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**POST-ISSUANCE TAX COMPLIANCE FOR TAX EXEMPT BONDS**

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**Scope:** Louisiana State University

**Effective:** March 20, 2012

**I. Purpose**

- A. To establish policies and procedures regarding tax exempt bonds issued by the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College ("LSU") so as to adhere with all applicable post-issuance requirements of federal income tax law in order to preserve the tax exempt status of the bonds.

**II. Post-Issuance Compliance Requirements**

- A. LSU shall consult with bond counsel and other legal counsel and advisors, as needed, throughout the bond issuance process to identify requirements and to establish procedures necessary or appropriate so that the bonds will continue to qualify for tax-exempt status.
- B. Requirements and procedures shall be documented in the Tax Compliance Certificate and/or other documents finalized at or before issuance of the bonds.
- C. The requirements and procedures will include future compliance with applicable arbitrage rebate requirements and all other applicable post-issuance requirements of federal tax law throughout the term of the bonds.
- D. LSU shall consult with bond counsel and other legal counsel and advisors, as needed, following the issuance of bonds to ensure that all applicable post-issuance requirements are met.
- E. Bond counsel and other legal counsel and advisors will be consulted regarding any potential changes in use of the bonds or refunding of the bonds to ensure compliance with all covenants and restrictions set forth in the Tax Compliance Certificate relating to the bonds.
- F. LSU will engage expert advisors to assist in the calculation of arbitrage rebate with respect to the investment of bond proceeds in accordance with the schedule specified in the Tax Compliance Certificate.
- G. LSU shall monitor the use of bond proceeds (including investment earnings and reimbursement of expenditures made before bond issuance) and the use of bond-financed assets throughout the term of the bonds to ensure compliance with covenants and restrictions set forth in the Tax Compliance Certificate relating to the bonds.
- H. LSU shall maintain records identifying the assets that are financed with proceeds of each bond issue.
- I. LSU shall meet at least annually with individuals responsible for bond-financed assets to identify and discuss any existing or planned use of bond-financed assets to ensure compliance with covenants and restrictions set forth in the Tax Compliance Certificate relating to the bonds.
- J. LSU agrees to the extent that LSU discovers that any applicable tax restrictions regarding use of bond proceeds and bond-financed assets may be violated, it will consult promptly with bond counsel and other legal counsel and advisors to determine a course of action to remediate all non-qualified bonds, if such counsel advises that a remedial action is necessary.
- K. LSU shall maintain copies of all leases, subleases, management contracts, naming rights agreements or other agreements relating to the use of any bond-financed property and an accounting of all revenues received pursuant to any of the foregoing.

**III. Arbitrage Rebate and Yield**

- A. LSU is responsible for compliance with all requirements under federal arbitrage regulations and will ensure the following:
  - i. Engaging the services of a rebate service provider prior to each rebate calculation date;
  - ii. Providing any additional documents and information reasonably requested by the rebate service provider;
  - iii. Monitoring the efforts of the rebate service provider;
  - iv. Requesting the trustee to deliver statements concerning investment of bond proceeds to the rebate service provider;
  - v. Assuring payment of required rebate amounts, if applicable, no later than 60 days after each 5 year anniversary of the issue date of the bonds and no later than 60 days after the last bond of each issue is paid or redeemed;
  - vi. Monitoring the investment and expenditure of bond proceeds during the construction period of each capital project financed in whole or in part by bonds to determine compliance with any applicable exceptions from the arbitrage rebate requirements and
  - vii. Retaining copies of all arbitrage reports and trustee statements.

#### **IV. Record Retention**

- A. LSU will be responsible for maintaining the following documents for the term of each bond issue (including refunding of bonds) plus three years:
  - i. A copy of the bond closing transcript(s) and other relevant documentation in connection with the closing of the bond issue;
  - ii. A copy of all material documents relating to capital expenditures financed or refinanced with bond proceeds including, but not limited to;
    - a. Construction contracts and purchase orders
    - b. Invoices related to bond proceeds spent during the construction period
    - c. Trustee requisitions and payment records
    - d. Documents relating to costs reimbursed with bond proceeds
    - e. Records identifying the assets that are financed or refinanced with bond proceeds
  - iii. A copy of all records of investments, investment agreements, arbitrage reports, and trustee statements.

#### **V. Remedial Action**

- A. LSU will monitor the use of the bond proceeds and in the event that there is or will be private-use or unqualified-use, LSU will comply with the remedial action provisions of the Code and Regulations thereunder, including, without limitation, redemption or defeasance of bonds.

#### **VI. Responsible Parties**

- A. The Director of the Financial Accounting & Reporting division of the Office of Accounting Services is responsible for ensuring compliance with the post-issuance requirements of tax exempt bonds as set forth in this document.