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Solana Beach, California
92075

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BOARD OF DIRECTORS

Eric Dill,

Chairperson,

San Dieguito Union High

School District

Nancy Lynch,

Vice Chairperson,

Solana Beach School

District

Doug Rafner,

Director,

Del Mar Union School

District

Mark Risco,

Executive Director and

Board Secretary

North City West School Facilities Financing Authority Board of Directors' Meeting

September 13, 2012

710 Encinitas Blvd. Encinitas, CA 92024

2:30 p.m.

Phone: (858) 792-6937; Fax: (858) 792-8270

Welcome...

PUBLIC COMMENTS

With the exception of personnel items, individuals wishing to address the Board concerning an agenda item (or on other topics pertaining to JPA/CFD jurisdiction) are invited to do so at this time.

In the interest of time, **public presentations are limited to five (5) minutes per person, per topic.** If you wish to speak, please complete a card (located at the sign-in desk); and present it to the Board chairperson before commencement of the meeting. When the chairperson invites you to speak, please state your name, address and/or organization before making your presentation.

Please note: The law does not permit complaints and/or charges against an employee or staff member in an open Board of Directors' meeting.

In accordance with the Brown Act, there shall be no action taken for an item that has not been scheduled on a published agenda. Instead, the Board may:

- 1) Acknowledge receipt of the information,
- 2) Refer to staff for further study, or
- 3) Defer the matter to a future agenda.

We appreciate your cooperation.

PUBLIC INSPECTION OF DOCUMENTS

In compliance with *Government Code 54957.5*, agenda related documents distributed to the Board less than 72 hours prior to meetings are available for inspection at North City West School Facilities Financing Authority executive offices located at 27368 Via Industria, Suite 110, Temecula, California.

CLOSED SESSION

To consider timely, qualified matters of litigation, personnel, or on real estate negotiations, the Board may meet in a closed session.

AMERICANS WITH DISABILITIES ACT

In compliance with the *Americans with Disabilities Act*, please contact the director at (858) 792-6937 by **noon**, the day before the Board meeting, to arrange reasonable accessibility for meeting participation.

Please set cellular phones and pagers to **silent mode**, and engage in conversations outside the meeting room.

North City West School Facilities Financing Authority

Directors:

Eric Dill, Chairperson, San Dieguito Union High School District
 Nancy Lynch, Vice Chairperson, Solana Beach School District
 Doug Rafner, Director, Del Mar Union School District
 Mark Risco, Executive Director and Board Secretary

AGENDA

<u>Items</u>	<u>Page No.</u>
1. CALL TO ORDER	
A. Call to order September 13, 2012 at 2:30 p.m.	
2. PLEDGE OF ALLEGIANCE	
3. APPROVAL OF AGENDA	1-2
4. APPROVAL OF MINUTES	3-4
A. Regular meeting, June 7, 2012	
5. PUBLIC COMMENT	
<p>In accordance with the Brown Act, unless an item has been placed on the published agenda, there shall be no action taken. The Board may 1) acknowledge receipt of the information, 2) refer to staff for further study, or 3) refer the matter to the next agenda.</p>	
6. FINANCIAL REPORTS	5-11
<p>The following reports record the routine business of the JPA/CFD for fiscal Year 2012/13. Members of the Board, the administration or the public may request that specific items be discussed prior to their acknowledgement.</p>	
A. Executive Summary	
B. Building Permit Activity	
C. Financial Overview	
D. Income	
E. Expenditures (through July 2012)	

CARMEL VALLEY

North City West School Facilities Financing Authority

Directors:

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Nancy Lynch, Vice Chairperson, Solana Beach School District
Doug Rafner, Director, Del Mar Union School District
Mark Risco, Executive Director and Board Secretary

7. EXECUTIVE DIRECTOR'S REPORT

- A. Delinquency Management Update
- B. Levy has been submitted to San Diego County
- C. Upcoming Audit

