



COLLIN COUNTY

Auditor's Office
2300 Bloomdale Rd.
Suite 3100
McKinney, Texas 75071
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To: County Judge and Commissioners Court
From: Jeff May, County Auditor
Date: October 4, 2010
Re: Build America Bond subsidy settlement with IRS

I respectfully request approval to accept a settlement amount with the IRS regarding the dispute 2009 Build America Bond Issues subsidies.

In February of 2010 the IRS took the position that the bond premium for the Limited Tax Permanent Improvement Bond, Series 2009B, and the Unlimited Tax Road Bond, Series 2009B, exceeded the *de minimis* amount and informed me that Collin County did not qualify to receive the subsidies of \$5,146,723 over the life of the life of the bonds (until year 2029). This dispute was the result of unclear rules by the IRS defining *de minimis* and the newness of the Build America Bond program. The current settlement amount will reduce the subsidy by \$105,092.26 over the life of the bonds plus require an upfront payment of \$5,200 due to receiving the full subsidy in 2009. The settlement will not have a significant financial impact on the County's debt service payments. Please see the attachments for detailed amounts.