

**702.3R1 POST-ISSUANCE COMPLIANCE REGULATION FOR TAX-EXEMPT OBLIGATIONS
- ADMIN REGULATIONS**

1. Role of Compliance Coordinator/Board Treasurer

The board treasurer shall:

- a. Be responsible for monitoring post-issuance compliance;
- b. Maintain a copy of the transcript of proceedings or minutes in connection with the issuance of any tax-exempt obligations and obtain records that are necessary to meet the requirements of this regulation;
- c. Consult with bond counsel, a rebate consultant, financial advisor, IRS publications and such other resources as are necessary to understand and meet the requirements of this regulation;
- d. Seek out training and education to be implemented upon the occurrence of new developments in the area and upon the hiring of new personnel to implement this regulation.

2. Financing Transcripts' Filing and Retention

The board treasurer shall confirm the proper filing of an IRS 8038 Series return and maintain a transcript of proceedings and minutes for all tax-exempt obligations issued by the school district including, but not limited to, all tax-exempt bonds, notes and lease-purchase contracts. Each transcript shall be maintained until 11 years after the tax-exempt obligation documents have been retired. The transcript shall include, at a minimum:

- a. Form 8038;
- b. Minutes, resolutions and certificates;
- c. Certifications of issue price from the underwriter;
- d. Formal elections required by the IRS;
- e. Trustee statements;
- f. Records of refunded bonds, if applicable;
- g. Correspondence relating to bond financings; and
- h. Reports of any IRS examinations for bond financings.

3. Proper Use of Proceeds

The board treasurer shall review the resolution authorizing issuance for each tax-exempt obligation issued by the school district and the school district shall:

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- a. Obtain a computation of the yield on such issue from the school district's financial advisor;
 - b. Create a separate Project Fund (with as many sub-funds as shall be necessary to allocate proceeds among the projects being funded by the issue) into which the proceeds of issue shall be deposited;
 - c. Review all requisitions, draw schedules, draw requests, invoices and bills requesting payment from the Project Fund;
 - d. Determine whether payment from the Project Fund is appropriate and, if so, make payment from the Project Fund (and appropriate sub-fund, if applicable);
 - e. Maintain records of the payment requests and corresponding records showing payment;
 - f. Maintain records showing the earnings on, and investment of, the Project Fund;
 - g. Ensure that all investments acquired with proceeds are purchased at fair market value;
 - h. Identify bond proceeds or applicable debt service allocations that must be invested with a yield-restriction and monitor the investments of any yield-restricted funds to ensure that the yield on such investments do not exceed the yield to which such investments are restricted;
 - i. Maintain records related to any investment contracts, credit enhancement transactions and the bidding of financial products related to the proceeds.
4. Timely Expenditure and Arbitrage/Rebate Compliance
- The board treasurer shall review the Tax-Exemption Certificate (or equivalent) for each tax-exempt obligation issued by the school district and the expenditure records provided in Section 2 of this regulation, above and shall:
- a. Monitor and ensure that proceeds of each such issue are spent within the temporary period set forth in such certificate;
 - b. Monitor and ensure that the proceeds are spent in accordance with one or more of the applicable exceptions to rebate as set forth in such certificate if the school district does not meet the "small issuer" exception for said obligation;
 - c. Not less than 60 days prior to a required expenditure date, confer with bond counsel and a rebate consultant, if the school district will fail to meet the applicable temporary period or rebate exception expenditure requirements of the Tax-Exemption Certificate. In the event the school district fails to meet a temporary period or rebate exception:
 - i. Procure a timely computation of any rebate liability and, if rebate is due, file a Form 8038-T and arrange for payment of such rebate liability;
 - ii. Arrange for timely computation and payment of yield reduction payments (as such term is defined in the Code and Treasury Regulations), if applicable.
5. Proper Use of Bond Financed Assets

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The board treasurer shall:

- a. Maintain appropriate records and a list of all bond financed assets. Such records shall include the actual amount of proceeds (including investment earnings) spent on each of the bond financed assets;
- b. Monitor and confer with bond counsel with respect to all proposed bond financed assets;
 - i. management contracts;
 - ii. service agreements;
 - iii. research contracts;
 - iv. naming rights contracts;
 - v. leases or sub-leases;
 - vi. joint venture, limited liability or partnership arrangements;
 - vii. sale of property; or
 - viii. any other change in use of such asset.
- c. Maintain a copy of the proposed agreement, contract, lease or arrangement, together with the response by bond counsel with respect to said proposal for at least three years after retirement of all tax-exempt obligations issued to fund all or any portion of bond financed assets; and
- d. Contact bond counsel and ensure timely remedial action under IRS Regulation Sections 1.141-12 in the event the school district takes an action with respect to a bond financed asset, which causes the private business tests or private loan financing test to be met.

6. General Project Records

For each project financed with tax-exempt obligations, the board treasurer shall maintain, until three years after retirement of the tax-exempt obligations or obligations issued to refund those obligations, the following:

- a. Appraisals, demand surveys or feasibility studies;
- b. Applications, approvals and other documentation of grants;
- c. Depreciation schedules;
- d. Contracts respecting the project.

Legal Reference: Iowa Code §§ 257.31(4); 279.8; 297.22-.25; 298A (2013).

REVIEWED and APPROVED: 8/14/17 REVISED: 10/10/2022