

CENTENNIAL SCHOOL DISTRICT

SECTION: FINANCE

TITLE: POST-ISSUANCE
COMPLIANCE FOR
OBLIGATIONS

ADOPTED: August 16, 2016

624. POST-ISSUANCE COMPLIANCE FOR OBLIGATIONS

Purpose

This policy is designed to monitor post-issuance compliance of Obligations¹ issued by the District with applicable provisions of the Internal Revenue Code of 1986, as amended, and regulations promulgated thereunder. This Policy describes various procedures and systems designed to identify, on a timely basis, facts which may be relevant to demonstrating compliance with the requirements that must be satisfied subsequent to the issuance of Obligations in order that the interest on such Obligations be, or continue to be, excludable from gross income for federal income tax purposes (or, as applicable, eligible for certain tax credits or other federal tax benefits).

The District recognizes that compliance with applicable provisions of Internal Revenue Code of 1986 and Treasury Regulations is an on-going process that is necessary during the entire term of the Obligations. Accordingly, the analysis of those facts and implementation of this Policy will require on-going monitoring and ongoing consultation with bond counsel and/or counsel to the District.

Financing Program

The District is authorized under the Pennsylvania Public School Code of 1949, as amended, and the Pennsylvania Local Government Unit Debt Act, 53 Pa. C.S. Chs. 80-82 to undertake the financing and refinancing of certain projects. Pursuant to such authority, the District has in the past issued, and may in the future issue, Obligations for the financing and refinancing of projects.

Policies and Procedures

The following procedures are adopted for the monitoring of post-issuance compliance in connection with Obligations issued by the District under the Financing Program:

- A. Administration Designee. The School District's Chief Financial Officer (CFO), shall be responsible for monitoring post-issuance compliance issues affecting Obligations issued by the

¹ For purposes of this Policy, Obligations include: (a) the interest on which is excludable from gross income for federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended, and regulations promulgated thereunder; and (b) the interest on which is not excludable from gross income for federal income tax purposes, but federal law otherwise requires such obligations to satisfy certain requirements of Internal Revenue Code of 1986 applicable to Obligations.

District pursuant to the Financing Program. The CFO shall be responsible for ensuring an adequate succession plan for transferring post-issuance compliance responsibility when changes in staff occur.

B. Closing Binder. Following the issuance of a specific issue of Obligations under the Financing Program, the CFO should obtain and store a closing binder and/or electronic copy of the relevant and customary transaction documents.

C. IRS Reporting. For each issuance of Obligations under the Financing Program, the CFO should confirm that bond counsel has filed the applicable information report (e.g., Form 8038-G) for such issue with the Internal Revenue Service (IRS) on a timely basis.

D. Tax Covenants. The CFO should monitor compliance with the District covenants in the bond documents pursuant to which the Obligations were issued, to comply with all applicable requirements of Internal Revenue Code of 1986 and Treasury Regulations that must be satisfied subsequent to the issuance of the Obligations in order to maintain the tax status of such Obligations, including, but not limited to, requirements relating to investment of proceeds, tracking of proceeds and allocation to expenditures, arbitrage and rebate, private activity and record keeping. If the CFO believes a violation or a potential violation of any such covenant has occurred, the CFO shall consult with bond counsel as to whether any remedial action under Internal Revenue Code of 1986 and/or Treasury Regulations is required, and if so, shall notify the Board of School Directors of the District of such information. The District shall thereafter, upon advice of bond counsel, or counsel to the School District, undertake any recommended remedial action.

The CFO shall consult with bond counsel or counsel to the District, as and when the CFO deems it necessary, to make certain that the CFO has a working knowledge of the rules applicable to the covenants which need to be complied with by the District to maintain the tax statutes of the Obligations.

E. Record Retention. The CFO will coordinate procedures for record retention and review of such records. Records shall be maintained until all Obligations which financed or refinanced a Financing Program are retired or are no longer outstanding. Electronic media will be the preferred method for storage of all documents and other records maintained by the District.

F. Periodic Review. The CFO will review post-issuance compliance procedures and systems on a periodic basis, but not less than annually.

Further Policies and Procedures

The foregoing list of post-issuance compliance procedures is not intended to be exhaustive. Further policies and procedures may be identified by District staff in consultation with bond counsel and District counsel. The policies and procedures may or may not be reflected in this Policy.