

EXHIBIT A

GALLIPOLIS CITY SCHOOL DISTRICT
PRIVATE BUSINESS USE CONTRACT REVIEW WORKSHEET

School District Department: _____

Contracting Parties: _____

Type/Title of Agreement: _____

Agreement Not Subject to Private Use Limitation

Relates solely to construction of bond-financed facility

_____ Relates to property that was not financed with proceeds of a bond issue

_____ Does not relate to use or function of property

_____ Includes incidental services only (janitorial, office equipment repair, or similar services)

_____ Compensation consists solely of reimbursement of actual and direct expenses incurred by the service provider while providing services under the agreement

Agreement Satisfies Safe Harbors for Management/Service Contracts with Outside Service Providers

If the arrangement with an outside service provider is not either an "Eligible Expense Reimbursement Arrangement" or an "Other Permissible Arrangement" (both as described below), then Bond Counsel should be consulted.

Eligible Expense Reimbursement Arrangement

_____ To be an Eligible Expense Reimbursement Arrangement, the compensation paid to the outside service provider must consist solely of reasonable overhead and the reimbursement of actual and direct expenses paid by the outside service provider to unrelated parties.

Other Permissible Arrangement

To be an Other Permissible Arrangement, all six of the following elements must be present:

1. Financial Requirements

_____ Compensation payments to the service provider (including any reimbursement for actual and direct expenses paid by the service provider and related administrative overhead expenses) are reasonable compensation for services rendered during the term of the contract^(A); and

_____ The outside service provider does not share in the net profits of the managed facility; and

_____ The outside service provider is not forced to share net losses from the operation of the managed facility^(B).

(A) Permissible compensation arrangements can include (i) capitation fees (periodic fixed fees for each person served), (ii) periodic fixed fees (stated dollar amount covering a specified period of time), (iii) per unit fees (fees based on a unit of service provided), (iv) incentive compensation based on one or more standards that measure quality of services, performance, or productivity, or (v) a combination of any of these methods.

(B) Deferred compensation due to insufficient net cash flows from the operation of a managed property will not be considered as contingent upon net profits or net losses if the compensation (a) is payable at least annually, (b) is subject to reasonable consequences for late payment (such as reasonable interest charges or late payment fees), and (c) is payable no later than five years after the original due date for such payment.

2. **Term of the Contract**

_____ The term of the contract is no longer than the lesser of (i) 30 years, or (ii) 80% of the weighted economic life of the managed property, which term is retested as of the date of any material modification of the contract. Land may be treated as having a useful life of 30 years if 25% or more of the net proceeds of the issue that financed the managed property is used to finance the costs of such land.

3. **Control of the Managed Property**

_____ The approval of the School District is required for each of the following:

- _____ the annual budget of the managed property;
- _____ capital expenditures with respect to the managed property;
- _____ any disposition of the managed property or any portion thereof;
- _____ rates charged for use of managed property (or methodology for setting such rates), or by requiring that charged rates be reasonable and customary as determined by, or negotiated with, an independent third party; and
- _____ the general nature and type of use of the managed property (for example, the type of services).

4. **Risk of Loss**

_____ The School District bears the risk of loss upon damage or destruction of the managed property.

5. **Tax Position of Outside Service Provider**

_____ The outside service provider expressly agrees that it is not entitled to and will not take any tax position that is inconsistent with being an outside service provider to the School District with respect to the managed property.

6. Rights of the School District

_____ The outside service provider does not have any role or relationship with the School District that might limit the ability of the School District to exercise its rights under the contract.

Agreement Requires Further Review by Bond Counsel

_____ Ownership (including agreement that transfers title at end of the term)

_____ Lease, license, or any other agreement which creates exclusive or priority rights to use any portion of a bond-financed property or which creates an economic benefit for the third-party user

_____ Agreement with governmental entity or 501(c)(3) organization

_____ Research agreement

_____ Management or service contract falling outside safe harbors listed above (provide explanation)

Reviewer: _____

Date: _____

[Adoption date: March 15, 2017]

