

## **POST-ISSUANCE TAX COMPLIANCE PROCEDURES FOR TAX-EXEMPT BONDS**

The purpose of these Post-Issuance Tax Compliance Procedures for Tax-Exempt Bonds is to establish policies and procedures in connection with tax-exempt bonds (the “Bonds”) issued by the school district (the “Issuer”) so as to ensure that the Issuer complies with all applicable post-issuance requirements of Section 148 of the Internal Revenue Code (the “Code”) needed to preserve the tax-exempt status of such tax-exempt Bonds.

### **I. General**

#### **A. Responsibility**

Ultimate responsibility for all matters relating to Issuer financings and refinancings rests with the Business Manager of the Issuer (hereinafter, the “Administrator”).

#### **B. Compliance Checklist**

Attached is a Compliance Checklist to assist in applying these Procedures.

### **II. Post-Issuance Compliance Requirements**

#### **A. External Advisors/Documentation**

The Administrator and other appropriate Issuer personnel and/or board members shall consult with bond counsel and other legal counsel and advisors, as needed, throughout the bond issuance process to identify requirements and to establish procedures necessary or appropriate so that the Bonds will continue to qualify for the appropriate tax status. Those requirements and procedures shall be documented in the Issuer resolution(s), tax certificate(s) and/or other documents finalized at or before issuance of Bonds. Those requirements and procedures shall include future compliance with applicable arbitrage rebate requirements and all other applicable post-issuance requirements of the Code throughout (and in some cases beyond) the term of the Bonds.

The Administrator and other appropriate Issuer personnel and/or board members also shall consult with bond counsel and other legal counsel and advisors, as needed, following issuance of Bonds to ensure that all applicable post-issuance requirements in fact are met. This shall include, without limitation, consultation in connection with future contracts with respect to the use of bond-financed assets and future contracts with respect to output or throughput of bond-financed assets.

Whenever necessary or appropriate, the Issuer shall engage expert advisors (each a “Rebate Service Provider”) to assist in the calculation of arbitrage rebate payable in respect of the investment of bond proceeds.

## **B. Role of the Issuer as Issuer of Tax-Exempt Bonds**

Unless otherwise provided by Issuer resolutions, agreements entered into in connection with the issuance of Bonds, or tax certificate(s), unexpended bond proceeds shall be held by the Issuer, and the investment of bond proceeds shall be managed by the Administrator. Unless otherwise provided by Issuer resolutions, agreements entered into in connection with the issuance of Bonds, or the tax certificate, the Administrator shall maintain records and shall prepare regular, periodic statements to the Issuer regarding the investments and transactions involving bond proceeds.

If an Issuer resolution provides for bond proceeds to be administered by a trustee, the Issuer shall obtain from the trustee the agreement to provide statements regarding the investments and transactions involving bond proceeds, no less than quarterly.

## **C. Arbitrage Rebate and Yield**

Unless a tax certificate documents that bond counsel has advised that arbitrage rebate will not be applicable to an issue of Bonds:

- the Issuer shall engage the services of a Rebate Service Provider, and the Issuer or the bond trustee shall deliver statements concerning the investment of bond proceeds to the Rebate Service Provider in a manner that will enable timely calculation of arbitrage rebate;
- the Administrator and other appropriate Issuer personnel shall provide to the Rebate Service Provider additional documents and information reasonably requested by the Rebate Service Provider;
- the Administrator and other appropriate Issuer personnel shall monitor efforts of the Rebate Service Provider and assure payment of required rebate amounts, if any, no later than 60 days after each 5-year anniversary of the issue date of the Bonds, and no later than 60 days after the last Bond of each issue is redeemed; and
- during the construction period of each capital project financed in whole or in part by Bonds, the Administrator and other appropriate Issuer personnel shall monitor the investment and expenditure of bond proceeds and shall consult with the Rebate Service Provider to determine compliance with any applicable exceptions from the arbitrage rebate requirements during each 6-month spending period up to 6 months, 18 months or 24 months, as applicable, following the issue date of the Bonds.

The Issuer shall retain copies of all arbitrage reports and trustee statements as described below under “Record Keeping Requirements.”

## **D. Use of Bond Proceeds**

The Administrator and other appropriate Issuer personnel shall:

- monitor the use of bond proceeds, the use of bond-financed assets (e.g., facilities, furnishings or equipment) and the output or throughput of bond-financed assets throughout the term of the Bonds (and in some cases beyond the term of the Bonds) to ensure compliance with covenants and restrictions set forth in applicable Issuer resolutions and tax certificates;
- maintain records identifying the assets or portion of assets that are financed or refinanced with proceeds of each issue of Bonds;
- consult with bond counsel and other professional expert advisers in the review of any management contracts or other arrangements involving use of bond-financed facilities to ensure compliance with all covenants and restrictions set forth in applicable Issuer resolutions and tax certificates;
- maintain records for any contracts or arrangements involving the use of bond-financed facilities as might be necessary or appropriate to document compliance with all covenants and restrictions set forth in applicable Issuer resolutions and tax certificates;
- meet at least annually with personnel responsible for bond-financed assets to identify and discuss any existing or planned use of bond-financed, assets or output or throughput of bond-financed assets, to ensure that those uses are consistent with all covenants and restrictions set forth in applicable Issuer resolutions and tax certificates.