8. ACTION ITEM

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- A. Approve contract for F/Y 2011-12 annual independent audit with Wilkinson Hadley & Co., LLP for an amount not to exceed \$4,900
- B. Establish NCW post issuance compliance procedures

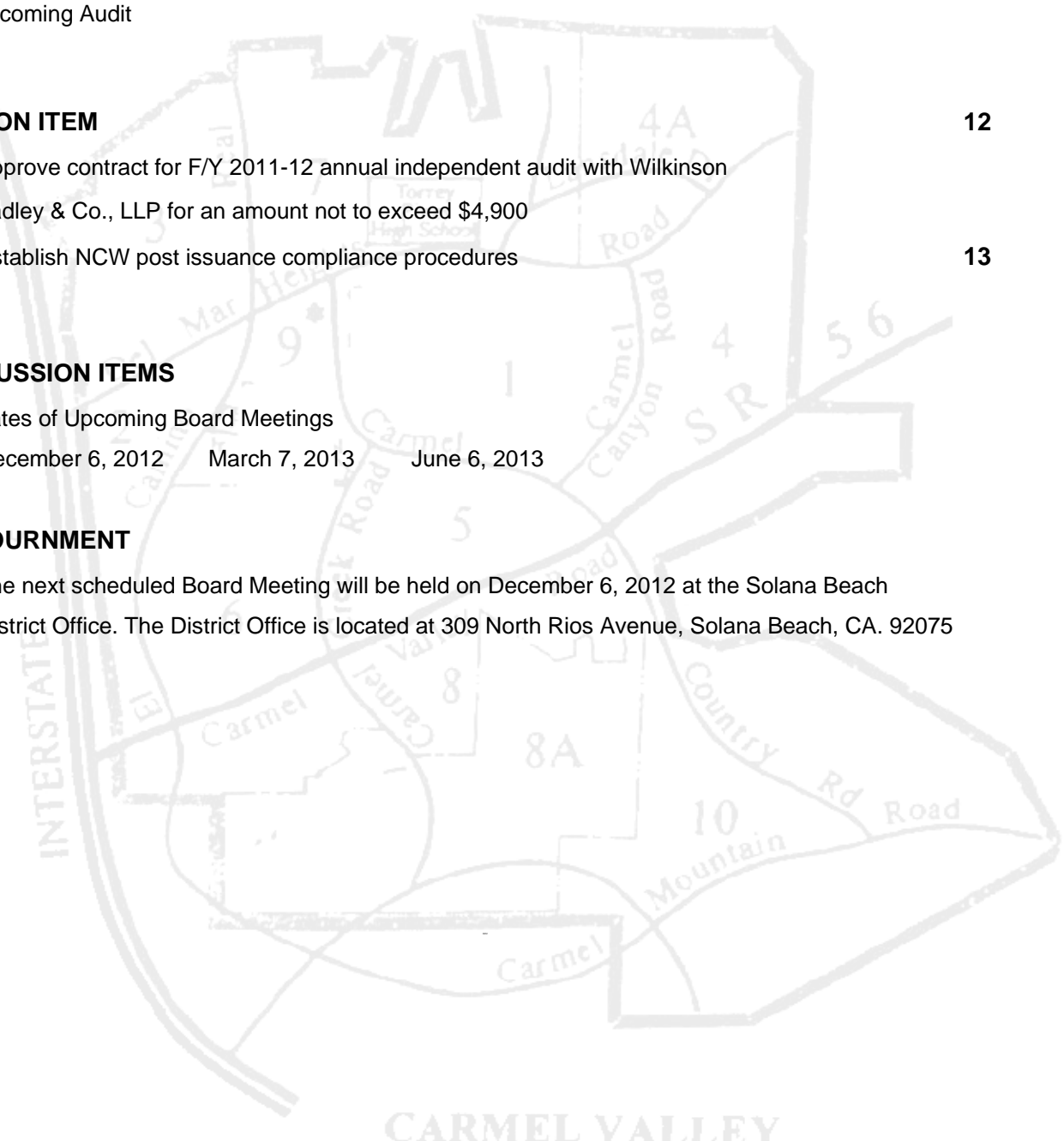
13

9. DISCUSSION ITEMS

- A. Dates of Upcoming Board Meetings
December 6, 2012 March 7, 2013 June 6, 2013

