Series 3000: Operations, Finance, and Property

3200 Finance and Borrowing

3211 Post-Issuance Tax Compliance

A. Policy

Federal tax law requires that issuers of outstanding tax-exempt or tax credit debt obligations ("Obligations") comply with certain post-issuance requirements in the Internal Revenue Code (IRC) and Treasury Regulations. Obligations include, but are not limited to, tax-exempt bonds, refunding bonds, tax credit bonds, installment and lease purchase agreements, lines of credit, state aid notes, and tax anticipation notes.

B. Policy Implementation

To preserve the tax-exempt or tax credit status of the Obligations and to comply with federal tax law after Obligations have been issued, the Board authorizes the Superintendent or designee to establish administrative guidelines in connection with Obligations to comply with federal tax law.

C. Designation of Debt Compliance Officer

The District's chief business official will be the debt compliance officer responsible for implementing this Policy ("Debt Compliance Officer"). In the absence of a chief business official, the Superintendent or designee will serve as the Debt Compliance Officer until a replacement Debt Compliance Officer is assigned. The Superintendent will ensure that a person serves in this position at all times. If the District contracts with a third party for business services, including another school district, the Superintendent or designee remains responsible for the oversight of the third-party Debt Compliance Officer.

D. Responsibilities of Debt Compliance Officer

The Debt Compliance Officer will be responsible for administration and oversight of post-issuance tax compliance requirements and other provisions of this Policy related to the District's Obligations, including implementation and compliance with remedial action procedures outlined below. The Debt Compliance Officer's responsibilities will include:

1. overseeing and managing compliance with federal rules and regulations applicable to post-issuance tax compliance for all outstanding Obligations from the date of issuance through the date of maturity of such Obligations, including any refunding Obligations related to the original issuance of debt;

2. consulting with bond counsel, financial advisors, and other professionals about non-compliance, if any, and required remedial actions as necessary;

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3. maintaining written records of expenditures and investments of Obligations in accordance with subsection G;

4. supervising and ensuring timely filings of reports and forms required by state and federal agencies related to Obligations;

5. providing written documentation and other requested disclosures, including to the District's bond counsel, financial advisors, and other professionals, upon request;

6. monitoring arbitrage, yield restriction, and rebate requirements under IRC Section 148. This duty includes monitoring compliance with 6-month, 18-month, or 2-year spending exceptions, as applicable; and

7. monitoring all record retention requirements and oversee compliance with record retention requirements set forth in this Policy.

E. Internal Written Procedures and Protocols

1. The Debt Compliance Officer will develop written internal controls and procedures related to post-issuance tax compliance that address at least the following:

   a. identifying and reporting non-compliance, including protocols for contacting bond counsel and financial advisors;

   b. monitoring compliance with arbitrage, yield restriction, and rebate requirements under IRC Section 148; and

   c. monitoring and tracking the use of bond-financed or refinanced assets, including identifying non-compliance and taking appropriate remedial action in accordance with Treasury Regulation 1.141-12.

2. Internal procedures and controls will provide for detailed written guidelines to be used for the purpose of identifying potential non-compliance. If non-compliance is confirmed, the Debt Compliance Officer will take immediate action to report and resolve non-compliance in accordance with the District's internal procedures and federal law and regulations.

F. Periodic Compliance Review

1. Annual Review. The Debt Compliance Officer will conduct an annual review of District records related to outstanding Obligations to ensure that such records, including tax documentation, are adequately maintained.

2. Periodic Review. The Debt Compliance Officer will review and update District records, including tax documentation, related to an Obligation upon the occurrence of any of the following events:

   a. the retirement, defeasance, or refunding of an Obligation; and

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b. upon the sale, re-purposing, change in use, or refinancing of property purchased with outstanding Obligations that remain outstanding.

G. Record Retention

The District will maintain detailed written records of all expenditures and investments of Obligations for the life of the Obligation, which will be maintained until final maturity. With respect to bond issues, the District will maintain records of all expenditures and investments for the life of the bonds, including any subsequent refunding bonds, plus 3 years.

H. Training and Education

In the discretion of the Superintendent, the District may provide, at its cost, training for the Debt Compliance Officer and any additional personnel who assist the Debt Compliance Officer in the performance of duties described in this Policy.

Legal Authority: IRC 148; Treasury Regulation 1.141-12

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