

Lower Merion School District

ADMINISTRATIVE REGULATIONS

No.:	820-2
Section:	OPERATIONS
Title:	BUSINESS OPERATIONS
Date Adopted:	5/9/14
Date Last Revised:	11/17/14
Reviewed:	11/6/20

R820-2 POST-ISSUANCE COMPLIANCE

Statement of Purpose

The Issuer recognizes that it assumes post-issuance compliance responsibilities under federal tax law whenever it issues tax-exempt bonds, notes or other obligations or enters into a tax-exempt lease (all of which are referred to herein as “Tax-Exempt Obligations”), whether those Tax-Exempt Obligations are issued publicly or placed privately, as in a bank loan transaction.

The Issuer also recognizes that it assumes, in a written undertaking signed on its behalf at the time of issuance of notes, bonds or other obligations (whether tax-exempt or taxable) sold in a public offering (“Publicly Offered Securities”), a post-issuance responsibility to provide ongoing disclosure of material information in accordance with certain requirements of SEC Rule 15c2-12.

To assure compliance with its obligations under federal tax law with respect to its Tax-Exempt Obligations and, as applicable, its continuing disclosure undertakings with respect to Publicly Offered Securities, the Issuer has adopted these Procedures.

Responsible Official:

The responsibility for compliance with these Procedures ultimately rests with the Business Manager of the Issuer (hereinafter referred to as the “Compliance Officer”). The Compliance Officer may identify additional officials or employees of the Issuer to assist him/her in implementing these Procedures. The Compliance Officer is also responsible for ensuring an adequate succession plan for transferring post-issuance compliance responsibility when changes in staffing occur.

Lower Merion School District

ADMINISTRATIVE REGULATIONS

No.:	820-2
Section:	OPERATIONS
Title:	BUSINESS OPERATIONS
Date Adopted:	5/9/14
Date Last Revised:	11/17/14
Reviewed:	11/6/20

POST-ISSUANCE TAX-LAW COMPLIANCE PROCEDURES

(For Tax-Exempt Obligations)

Compliance Officer's Responsibilities:

When Tax-Exempt Obligations are issued, the Compliance Officer is responsible for the following:

- 1. Closing Documents.** Obtaining and storing a closing book, binder, CD, or electronic copy of the closing documents for the Tax-Exempt Obligations.
- 2. Information Return.** Confirming that the Issuer, or Bond Counsel¹ or another party acting on behalf of the Issuer, has filed the applicable federal tax information return with respect to the Tax-Exempt Obligations (such as US Treasury Form 8038, 8038-G, 8039-GC, or 8038-CP) on a timely basis,² and filing a copy of US Treasury Notice CP-152 (confirming the filing of the tax information return) with the closing documents, as and when such Notice is received by the Issuer.
- 3. Record Retention.** Maintaining (1) the closing documents, (2) all records relating to the investment and use of the proceeds of the Tax-Exempt Obligations, and (3) all records related to compliance with arbitrage yield restrictions and arbitrage rebate calculations and payments, for six (6) years beyond the final maturity date of the original Tax-Exempt Obligations or of any Tax-

¹ References to "Bond Counsel" in these Procedures shall mean nationally recognized bond counsel which may be, but need not be, the attorney or firm of attorneys which issued or is issuing an approving legal opinion as to the tax-exempt status of interest on the Tax-Exempt Obligations to which consideration is being given.

² As of the date of adoption of these procedures, an information return is required to be filed by the 15th day of the second calendar month after the close of the calendar quarter in which the Tax-Exempt Obligation is issued, may not be filed before the issue date and must be completed based on the facts as of the issue date.

Lower Merion School District

ADMINISTRATIVE REGULATIONS

No.:	820-2
Section:	OPERATIONS
Title:	BUSINESS OPERATIONS
Date Adopted:	5/9/14
Date Last Revised:	11/17/14
Reviewed:	11/6/20

Exempt Obligations issued to refund, directly or in a series of refunding's, the original Tax-Exempt Obligations.

4. Use and Investment of Proceeds Compliance

- a. Consulting with Bond Counsel or the Issuer's financial advisor to gain an understanding of the arbitrage yield restrictions which apply or may apply to the Tax-Exempt Obligations.
- b. Assuring that the proceeds of the Tax-Exempt Obligations, including any investment earnings on such proceeds, are used as indicated in the original debt (borrowing) resolution or ordinance and closing documents or, with the advice of Bond Counsel, as may be otherwise permitted by law and the terms of the financing documents.
- c. Coordinating the receipt and retention of relevant receipts, statements, books and records with respect to the investment and expenditure of Proceeds of the Tax-Exempt Obligations. Such documentation shall include the assets or types of facilities financed with the proceeds of the Tax-Exempt Obligations.

