POST ISSUANCE COMPLIANCE FOR TAX EXEMPT AND TAX ADVANTAGED OBLIGATIONS

A. This administrative regulation and related policy describes various procedures and systems designed to identify on a timely basis facts 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 continue to be eligible to be excluded from gross income for federal income tax purposes or that the Obligations continue to receive tax advantaged treatment. The federal tax law requirements applicable to each issue of Obligations will be detailed in the non-arbitrage or tax compliance certificate prepared by bond counsel (the “Tax Certificate”) and signed by officials of the District and the post-closing compliance checklist provided by bond counsel with respect to such issue. This administrative regulation and related policy establish a permanent, ongoing structure of practices and procedures that will facilitate compliance with the Code, Treasury Regulations, and SEC Rule 15c2-12 (the “Rule”).

B. This administrative regulation and the related policy do not address any post-issuance compliance requirements under state law. Nor is this administrative regulation and related policy a substitute, or a replacement, for any Tax Certificate or a post-issuance compliance checklist relating to specific Obligations. The District is responsible for compliance with any such Tax Certificate or post-issuance compliance checklist.

This administrative regulation may be modified, expanded, abridged, or otherwise amended only by the Superintendent upon consultation with the District’s attorney and Bond Counsel, with notice to the Board of Education, but without any notice or consent from any trustee, bondholder, or any other person.

1. Investment and Expenditure of Proceeds

The District’s system of internal controls and accounting will be capable of tracking the investment and expenditure of proceeds of Obligations and other amounts subject to special requirements, and the allocation of such proceeds and other amounts to District facilities. Appropriate coding will be developed to identify District facilities (or portions thereof) financed or refinanced by Obligations. Such administrative regulations will ensure that such proceeds are expended only for the purposes authorized by the resolution and, as applicable, referendum, pursuant to which such Obligations were issued and in compliance with the Tax Certificate relating to the Obligations or other instructions of Bond Counsel.
2. **Financed Facilities**

The District will track the use of facilities (or portions thereof) financed or refinanced by Obligations in the private trades or businesses of non-government persons. Arrangements for the sale, disposition, lease, sublease, management, or other use of more than one percent (1%) of facilities financed or refinanced by Obligations with a term of (i) less than 200 days will be subject to prior review and approval by the Superintendent, and (ii) equal to or greater than 200 days will be subject to prior review and approval by the Superintendent and Bond Counsel. The Superintendent will track the aggregate annual private use (if any) of facilities financed or refinanced by Obligations.

3. **Periodic Review**

The District will periodically review compliance with the requirements of the Code and Treasury Regulations necessary to preserve the tax advantages of such Obligations. Such reviews will include final allocations of proceeds not later than eighteen (18) months after completion of facilities financed or refinanced with proceeds of Obligations and annual reviews to ensure private business use of such facilities does not exceed allowable levels. Such annual review will be conducted in connection with the preparation of the District’s audited financial statements.

4. **Potential Non-Compliance**

If the Superintendent, upon any annual review or otherwise, discovers non-compliance with any requirements of the Code or Treasury Regulations necessary to preserve the tax advantages of such Obligations, the Superintendent will, after consultation with the District’s attorney and Bond Counsel, take necessary actions to remedy any such non-compliance.

5. **Retention of Professionals; Rebate Analyst**

The District will engage such professionals or consultants as are necessary, in the judgment of the Superintendent, to ensure that the requirements of the Code and Treasury Regulations necessary to preserve the tax advantages of such Obligations are timely met, including, without limitation, the requirement to compute and pay rebatable arbitrage to the United States government or to confirm an exception thereto. The Superintendent will ensure that all information reports or other returns or filings with the United States Department of Treasury or Internal Revenue Service timely will be filed on behalf of the District.

6. **Purchase of Investments**

All investments of the proceeds of Obligations will be purchased at fair market value, as defined in the Code and Treasury Regulations, and will comply with the requirements of the Code and Treasury Regulations relating to yield restriction as advised by Bond Counsel.
7. **Credit Enhancement Transactions**

   The Superintendent will consult with the Bond Counsel prior to engaging in any post-issuance credit enhancement transactions (i.e., bond insurance or letters of credit) or hedging transactions (i.e., interest rate swaps, caps, etc.) relating to any Obligation.

8. **Subsidy Payments**

   The Superintendent will implement proper administrative regulations to ensure that any federal subsidy payable in respect of any direct-pay tax credit bonds is timely transmitted to the appropriate account of the District including the timely filing of any required return or other documentation.

9. **Post-Issuance Modifications**

   The Superintendent will consult with Bond Counsel prior to any modification of the interest rate, maturity date, or other material terms of any Obligation.

10. **Records Retention**

    The District will retain records sufficient to demonstrate compliance with the requirements of the Code and Treasury Regulations necessary to preserve the tax advantages of such Obligations for the period required by law, presently understood to be the life of the Obligations or any succeeding refunding Obligation plus three (3) years.

11. **Continuing Disclosure**

    The Superintendent will ensure that the District complies with any undertakings to provide continuing disclosure in accordance with the Rule, including annual filing of operating and financial information and notices of listed “material events.”

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**LEGAL CITATION:** Internal Revenue Code of 1986, as amended, Treasury Regulations, SEC Rule 15c2-12

**ADMINISTRATIVE REGULATION**

Approved: June 21, 2016