

## Procedure III.3001.D.a, Debt Management: Post Issuance Compliance

### Associated Policy

Policy III.3001.D, Debt Management

### Procedures

This procedure sets forth the College's methodology for ensuring continued post-issuance compliance with Internal Revenue Service (IRS) requirements pertaining to tax-exempt bonds and notes (TEBs), and post-issuance compliance with disclosure and contractual obligations pursuant to the requirements of the Exchange Act and the Securities Act including, in particular, Rule 15C2-12 and other applicable rules, regulations and orders.

The Vice Chancellor of Fiscal Affairs (VCFA) has primary responsibility for post-issuance compliance efforts. Specific tasks are delegated as listed below.

Director of Accounting and Financial Services	Administration of the investment files related to arbitrage calculations required by the IRS, and coordination with the external arbitrage firm
Director of Accounting and Financial Services	Tracking of expenditures of all debt proceeds, including for cost of issuance and working capital
Director of Accounting and Financial Services, in coordination with Campus Deans of Administration	Tracking and recording private use in the financed facilities
Director of Contract and Purchasing Services, in coordination with AVC Fiscal Initiatives and Capital Projects	Monitoring and maintaining all contracts for bond-financed facilities
Vice Chancellor of Fiscal Affairs	Review of private business use calculations and review of other tax implications pertaining to bond issuance and post-issuance compliance
Vice Chancellor of Fiscal Affairs, in coordination with Financial Advisor	Coordinate annual filing of financial and operating data and event notices with the MSRB through EMMA
Vice Chancellor of Fiscal Affairs, in coordination with Financial Advisor	Communicate with bond counsel and tax attorney

TEBs are debt obligations, the proceeds of which are used by the College to finance construction of all or a portion of its facilities. The obligation to maintain the tax-exempt status of the TEBs remains throughout the life of the bonds.

Post-issuance tax compliance begins with the debt issuance process itself and provides for a continuing focus on investments of debt proceeds and use of debt-financed property. Post-issuance compliance responsibilities include:

- Tracking bond proceeds spending for qualified purposes
- Maintaining detailed records of the expenditure and investment of the proceeds of the TEBs
- Ensuring the project financing is used in a manner consistent with the federal income tax requirements
- Providing necessary disclosure information regarding financial and operating status

**Definitions**

**Annual Filing:** The annual financial information and operating data to be filed with the MSRB pursuant to Rule 15c2-12 and Disclosure Agreements

**Arbitrage:** The difference between the interest paid on tax-exempt bonds and the interest earned by investing the proceeds of the tax-exempt bonds in higher-yielding taxable securities

**EMMA:** The Electronic Municipal Market Access system maintained by the MSRB

**Event Notice:** The notice to be filed with the MSRB through EMMA upon the occurrence of events defined as reportable by the MSRB

**Financial Advisor:** Firm providing financial advisory services to the College

**MSRB:** The Municipal Securities Rulemaking Board

**Private Business Use:** The use of a facility financed with TEBs by any person or entity that is not a state or local government entity, or certain entities described in section 501(c)(3) of the IRS Code

**Rule 15c2-12:** SEC Rule 15c2-12, as amended, under the Exchange Act

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Associated Policy	Policy III.3001.D, Debt Management
Primary Owner of Policy Associated with the Procedure	Vice Chancellor, Fiscal Affairs
Secondary Owner of Policy Associated with the Procedure	Director, Accounting and Financial Services