MANAGEMENT SUPPORT SERVICES

Governmental Bonds – Post Issuance Compliance Policy

This Post Issuance Compliance Policy addresses the Central Kitsap School District’s compliance with federal tax, federal securities and state law requirements and contractual obligations applicable to the District’s tax-advantaged governmental bond issues. This policy applies to all of the District’s tax-exempt governmental bonds, and other bonds subject to comparable requirements.

Purpose
This policy outlines the District’s responsibility to meet federal and state requirements associated with a bond issue.

Primary Responsibility
The Executive Director of Business and Operations (the “Responsible Officer”) will undertake post-issuance compliance relating to the District’s bonds. The Responsible Officer is familiar with the provisions of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations (the “Regulations”) governing the tax-exempt status of the bonds and with the federal securities law requirements governing the bonds, including SEC Rule 15c2-12. The Responsible Officer may delegate tasks to other officers or staff of the District or to outside attorneys or other experts. These delegations will be documented in a District procedure. The Responsible Officer has established Post Issuance Compliance Procedures which describe the responsibilities and requirements associated with the District’s bonds in more detail. Such Procedures will be reviewed annually and upon each issuance of bonds.

Requirements at Bond Closing
Numerous federal tax, federal securities and state law requirements must be met in connection with a bond issue. In some circumstances (e.g., revenue bonds) rate and other covenant requirements will also need to be satisfied. These requirements are addressed in the bond transcript completed at bond closing, and confirmed in certain respects by the legal opinions included in the bond transcript. For each bond issuance, the Responsible Officer will create a written schedule for due diligence reviews, with the appropriate officials set forth below, based upon the expectations set forth in the transcripted documents.
**Requirements after Bond Closing**
Federal tax and securities law, state law and contractual obligations require on-going monitoring after the issuance of the bonds.

- **Records to be Maintained**
  The District will maintain adequate records to substantiate compliance with federal tax, securities law, state law and other contractual requirements applicable to the District’s bonds. Generally, records should be maintained for the term of the bonds (plus the term of any refunding bonds) plus three years.

- **Use of Bond Proceeds During the Construction Period**
  The District will monitor the expenditure of bond proceeds to assure that the required amount of bond proceeds are used for capital projects and that not more than 10% are expended for projects that will be used in a private trade or business (including by the federal government and nonprofit entities).

- **Use of Bond-Financed Facilities**
  The District will monitor (and limit) the private use of the bond-financed facilities to maintain the federal tax treatment of governmental bonds. In general, no more than 10% of the bond-financed facility can be used in a private trade or business (including by the federal government and nonprofit entities).

- **Continuing Disclosure**
  The District is required to make annual filings with the Municipal Securities Rulemaking Board (“MSRB”) as described in the continuing disclosure undertaking for each bond issue (which may include tax-exempt or taxable bonds), and to file notice of certain material events.

**Schedule of Review**
This policy and the associated procedure will be reviewed at least annually and upon each issuance of new bonds, including refunding bonds.
Cross Reference:
6910 Construction Financing

Legal References:
RCW 28A.320.330 School Funds Enumerated- Deposits-Uses
RCW 28A.530.030 Sale of Bonds – Delivery—Disposition of Proceeds
WAC 392-123-180 Bond Proceeds

Adopted: April 27, 2016

Central Kitsap School District