10. ADJOURNMENT

The next scheduled Board Meeting will be held on December 6, 2012 at the Solana Beach District Office. The District Office is located at 309 North Rios Avenue, Solana Beach, CA. 92075



North City West School Facilities Financing Authority

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ITEM 4A

MINUTES

The Directors of the **North City West School Facilities Financing Authority** and Community Facilities District 1 & 2 of the North City West School Facilities Financing Authority held a **Special Meeting** on **June 7, 2012** at Solana Beach School District Offices, 309 North Rios Avenue, Solana Beach, CA, 92075. (The letters "JPA" will be used in place of North City West School Facilities Financing Authority and the letters "CFD" will be used in place of Community Facilities Districts 1 & 2).

PRESENT:

Directors: Eric Dill, San Dieguito Union High School District

Other Personnel, Member Districts:

Nancy Lynch, Solana Beach School District
Jim Peabody, Del Mar Union School District
Caroline Brown, Solana Beach School District
Carlos Estella, Solana Beach School District

Administration:

Mark Risco, Willdan Financial Services
Gladys Medina, Willdan Financial Services
Josephine Perez Moses, Willdan Financial Services
Adam Bauer, Fieldman Rolapp & Associates
Ralph Holmes, E. J. De la Rosa & Co

1. CALL TO ORDER, PLEDGE OF ALLEGIANCE

The meeting was called to order at 2:30 p.m.

2. PLEDGE OF ALLEGIANCE

3. APPROVAL OF AGENDA

Moved by Peabody, second by Lynch to approve the agenda. Carried unanimously.

3. PUBLIC COMMENT

There was no comment from the public.

4. ACTION ITEMS

Review and approve NCW JPA Administrative Budget for fiscal year 2012-13. Moved by Peabody, second by Lynch to approve the FY 12-13 Budget. Carried unanimously.

Election of NCW JPA Board officers for fiscal year 2012-13:

Moved by Peabody, second by Lynch to elect Eric Dill as Chairperson of the NCW JPA/CFD for fiscal year 2012-13. Carried unanimously.

Moved by Peabody, second by Dill to elect Nancy Lynch as Vice-chairperson of the NCW JPA/CFD for fiscal year 2012-13. Carried unanimously.

North City West School Facilities Financing Authority

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Moved by Peabody, second by Lynch to elect Mark Risco as Secretary the NCW JPA/CFD for fiscal year 2012-13. Carried unanimously.

The dates for the regular NCW JPA Board meetings for fiscal year 2012-13 will be:

September 13, 2012, December 6, 2012, March 7, 2013, and June 6, 2013. Moved by Peabody, second by Lynch. Carried unanimously.

Approve Annual Special Tax levy for CFD No. 1 Special Taxes for fiscal year 2012-13. Moved by Peabody, second by Lynch. Carried unanimously.

Approve Annual Special Tax levy for CFD No. 2 Special Taxes for fiscal year 2012-13. Moved by Peabody, second by Lynch. Carried unanimously.

Approve Resolution 12-05 to appoint representatives and alternates to the San Diego County Schools Risk Management JPA. Eric Dill of San Dieguito School District and Carlos Estrella of Solana Beach School District will serve as alternate representatives. Moved by Peabody, second by Lynch. Carried unanimously.

Approve signature authority for fiscal year 2012/13 for the following: Office of Education warrants and mail; Wells Fargo Zero Balance account; San Diego County Treasurer fund transfers; and Trustee (US Bank) bond fund. Moved by Lynch, second by Peabody that Carlos Estrella be listed as signature authority. Carried unanimously.

Establish North City West post issuance compliance procedures. This item was tabled until the next board meeting.

5. EXECUTIVE DIRECTOR'S REPORT

There has been no building permit activity this fiscal year.

