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Revised: 8/24/2023
Rescinds:

Burnsville-Eagan-Savage School District Policy 705.1

705.1 POST-ISSUANCE DEBT COMPLIANCE

I. PURPOSE

The Internal Revenue Service (IRS) is responsible for enforcing compliance with the Internal Revenue Code (Code) and certain regulations promulgated thereunder (Treasury Regulations), such as regulations of tax-exempt obligations, Build America Bonds, Recovery Zone Development Bonds, and various “Tax Credit” Bonds. The IRS encourages issuers and beneficiaries of these obligations to adopt and implement a post-issuance debt compliance policy and procedures to safeguard against post-issuance violations.

II. POLICY OBJECTIVE

The school district desires to monitor its post-issuance debt compliance obligations to ensure compliance with the Code and Treasury Regulations. To help ensure compliance, the school district has developed this policy, which shall apply to the obligations mentioned above, including bonds, notes, loans, lease purchase contracts, lines of credit, commercial paper, or any other form of debt that is subject to compliance.

III. RESPONSIBILITIES

- A. The Executive Director of Administrative Services is designated as the school district’s agent responsible for post-issuance compliance with these obligations.
- B. The Executive Director of Administrative Services shall assemble all relevant documentation, records, and activities required to ensure post-issuance debt compliance as further detailed in corresponding procedures (the Post-Issuance Debt Compliance Procedures). At a minimum, the Post-Issuance Debt Compliance Procedures for each qualifying obligation will address the following:
 - 1. General post-issuance compliance;
 - 2. Proper and timely use of obligation proceeds and obligation-financed property;
 - 3. Arbitrage yield restriction and rebate;
 - 4. Timely filings and other general requirements;

5. Additional undertakings or activities that support points 1 through 4 above;
 6. Maintenance of proper records related to the obligations and the investment of proceeds of obligations;
 7. Any other requirements that become necessary in the future.
- C. The Executive Director of Administrative Services shall apply the Post-Issuance Debt Compliance Procedures to each qualifying obligation and maintain a record of the results. Further, the Executive Director of Administrative Services will ensure that the Post-Issuance Debt Compliance Policy and Procedures are updated on a regular and as needed basis.
- D. The Executive Director of Administrative Services, or any other individuals responsible for assisting the Executive Director of Administrative Services in maintaining records needed to ensure post-issuance debt compliance, are authorized to expend funds as needed to attend training or secure use of other educational resources for ensuring compliance such as consulting, publications, and compliance assistance.
- E. Most of the provisions of this Post-Issuance Debt Compliance Policy are not applicable to taxable governmental obligations unless a reasonable possibility exists that the school district may refund their taxable governmental obligation, in whole or in part, with the proceeds of a tax-exempt governmental obligation. If this refunding possibility exists, then the Executive Director of Administrative Services shall treat the taxable governmental obligation as if such issue were an issue of tax-exempt governmental obligations and comply with the requirements of this Post-Issuance Debt Compliance Policy.

IV. PRIVATE ACTIVITY BONDS

- A. The school district may issue tax-exempt obligations that are “private activity” bonds because either (1) the bonds finance a facility that is owned by the school district but used by one or more qualified 501(c)(3) organizations, or (2) the bonds are so-called “conduit bonds,” where the proceeds are loaned to a qualified 501(c)(3) organization or another private entity that finances activities eligible for tax-exempt financing under federal law (such as certain manufacturing projects and certain affordable housing projects). Prior to the issuance of either of these types of bonds, the Executive Director of Administrative Services shall take steps necessary to ensure that such obligations will remain in compliance with the requirements of this Post-Issuance Debt Compliance Policy.
- B. In a case where compliance activities are reasonably within the control of a private party (i.e., a 501(c)(3) organization or conduit borrower), the Executive Director of Administrative Services may determine that all or some portion of

compliance responsibilities described in this Post-Issuance Debt Compliance Policy shall be assigned to the relevant party. In the case of conduit bonds, the conduit borrower will be assigned all compliance responsibilities other than those required to be undertaken by the District under federal law. In a case where the Executive Director of Administrative Services is concerned about the compliance ability of a private party, the Executive Director of Administrative Services may require that a trustee be retained to assist with record keeping for the obligation and/or that the trustee or such third party be responsible for all or some portion of the compliance responsibilities.

- C. The Executive Director of Administrative Services is additionally authorized to seek the advice, as necessary, of bond counsel and/or its financial advisor to ensure the District is in compliance with this Post-Issuance Debt Compliance Policy.

Legal References: Internal Revenue Code – Post-Issuance Debt Compliance
Internal Revenue Service Form 8038-G