5. Arbitrage Yield Limitation Compliance

- a. Consulting with Bond Counsel or the Issuer's financial advisor to gain an understanding of the arbitrage yield restrictions which apply or may apply to money constituting proceeds of the Tax-Exempt Obligations.
- b. Maintaining appropriate record of any and all investment of proceeds of the Tax-Exempt Obligations.
- c. Assuring that any and all investment of such proceeds is made at fair market value, and establishing and maintaining records with respect to each purchase and sale of an investment, including, if applicable, the "trade date," "settlement date", purchase or sale price and, if applicable, copies of any investment bid specifications and bids received.
- d. Monitoring the investment of proceeds of the Tax-Exempt Obligations to assure compliance with applicable arbitrage yield restrictions and engaging, when appropriate

Lower Merion School District

ADMINISTRATIVE REGULATIONS

No.:	820-2
Section:	OPERATIONS
Title:	BUSINESS OPERATIONS
Date Adopted:	5/9/14
Date Last Revised:	11/17/14
Reviewed:	11/6/20

and subject to approval by the governing board of the Issuer, an independent accountant, municipal financial advisor or arbitrage rebate consultant to assist the Issuer in complying with the arbitrage yield restriction.

6. Arbitrage Rebate Compliance

- a. Engaging, when appropriate and subject to approval by the governing board of the Issuer, an independent accountant, municipal financial advisor or arbitrage rebate consultant to assist the Issuer in complying with the arbitrage rebate requirements and to provide the Issuer with periodic reports of any arbitrage rebate liability with respect to the Tax-Exempt Obligations. Preferably such reports shall be annual, but such reports shall be not less frequent than once every 5 years, unless the Tax-Exempt Obligations have been determined to be exempt from the arbitrage rebate requirement.
- b. Determining, in consultation with the retained professional or Bond Counsel, whether the Tax-Exempt Obligations are eligible for any exemption from the arbitrage rebate requirement contained in the Internal Revenue Code or applicable Treasury Regulations, such as the “small issuer” exemption or any of 6-month expenditure, 18-month expenditure or 2-year construction expenditure exemptions.
- c. Assuring that any arbitrage rebate liability is properly accounted for in the Issuer’s books and records and annual financial statements.
- d. Assuring that any arbitrage rebate liability is calculated in compliance with federal tax rules and regulations, which presently provide that (1) the first installment of arbitrage rebate is due within 60 days following the fifth (5th) anniversary of the date of issuance of the Tax-Exempt Obligations (or any earlier arbitrage rebate calculation date elected by the Issuer), and (2) succeeding installments of arbitrage rebate are to be calculated every five (5) years thereafter and upon final redemption of the Tax-Exempt Obligations.

Lower Merion School District

ADMINISTRATIVE REGULATIONS

No.:	820-2
Section:	OPERATIONS
Title:	BUSINESS OPERATIONS
Date Adopted:	5/9/14
Date Last Revised:	11/17/14
Reviewed:	11/6/20

- e. Assuring that any arbitrage rebate payment is made no later than 60 days after the requisite rebate calculation date and is accompanied by the appropriate form, properly completed.³
- f. Assuring that a final calculation of arbitrage rebate is made and, if necessary, a final arbitrage rebate payment is made no later than 60 days after the last of the Tax-Exempt Obligations are paid, whether upon stated maturity or upon prior redemption or prepayment.

7. Restricted Private Business Use Compliance

- a. Consulting with Bond Counsel to gain an understanding of the “private business use” restrictions that may apply to the assets financed or refinanced by the Tax-Exempt Obligations.
- b. Assuring that the Issuer consults with Bond Counsel before entering into any arrangement for the use of facilities financed or refinanced in whole or in part with Tax-Exempt Obligations which could be construed as “private business use.” Examples of possible private use are:
 - Sale of financed facilities
 - Lease of financed facilities
 - Nonqualified management or service contracts for the use of financed facilities
 - Contracts granting “special legal entitlements” (such as naming rights or exclusive provider arrangements) with respect to financed facilities

³ As of the date of adoption of these procedures, arbitrage rebate payments are to be accompanied by a completed Treasury Form 8038-T.