Delinquency Management Update: 173 Reminder Letters sent 2/15/12 for CFD 1 & 2
275 Reminder Letters sent 5/29/12 for CFD 1 & 2

6. DISCUSSION ITEMS

Ralph Holmes of E. J. De la Rosa & Co discussed the refunding process and status.

Pricing is at a 45 year low; District had an upgrade rating, Insurance bond guarantee by Ambac

7. ADJOURNMENT OF MEETING

Moved by Dill, second by Lynch to adjourn the meeting at 2:54 p.m. Carried unanimously.

The next scheduled Board Meeting will be held on September 13, 2012.

North City West School Facilities Financing Authority

Directors:

Eric Dill, Chairperson, San Dieguito Union High School District
Nancy Lynch, Vice Chairperson, Solana Beach School District
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ITEM 6A

SUBJECT: EXECUTIVE SUMMARY, FINANCIAL REPORTING THROUGH July 31, 2012

1. School fees/building permits for CFD No.1

For fiscal year 2011/12, school fees for 0 homes were paid.

2. Direct Master Plan school fee permits forecast:

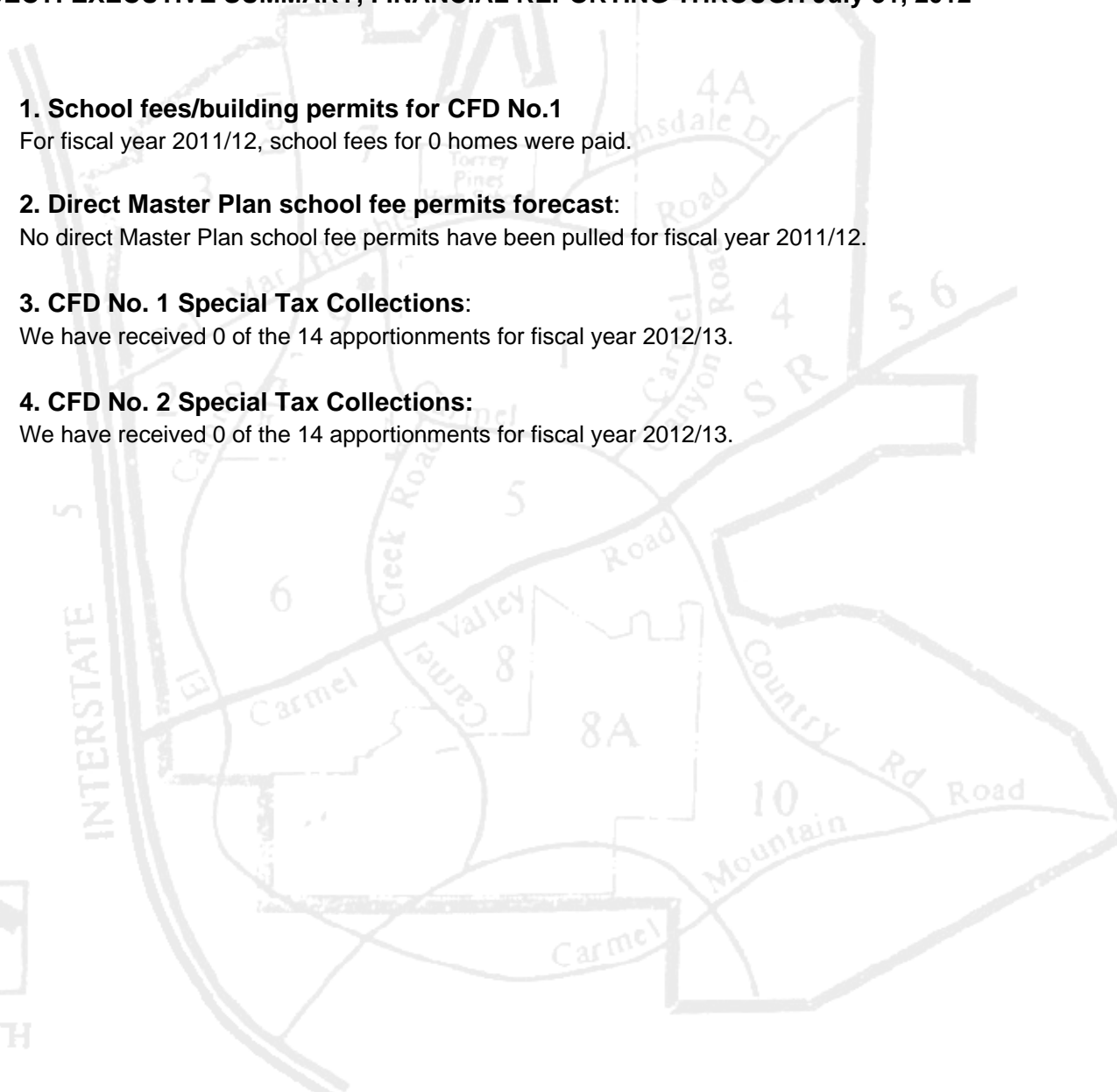
No direct Master Plan school fee permits have been pulled for fiscal year 2011/12.