All relevant records and contracts shall be maintained as described below.

#### **E. Record Keeping Requirements**

Unless otherwise specified in applicable Issuer resolutions or tax certificates, the Issuer shall maintain the following documents for the term of each issue of Bonds (including refunding Bonds, if any) plus at least an additional five years:

- a copy of the bond closing transcript(s) and other relevant documentation delivered to the Issuer at or in connection with closing of the issue of Bonds;
- a copy of all material documents relating to capital expenditures financed or refinanced by bond proceeds, including (without limitation) construction contracts, purchase orders, invoices, trustee requisitions and payment records, as well as documents relating to costs reimbursed with bond proceeds and records identifying the assets or portion of assets that are financed or refinanced with bond proceeds;
- a copy of all contracts and arrangements involving private use of bond-financed assets or for the private use of output or throughput of bond-financed assets; and
- copies of all records of investments, investment agreements, arbitrage reports and underlying documents, including trustee statements.

## COMPLIANCE CHECKLIST:

### **Construction (Applicable if any bond financed projects are under construction):**

- ☐ Check in with Rebate Service Provider regarding any applicable exceptions from the arbitrage rebate requirements during each 6-month spending period up to 6 months, 18 months, or 24 months following the issue date of any bond issue.
- ☐ Are there any remaining bond proceeds after completion of the project? If yes, deposit them into the bond fund. Or, remaining proceeds may be spent on other projects, provided they were included in the description used in the ballot question.
- ☐ If other funds, aside from bond proceeds, were contributed to the project, check to make sure allocations of bond proceeds have been made to the project. Allocations need to be made in writing within 18 months after project is placed in service.

### **Investment and Proceeds Review (Annually):**

- ☐ Create/update summary of investments of bond proceeds.
- ☐ Check in with Rebate Service Provider and provide summary of current investments of bond proceeds

### **Uses of Bond Financed Facilities Review (Annually):**

- ☐ Create/update list of all properties, equipment, facilities or furnishings financed with bond proceeds, separately identified by each bond issue of the Issuer.
- ☐ Create/update list of all agreements granting long-term use (e.g., through leases or use agreements) of bond financed facilities or properties to outside persons that are not a unit of state or local government. Provide all such contracts to bond counsel for review.
- ☐ Create/update list of all agreements granting temporary use (e.g., incidental uses or daily leases) of bond financed facilities or properties to outside persons that are not a unit of state or local government.
  - ☐ Are all such uses based on the same set, uniform rates? If no, please contact bond counsel.
  - ☐ Are all agreements based on fair market value? If no, please contact bond counsel.
  - ☐ Do any of the agreements provide for use longer than a total of 50 days by any single user? If yes, please contact bond counsel.
- ☐ Create/update list of all agreements granting non-exclusive uses of bond financed facilities or properties to outside persons that are not a unit of state or local government. For example, agreements allowing private business facilities such as vending machines, kiosks, etc.

The following questions relate to **each** of the facilities/properties listed above:

- ☐ Is any of the facility/project managed by an outside organization? If yes, provide any such contracts to bond counsel for review.
- ☐ Does any party other than a governmental entity have beneficial use or rights with respect to a financed property (e.g., naming rights or the right to use a bond financed school parking lot)? If yes, please discuss with bond counsel.

**Bond Pay-Off:**

- ☐ Check payment and redemption dates of Bond issues and upon final payment, check in with Rebate Service Provider to make a final rebate computation no later than 60 days following the bond payment or redemption date.

**Rebate:**

- ☐ At least 60 days prior to each fifth anniversary of the issue date of each bond issue of the Issuer, check with Rebate Service Provider to ensure that appropriate rebate amounts, if any, are being calculated by the Rebate Service Provider.
- ☐ Promptly following each fifth anniversary of the issue date of each bond issue of the Issuer, check with Rebate Service Provider to ensure that appropriate rebate amounts, if any, have been remitted to the IRS.

**Other (Upon Occurrence):**

- ☐ Any time the use of a bond financed project is changed from a governmental use to a nongovernmental use (e.g., by way of sale), please notify bond counsel immediately for remedial action which must be taken within 90 days of change.
- ☐ Any time the Business Manager changes, the new Business Manager shall go over the Procedures and this Checklist with bond counsel.