No

If yes, was the payment pursuant to a reimbursement resolution, within the meaning of section 1.150-2 of the Income Tax Regulations, adopted prior to or no later than 60 days after the expenditure?

If the reimbursement payment was not pursuant to such a resolution, please explain.

8. Were proceeds of the financing issue initially qualified for a temporary period,

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within the meaning of section 1.148-2 of the Income Tax Regulations, permitting investment of the proceeds at an unrestricted yield?

Yes No

If yes, indicate which temporary period applied and the amount of proceeds to which each temporary period applied.

9 If a temporary period did apply to any proceeds, were the proceeds spent by the expiration of the temporary period?

Yes No

If no, what was the yield within the meaning of section 1.148-4 of the Income Tax Regulations on the financing issue? Were the unspent proceeds invested at a yield greater than 1/8% above the yield on the financing issue?

10. Did the financing issue qualify for an exception to the payment of arbitrage rebate within the meaning of section 148(f) of the Internal Revenue Code and the Income Tax Regulations?

Yes No

If yes, indicate which exception applied and provide the percentage of proceeds, including

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investment earnings, spent 6 months, 12 months, and 18 months after the date of issue and the date all the proceeds and investment earnings were spent.

11 Payments of rebate under section 148(f) of the Internal Revenue Code must be made for a computation date that is not later than 5 years after the issue date and in 5-year intervals after such date. In addition, a final rebate computation must be made as of the date the issue is discharged. Yield reduction payments are due at the same time and in the same manner as rebate payments. If the response to question 10 was no, was a rebate computation made prior to receipt of this Request?

Yes No

If no, please explain.

If yes, was a rebate payment due?

If a rebate payment was due, when was the payment made?

12. Were proceeds invested in guaranteed investment contracts or certificates of deposit?

Yes No

If yes, provide the name of any broker or bidding agent used, the amount invested and the

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fee paid to the bidding agent or broker and indicate whether or not you maintain written documentation demonstrating satisfaction of a safe harbor under Section 1.148-5 of the Income Tax Regulations for the determination of the fair market value of these investments.

13. Was the financing issue used, directly or indirectly, to finance service contracts, maintenance contracts, or any type of expenditure that is not a capital expenditure for federal income tax purposes?

Yes No

If yes, please provide the name of the payee(s), the purpose for each payment, and the amount of each payment.

14. Please describe any written procedures that you have in place to ensure the Bonds' compliance with Federal tax requirements, including the date written procedures for such purpose were adopted and the dates of subsequent revisions, if any. If there are no such written procedures, provide a description of any guidelines used to ensure the Bonds' compliance with Federal tax requirements including the source from which those guidelines were derived.

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15. In the process of preparing your response to this Information Request, or otherwise, has the Issuer become aware of a problem that potentially impacts the tax-exempt status of the financing?

Yes No

If yes, please provide an explanation and details of your findings.

When providing your response to this information request please include the following signed penalty of perjury statement:

Under penalties of perjury, I declare that I have examined this completed Information Request, including any accompanying information and statements, and to the best of my knowledge and belief, the completed response contains all the relevant facts relating to the answers to the Request, and such facts are true and correct and complete.

Signature: _____ Date: _____

Printed Name: _____

Title: _____

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