3. CFD No. 1 Special Tax Collections:

We have received 0 of the 14 apportionments for fiscal year 2012/13.

4. CFD No. 2 Special Tax Collections:

We have received 0 of the 14 apportionments for fiscal year 2012/13.



CARMEL VALLEY

North City West School Facilities Financing Authority

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ITEM 6B-2

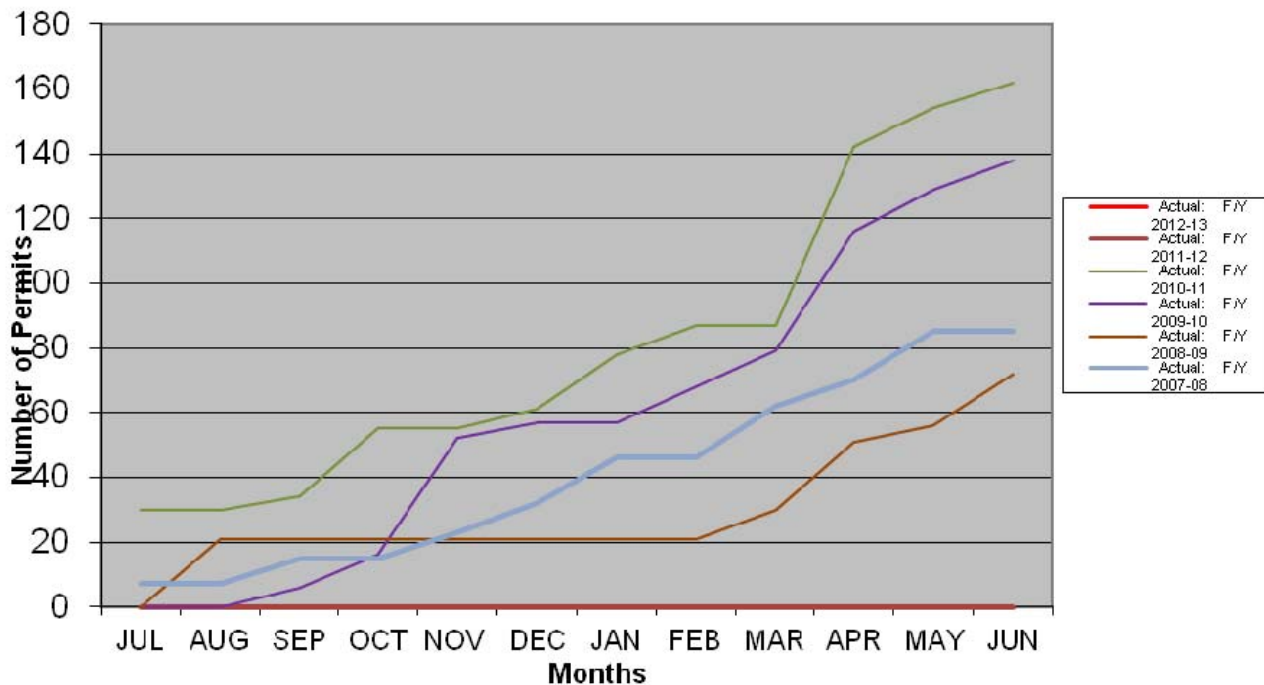
CARMEL VALLEY RESIDENTIAL BUILDING PERMITS

