

**TERRELL COUNTY BOARD POLICY
TAX-EXEMPT DEBT**

Descriptive Code: DCB
Issue Date: 6/10/2013
Rescinds Code:
Issued:

OBJECTIVE

To comply with all applicable federal and state laws, rules and regulations related to the issuance of tax-exempt debt (the “Debt”).

SCOPE

This policy (the “Policy”) applies to all Debt issued for the benefit of the Terrell County School District (the “Company”) and its related entities.

POLICY

The Company shall comply with all federal and state laws, rules and regulations related to the issuance of Debt.

RESPONSIBILITY

The Financial Accounting Officer shall be administratively responsible for the Policy.

DISSEMINATION AND TRAINING

The Policy shall be disseminated to all personnel in the finance department and to the auditor.

REVIEW

The Policy shall be reviewed and revised annually by the Financial Accounting Officer and redistributed to all personnel in the finance department and to the auditor.

PROVISIONS

Use of Proceeds

A list of all property financed with the proceeds of the Debt shall be created and maintained. The use of such property shall be monitored to ensure that such use does not constitute “private business use” within the meaning of the Code. Without limiting the foregoing, each contract, including but not limited to management contracts and leases, relating to such property shall be reviewed by legal counsel prior to the execution of such contract. The list of property shall be reviewed at least annually to ensure that none of the property has been sold.

Remedial Action

In the event that property financed with the proceeds of the Debt is used in a manner that constitutes “private business use” or the property is sold, the remediation provisions of Treasury Regulation § 1.141-12 shall be carried out in consultation with bond counsel.

Yield Restriction

If bond counsel advises that a fund or account needs to be yield restricted (*i.e.*, not invested at a yield in excess of the Debt), the moneys on deposit in such fund or account shall be invested in United States Treasury Obligations – State and Local Government Series, appropriate “yield reduction payments” shall be made if permitted by the Code or the Financial Accounting Officer shall establish other procedures to ensure that such fund or account is yield restricted.

Rebate

At the time the Debt is issued, the Financial Accounting Officer shall determine if he or she reasonably expects that one of the arbitrage rebate exceptions will be satisfied. If the arbitrage rebate exception relates to the time period over which the proceeds of the Debt are spent, the Financial Accounting Officer shall verify that the appropriate expenditures have been made at each milestone. If one of the milestones is not satisfied or the Financial Accounting Officer does not reasonably expect that one of the arbitrage rebate exceptions will be satisfied, an outside arbitrage rebate consultant shall be retained.

Private Use

It is the Company’s intention not to engage in transactions that create the private use of facilities or assets financed or refinanced with the Debt (the “Financed Facilities”). The Company will not sell or lease or permit the sale or lease of all or any portion of the Financed Facilities, or enter into a management agreement or other similar agreement with respect to all or any portion of the Financed Facilities, or otherwise dispose of or transfer control of all or any portion of the Financed Facilities without receiving an opinion from Bond Counsel that such action will not adversely affect the tax-exempt status of any Debt issued for the benefit of the Company.

The Company will educate all individuals who manage and/or use the Financed Facilities regarding the applicable private use guidelines.

All agreements/contracts, including but not limited to research contracts, related to Financed Facilities will be reviewed by the Company’s counsel and Bond Counsel to determine if they comply with the applicable private use safe harbor guidelines (the “Safe Harbor”). The Company’s counsel and/or Bond Counsel shall provide written advice to the person responsible for the Policy as to whether or not the agreements/contracts comply with the Safe Harbor.

The Company will identify all the Financed Facilities on its fixed asset ledger (the “Ledger”).

The Company will review annually any and all use of Financed Facilities by private businesses, which use may arise as a result of entering into leases, management contracts, research arrangements or other arrangements, to determine if such use complies with the Safe Harbor.

Unrelated Trade or Business Income

The Company conduct an annual review of its activities to ensure that it is not engaging in activities that would result in “unrelated trade or business income” that would jeopardize its 501(c)(3) status. Furthermore, the Company will review annually any and all use of Financed Facilities to ensure that such use does not result in unrelated trade or business income.

Average Life of Assets Financed/Refinanced with Tax-Exempt Debt Proceeds

The Company shall identify the expected economic life of the Financed Facilities on the Ledger to ensure that the average maturity of the related Debt does not exceed the average life of the Financed Facilities by more than twenty percent (20%).

Fundraising

If fundraising moneys are received for the Financed Facilities, such moneys will be invested at a yield not in excess of the yield on the related Debt or will be used promptly to redeem the related Debt.

Record Retention

The Company will retain all records relating to Debt it issues in order to comply with Section 6001 of the Internal Revenue Code. These records should include, among other things, the following:

1. Basic records relating to the tax-exempt debt (including the trust indenture, loan agreements, and bond counsel opinion);
2. Documentation evidencing expenditure of debt proceeds;
3. Documentation evidencing use of debt-financed property by public and private sources (*i.e.* copies of management contracts and research agreements);
4. Documentation evidencing all sources of payment or security for the debt;
5. Documentation pertaining to any investment of debt proceeds (including the purchase and sale of securities, SLGs subscriptions, yield calculations for each class of investments, actual investment income received, the investment of proceeds, guaranteed investment contracts and rebate calculations);
6. Form 1023, Application for Recognition of Exemption under Section 501(c)(3) of the Internal Revenue Code;
7. 501(c)(3) Determination Letter;
8. IRS Correspondence related to tax status;
9. Organizing Documents;
10. Letter Exempting the Company from Form 990 requirements;
11. Audited Financial Statements;
12. Bond transcripts, officials statements and other offering documents;
13. Minutes and resolutions authorizing issuance;
14. Certifications of the issue price of debt financings;
15. Formal elections for debt financings (*e.g.* election to employ an accounting methodology other than specified tracing);
16. Appraisals, demand surveys or feasibility studies for debt-financed property;
17. Documents related to government grants associated with construction, renovation or purchase of debt-financed facilities;
18. Publications, brochures and newspaper articles for debt financings;
19. Trustee statements;

20. Correspondence related to debt financing; and
21. Reports of any prior IRS examinations or organization or debt financings.

All such records must be maintained as long as the debt is outstanding, plus three years after the final payment and redemption date.