

Date Adopted: 4/09/2018	File Number:
Date Revised:	Detroit Lakes Policy - 724

724 – POST-ISSUANCE DEBT COMPLIANCE

I. PURPOSE

The purpose of this policy is to take steps to ensure that all Post-Issuance obligations will be in compliance with all applicable federal regulations.

II. GENERAL STATEMENT OF POLICY

The District desires to be compliant with the Internal Revenue Service Code and Treasury Regulations. This policy shall apply to obligations such as bonds, notes, loans, lease purchase contracts, lines of credit, commercial paper or any other form of debt that is subject to compliance.

- A. The Business Manager is designated as the District’s agent who is responsible for post-issuance compliance of these obligations.
- B. The Business Manager 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. Other requirements that becomes necessary in the future.
- C. The Business Manager shall apply the Post-Issuance Debt Compliance Procedures to each qualifying obligation and maintain a record of the results. Further, the Business Manager will ensure that the Post-Issuance Debt Compliance Policy and Procedures are updated on a regular and as needed basis.

- D. The Business Manager or any other individuals responsible for assisting the Business Manager 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 there is a reasonable possibility that the 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 Business Manager 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.

III. PRIVATE ACTIVITY BONDS

- A. The District may issue tax-exempt obligations that are “private activity” bonds because either (1) the bonds finance a facility that is owned by the 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 Business Manager 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 Business Manager 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 Business Manager is concerned about the compliance ability of a private party, the Business Manager 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 Business Manager 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.