YEAR TO DATE TOTALS

Current Fiscal Year 2012-13

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
Actual: F/Y 2012-13	0											
Actual: F/Y 2011-12	0	0	0	0	0	0	0	0	0	0	0	0
Actual: F/Y 2010-11	30	30	34	55	55	61	78	87	87	142	154	162
Actual: F/Y 2009-10	0	0	6	16	52	57	57	68	79	116	129	138
Actual: F/Y 2008-09	0	21	21	21	21	21	21	21	30	51	56	72
Actual: F/Y 2007-08	7	7	15	15	23	32	46	46	62	70	85	85

Permits FY 2012-13



CARMEL VALLEY

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ITEM 6C

FINANCIAL OVERVIEW

The financial overview consists of three parts:

ITEM 6C-1 - Summary of Current Funds Available for Future Projects

Shows funds on deposit as of the beginning of each fiscal quarter, less current fiscal year encumbrances, resulting in the balance of unencumbered funds available for future projects

Funds held in the San Diego County Treasury (through the S.D. County Office of Education).

- A. **Fund 77** (21-09): CFD No. 1 Special Tax Funds.
- B. **Fund 78** (21-10): CFD No. 1 Special Taxes collected by County of San Diego.
- C. **Fund 79** (35-00): Direct mitigation fees collected under the Master Plan.
And CFD No. 2 Special Taxes collected by the County of San Diego.
- D. **Fund 83** (21-25): Del Mar Neighborhood #8A School Site Fund
- E. **Fund 84** (21-25): Del Mar Neighborhood #8A School Construction Fund

Currently inactive funds: 76, 80, 81, 82

ITEM 6C-2 - Financial Status of Approved Projects

Shows the annual approved project budgets, the year to date project expenditures (by county fund or bonds), the percent of budget spent year to date, and the resulting unspent balance remaining for the fiscal year.