Lower Merion School District

ADMINISTRATIVE REGULATIONS

No.:	820-2
Section:	OPERATIONS
Title:	BUSINESS OPERATIONS
Date Adopted:	5/9/14
Date Last Revised:	11/17/14
Reviewed:	11/6/20

8. Changes in Use

- a. Consulting with Bond Counsel regarding any proposed or actual change in use or ownership of the assets or facilities financed in whole or in part with proceeds of the Tax-Exempt Obligations to determine whether such change in use will affect, or has affected, adversely, the tax-exempt status of the Tax-Exempt Obligations

9. Compliance with “Bank-Qualified” Bond Limitations

- a. Monitoring, and consulting with Bond Counsel regarding, the issuance or expected issuance of any other tax-exempt obligations (whether in the form of notes, bonds, other obligations or leases) in the same calendar year of issuance as the Tax-Exempt Obligations, to assure that (1) that the Issuer may, if desired, designate the Tax-Exempt Obligations as “bank-qualified” obligations under Section 265 of the Internal Revenue Code, and (2) if the Tax-Exempt Obligations have been so designated, the issuance of any other tax-exempt obligations during the same calendar year does not adversely affect the “bank-qualified” status of the Tax-Exempt Obligations.

Procedures in the Event of Non-Compliance; Remedial Actions

If at any time it is determined that the Issuer has failed to comply, or appears to have failed to comply, with the federal tax laws and regulations applicable to the Tax-Exempt Obligations, the Issuer shall promptly implement the following procedures:

- a. Engage Bond Counsel or another independent professional person, firm or corporation to examine the facts and circumstances to determine whether there has, in fact, been a failure to comply and, if so, to provide advice and counsel as to what actions can be taken to remedy the noncompliance.
- b. If applicable, take appropriate and timely remedial action with respect to all nonqualified bonds according to Treasury Regulation Section 1.141-12 (relating to remedial actions if bonds become “private activity bonds” in whole or in part).

Lower Merion School District

ADMINISTRATIVE REGULATIONS

No.:	820-2
Section:	OPERATIONS
Title:	BUSINESS OPERATIONS
Date Adopted:	5/9/14
Date Last Revised:	11/17/14
Reviewed:	11/6/20

- c. If applicable, utilize the Internal Revenue Service’s voluntary closing agreement program (VCAP) in order to reach a settlement which preserves the tax-exempt status of interest on the Tax-Exempt Obligations.

Continuing Education and Training

The Compliance Officer shall determine if Business Office employees responsible for implementation of any of the above procedures should seek training to perform the duties above.

It shall be the policy of the Issuer that the Compliance Officer and any other Business Office employees responsible for implementing these procedures shall periodically attend conferences, seminars, or webinars discussing compliance with the rules of the Internal Revenue Code applicable to tax-exempt obligations.

POST-ISSUANCE CONTINUING DISCLOSURE COMPLIANCE PROCEDURES

(For Publicly Offered Securities)

Continuing Disclosure

The Issuer will provide ongoing financial disclosures in accordance with SEC Rule 15c2-12 (the “Rule”) and the continuing disclosure undertaking (whether in the form of a continuing disclosure certificate or agreement or a covenant contained within the financing documents themselves) for each publicly-offered issue of bonds or notes which remains outstanding (collectively, the “Continuing Disclosure Undertakings”). In furtherance thereof, the following procedures will be followed:

1. The Compliance Officer shall review each Continuing Disclosure Undertaking to become familiar with its provisions and the responsibilities of the Issuer thereunder, including
 - i. What information is required to be filed on a recurring basis (annually or more frequently) and when such filings are due.

Lower Merion School District

ADMINISTRATIVE REGULATIONS

No.:	820-2
Section:	OPERATIONS
Title:	BUSINESS OPERATIONS
Date Adopted:	5/9/14
Date Last Revised:	11/17/14
Reviewed:	11/6/20

- ii. What events are required to be publicly disclosed and when notice of any such event are required to be filed.
 - iii. The obligation of the Issuer to file a notice of failure to make a timely filing, when such a failure has occurred
 - iv. Where and how filings are to be made.
2. The Compliance Officer shall maintain copies of each Continuing Disclosure Undertaking as part of the closing documents for the bond or note issue or in a separate file.
3. The Compliance Officer will establish and maintain a calendar setting forth the “due dates” with respect to recurring (annual, or if applicable, more frequent) financial disclosures required by the Continuing Disclosure Undertakings and schedule timely reminders (*e.g.*, by entering “task” reminders on the Compliance Officer’s electronic calendar).
4. The Compliance Officer shall schedule email reminders on the EMMA website (www.emma.msrb.org) (or other available third-party website or service) to help ensure timely filing of such recurring financial disclosures as may be required, including annual financial information, audited financial information and annual budgets, in compliance with each Continuing Disclosure Undertaking.
5. The Compliance Officer shall consult with the Issuer’s solicitor, bond counsel or financial advisor regarding any questions of interpretation or implementation of a Continuing Disclosure Undertaking.
6. The Compliance Officer shall participate, on an annual basis, in training on the latest issues and developments regarding continuing disclosure obligations pursuant to the Rule and shall maintain a record of such training, including the date(s) of attendance and a general description of the training received.