

WELLS-OGUNQUIT COMMUNITY SCHOOL DISTRICT POST-ISSUANCE COMPLIANCE POLICY FOR BONDS

Scope

For purposes of this Policy, “Bond” or “Bonds” means any outstanding obligations of Wells-Ogunquit Community School District (the “CSD”) incurred for the purposes of borrowing money, including without limitation, bonds, notes, and lease purchase agreements. “Tax-advantaged Bonds” means Bonds issued on a tax-advantaged basis, including tax-exempt Bonds and tax credit Bonds. “Securities” means Bonds (whether or not issued on a tax-advantaged basis) that are sold to underwriters to be resold on the public securities market.

This Policy is adopted to ensure that for all of the CSD’s Bonds, the CSD complies with its ongoing obligations with respect to:

- i. Applicable provisions of the Internal Revenue Code of 1986, as amended, and regulations thereunder (the “Code”) for tax-advantaged Bonds issued by the CSD; and
- ii. Applicable requirements set forth in certificates and agreements (“Continuing Disclosure Agreements”) related to ongoing disclosure in connection with the issuance of Securities that are subject to the continuing disclosure requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission.

Compliance Officer

The CSD designates the Director of Finance of the CSD as the Compliance Officer who shall be responsible for monitoring post-issuance compliance under this Policy.

- i. The Compliance Officer shall review compliance under this Policy with respect to all tax-advantaged Bonds and Securities of the CSD on a periodic basis, but not less than annually.
- ii. Compliance Officer shall be properly trained to implement this Policy.
- iii. The Compliance Officer shall consult with the CSD’s bond counsel, financial advisor, or other consultant(s), as needed, to carry out the requirements of this Policy.

The CSD shall include the duties of Compliance Officer in the job description for the position of Director of Finance.

Record Retention

For each of the Bonds issued by the CSD, the Compliance Officer shall:

- i. Obtain and retain a closing transcript (in hardcopy and/or electronic form) of relevant and customary transaction documents (the “Transcript”).
- ii. Confirm that the applicable IRS information report (e.g., Form 8038-G, 8038-GC, or 8038-TC) has been timely filed with the IRS.
- iii. For certain tax credit Bonds, confirm that applicable IRS forms are filed with respect to:

- a. receipt of interest subsidy payments (8038-CP)
 - b. payment of interest to bondholders (8038-INT), and
 - c. allowances of tax credits to bondholders (8038-BTC).
- iv. Obtain and retain relevant records and accountings with respect to expenditure and investment of Bond proceeds; use of the project(s) or facility(ies) financed with Bond proceeds by public and private users; and all sources of payment or security for debt service on the Bond.

In general, unless a longer period is specified in Bond documents, all records related to Bonds should be retained until the date 3 years after the last outstanding Bonds have been retired. If any Bonds are retired by other bonds (“Refunding Obligations”), applicable records should be retained until the later of the date 3 years after the last outstanding Bonds have been retired or the date 3 years after the last Refunding Obligations have been retired.

Policy Regarding Tax-Advantaged Bonds

The Compliance Officer shall ensure that the CSD complies with the terms and covenants of any tax certificates (e.g., general tax certificate, arbitrage and use of proceeds certificate) issued in connection with tax-advantaged Bonds.

Investment and Use of Proceeds; Arbitrage Compliance

The Compliance Officer shall:

- i. ensure that tax-advantaged Bond proceeds are kept in separate accounts and not commingled with other funds, such that expenditures of tax-advantaged Bond proceeds and earnings on investments of tax-advantaged Bond proceeds can be properly accounted.
- ii. ensure that tax-advantaged Bond proceeds are allocated and expended in a manner that is consistent with the purpose for which a tax-advantaged Bond is issued (including reimbursement of expenditures made prior to tax-advantaged Bond issuance), as set forth in any tax certificate or similar agreement or document related to the tax-advantaged Bond.
- iii. identify any applicable temporary period during which the tax-advantaged Bond proceeds may earn interest at an unrestricted yield, and in the event that tax-advantaged Bond proceeds are not expended by the expiration of the applicable temporary period, the Compliance Officer shall take steps to redeem unexpended tax-advantaged Bonds, make yield reduction payments, or provide for appropriate yield restriction on the investment of such unexpended proceeds.
- iv. identify the applicable exception to arbitrage rebate (e.g., small issuer exception or 6-month, 18-month, or 24-month spending exceptions) and monitor compliance. In the event that that the CSD ceases to qualify for an exception to rebate, the Compliance Officer shall contact bond counsel to review investment earnings and calculate any potential arbitrage rebate liability.

