

P3412 BOND COMPLIANCE

BOARD POLICY:

It is the District's policy to comply with all laws, regulations, and contracts applicable to its general obligation bonds including but not limited to municipal bonds, Build America Bonds, and Qualified School Construction Bonds.

1. Bond proceeds shall only be disbursed for bond issuance costs, accrued interest, and project costs authorized by the bond referendum.
2. To be an eligible project, the property being financed must be owned by USD 259.
3. The Chief Financial Officer with the assistance of the Financial Advisor and Bond Counsel will ensure that Build America Bond (BABs) are not issued with more than a *de minimis* amount of premium, as required by Section 54AA(d)(2)(C) of the Code.
4. Proceeds will be used for costs of issuance only to the extent permitted by the Federal Tax Certificate executed in connection with a series of bonds.
5. Costs that were paid prior to the issuance of the bonds are limited to costs paid subsequent to, or not more than 60 days prior to, the date a "declaration of intent" to reimburse the costs was adopted by the Board.
6. At the time that bonds are issued it must be intended and expected that the project will commit 5% of net sale proceeds within 6 months and be 85% completed within three years of issuance and 100% expended within 5 years of issuance. Additionally, Qualified School Construction Bonds (QSCB's) will have 10% of net sale proceeds committed within 6 months and 100% of net bond sale proceeds expended within 3 years.
7. None of the proceeds of the bond issue may be used for private business purposes unless permitted by the federal tax certificate executed in connection with the issuance of a given series of bonds, and such use may only occur if in accordance with tax certificate provisions and in compliance with applicable federal law.
8. A proposed change, such as sale of an asset, leases or special use agreements, operation or service agreements, or other legal rights to the financed assets of a bond-financed project's use, must be reported to the Chief Financial Officer prior to the implementation of the proposed change to ensure compliance with applicable regulations.
9. The District must comply with any state and federal investment type and yield restrictions and with federal arbitrage requirements. Arbitrage rebate payments, if required, will be made no later than 60 days after (a) each fifth anniversary of the date of issuance and (b) the final retirement of the issue. The Chief Financial Officer will be responsible for obtaining the required arbitrage rebate calculations from bond counsel or the district's auditing firm and for retaining records of the calculation.

10. All proceeds of bond issues will be deposited and maintained in a separate account or accounts not comingled with operating funds. Bond proceed investment rates will be tracked by the district Controller for the purpose of calculating any arbitrage rebate owed.
11. The Chief Financial Officer will file applicable IRS forms by the filing deadlines including but not limited to the 8038-CPs.
12. The Chief Financial Officer will annually submit the audited Comprehensive Annual Financial Report to the appropriate depository, currently EMMA. Notification of any material event, such as a bond call, will also be filed timely with EMMA.
13. The District records relating to tax-exempt bonds shall be maintained in paper or electronic format for the entire term of the bond issue plus three years, or, in the case of an issue refunded by one or more subsequent issues, for the combined term of the issues plus three years.
14. Bond transcripts will be retained for each issue for the life of the bond and all related refundings plus three years.
15. The Chief Financial Officer shall be responsible for identifying any violations of federal tax requirements relating to general obligation bonds including but not limited to traditional tax-exempt bonds, Build America Bonds, and Qualified School Construction Bonds and shall consult with legal counsel as to best method for the timely correction of any identified violations.
16. Chief Financial Officer will make final allocation of bond proceeds after expenditure of all proceeds – i.e., written document which identifies assets financed and quantifies the cost of the assets financed – based on actual facts, not initial estimates.

Administrative Responsibility: Financial Services

New Policy: February 2011 P3412

Updated administratively for alignment purposes: March 2014