Use of Tax-Exempt Bond-Financed Property; Private Activity Concerns

The Compliance Officer shall:

- i. maintain records of all tax-exempt Bond-financed properties financed with tax-exempt Bonds and the amount of tax-exempt Bond proceeds expended on each such property;
- ii. ensure that tax-exempt Bond proceeds are allocated and expended in a manner that is consistent with the purpose for which a tax-exempt Bond is issued (including reimbursement of expenditures made prior to tax-exempt Bond issuance),
- iii. monitor and maintain records of all non-public use of tax-exempt Bond-financed properties to ensure compliance with applicable restrictions against private use. Non-public users include non-profit businesses and the federal government and its agencies. Private uses include:
 - a. Lease or sale of property
 - b. Management contracts (by which a third party operates a facility; e.g., cafeterias)
 - c. Joint ventures or partnership agreements
 - d. Grants or loans to private entities, including special assessment agreements;
 - e. Sale of naming rights;

In the event of any private use of tax-exempt Bond-financed property, the Compliance Officer shall consult with bond counsel to determine whether the private use will have an adverse effect on the tax status of tax-exempt Bonds and if remedial action is appropriate.

Reissuance

The Compliance Officer shall identify and consult with bond counsel regarding any modification to a tax-advantaged Bond that could potentially be treated as a reissuance for federal tax purposes. Modifications that may cause a reissuance are those that change the legal rights of bondholders, including without limitation, changes in yield, changes in timing of payments; changes in the issuer or security of a recourse bond; and changes in the nature of the bond (e.g., recourse to nonrecourse).

Federal Tax-Credit/Subsidy Filings

This section applies to qualified tax credits Bonds, including without limitation, Qualified School Construction Bonds, Qualified Zone Academy Bonds, Qualified Energy Conservation Bonds, and Build America Bonds.

The Compliance Officer shall be responsible to identify certain qualified tax credit Bonds for which the CSD is eligible to receive federal interest subsidy payments and to make the necessary periodic IRS filings (8038-CP) in order to receive such payments.

In the case of tax credit Bonds for which the bondholder is entitled to receive tax credits, the Compliance Officer shall file the appropriate IRS Form (1097-BTC) to annually report the tax credits payable to bondholders.

The Compliance Officer shall be responsible for reporting interest paid to bondholders of certain tax credit bonds as required on Form 1099-INT.

Policy Regarding Publicly Offered Securities

The following applies to Securities of the CSD; that is, Bonds that have been purchased by underwriters, who intend to resell the Bonds on the public securities market.

The Securities and Exchange Commission Rule 15c2-12 requires such underwriters to determine that issuers have undertaken to make ongoing disclosures in connection with the offering of securities on the public market. Unless a Security is exempt from this Rule, the CSD's undertaking of ongoing disclosure is typically found in a "continuing disclosure agreement."

Record Keeping

The Compliance Officer shall

- i. compile and maintain a set of all Continuing Disclosure Agreements of the CSD related to Securities. These agreements should be found in the closing transcript for each of the Securities.
- ii. identify the specific types of audited financial statements and other financial information and operating data that are required to be reported on an annual basis under the terms of each continuing disclosure agreement, keeping in mind that the type of financial information and operating data required to be reported may differ from that required under other continuing disclosure agreements.
- iii. identify the annual deadline for reporting audited financial statements and other financial information and operating data, keeping in mind that the deadlines established in each continuing disclosure agreement may differ.
- iv. maintain a calendar of all pertinent filing deadlines, and subscribe to notification services provided by EMMA (defined below).

Annual Disclosures/Review

The Compliance Officer shall ensure that all necessary audited financial statements and other financial information and operating data are timely filed in accordance with the respective continuing disclosure agreements. The filings are to be made to the Municipal Securities Rulemaking Board (MSRB) in the manner that it may prescribe, which is currently through its online portal, the Electronic Municipal Market Access (EMMA).

The Compliance Officer shall annually review compliance with prior filing requirements dating back five years. If the Compliance Officer discovers any late or missing filings, the Compliance Officer shall correct the prior omission(s), including the filing of a Notice of Failure to File in accordance with Rule 15c2-12.

Material Event Disclosures

The Compliance Officer shall monitor the occurrence of any of the following “material events” with respect to applicable Securities and any other events set forth in a currently effective continuing disclosure agreement. The occurrence of any of these events is required to be disclosed within 10 business days of the occurrence.

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (7) Modifications to rights of security holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the securities, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person;

For the purposes of the event identified in (12), the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

- (13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

- (14)** Appointment of a successor or additional trustee or the change of name of a trustee, if material.

Adopted by the WOCSD School Committee: January 7, 2015