CARMEL VALLEY

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ITEM 6C-3

SUMMARY OF CURRENT FUNDS AVAILABLE FOR FUTURE PROJECTS

Current Fiscal Year 2012-13
As of July 31, 2012

	June 30,2011	Sept 30, 2011	Dec 31, 2011	April 30, 2012	July 31, 2012
FUNDS ON DEPOSIT					
Fund 76, subordinate tax fund	\$ 6,183	\$ 6,192	\$ 6,201	\$ 6,215	\$ 6,221
Fund 77, CFD #1 devel fees & check acct	\$ 1,244,787	\$ 1,246,421	\$ 1,248,213	\$ 1,251,143	\$ 1,252,278
Fund 78, less semi-annual bond payments	\$ 8,362,214	\$ 2,634,133	\$ 4,035,025	\$ 6,250,633	\$ 3,246,214
Fund 79, Master Plan fees & CFD #2	\$ 55,293	\$ 32,111	\$ 38,169	\$ 31,683	\$ 5,472
Fund 80, SBSB #6 site	\$ -	\$ -	\$ -	\$ -	\$ -
Fund 81, La Costa Canyon	\$ -	\$ -	\$ -	\$ -	\$ -
Fund 82, SBSB #6 construction	\$ -	\$ -	\$ -	\$ -	\$ -
Fund 83, DMUSD #7 land	\$ 248,008	\$ 248,344	\$ 248,701	\$ 249,285	\$ 84,316
Fund 84, DMUSD #7 construction	\$ 2,514	\$ 2,517	\$ 2,521	\$ 2,527	\$ 4
1997C Bond Construction Fund	\$ -	\$ -	\$ -	\$ -	\$ -
2002 Subordinate Bonds (Spec. Account)	\$ 41,054	\$ 41,054	\$ 41,054	\$ 41,054	\$ 41,054
2005A & B Subordinate Bonds	\$ 7,906,480	\$ 7,907,477	\$ 7,908,462	\$ 7,909,574	\$ 4,701,065
Total Funds on Deposit	\$ 17,866,533	\$ 12,118,249	\$ 13,528,345	\$ 15,742,115	\$ 9,336,624
ENCUMBRANCES					
Carmel Valley Middle School Expansion	\$ 4,245,993	\$ 4,245,993	\$ 4,245,993	\$ 4,245,993	\$ 4,245,993
La Costa Canyon High School					
Torrey Pines H.S. C.S.R. addition					
Ashley Falls School					
Ashley Falls addition					
Sage Canyon School (Neighb. #10)					
Sage Canyon 8 Relocatables					
Del Mar School (Neighb. #8A) site	\$ 237,821	\$ 237,821	\$ 237,821	\$ 237,821	\$ 72,852
Del Mar School (Neighb. #8A) construct.					
Other Del Mar JPA Relocatables					
Solana Pacific School construction					
Administration	\$ 31,908	\$ 84,773	\$ 78,425	\$ 71,658	\$ 103,998
NCW JPA Reserve					
Total Encumbrances	\$ 4,515,722	\$ 4,568,586	\$ 4,562,239	\$ 4,555,472	\$ 4,422,843
SUMMARY					
Total Funds on Deposit	\$ 17,866,533	\$ 12,118,249	\$ 13,528,345	\$ 15,742,115	\$ 9,336,624
Encumbrances (current fiscal year)	\$ (4,515,722)	\$ (4,568,586)	\$ (4,562,239)	\$ (4,555,472)	\$ (4,422,843)
Unencumbered Funds Available	\$ 13,350,811	\$ 7,549,663	\$ 8,966,106	\$ 11,186,643	\$ 4,913,781

North City West School Facilities Financing Authority

Directors:

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ITEM 6C-4

FINANCIAL STATUS OF APPROVED PROJECTS

Current Fiscal Year 2012-13

As of July 31, 2012

		C.V. MIDDLE SCHOOL	DEL MAR ELEM. N #8A School	ADMIN.	TOTAL PROJECTS
F/Y 2012/13	L		\$ 72,852		\$ 72,852
BUDGET	C	\$ 4,245,993	\$ -	\$ 110,050	\$ 4,356,043

EXPEND.	L				
FUND 78	C				\$ -
EXPEND.	L				
FUND 79	C			\$ 6,052	\$ 6,052
EXPEND.	L				\$ -
FACIL. FUND.	C				\$ -
TOTAL	L				\$ -
EXPEND.	C	\$ -	\$ -	\$ 6,052	\$ 6,052

PERCENT	L		0.0%		
OF BUDGET	C	0.0%	0.0%	5.5%	

BALANCE	L		\$ 72,852	\$ -	\$ 72,852
REMAINING	C	\$ 4,245,993	\$ -	\$ 103,998	\$ 4,349,991

L = Land purchase

C = Construction/Operations

North City West

School Facilities

Financing Authority

Directors:

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ITEM 6D

INCOME TO DATE, Funds 76, 77, 78, 79, 80, 81, 82, 83, & 84

Current Fiscal Year 2012-13
 As of July 31, 2012

DATE	VENDOR	PURPOSE	WARRANT / SOURCE	EXPENDITURES					
				FUND 78	F. FUND AGR 54908/54909 Funds 83 & 84	FUND 79	FUND 79 54907 ADMIN	CFD BONDS	TOTAL EXPEND.
07/12/12	Del Mar USD	Demography Study	12-071197				\$ 4,404.00		\$ 4,404.00
07/12/12	US Bank	Administrative Fees 6/1/12-5/31/13	12-071198				1,600.00		\$1,600.00
07/12/12	AT&T	Phone Service June 11- July 10	12-071196				20.60		\$20.60
07/30/12	US Bank	Debt Services for 9/1/2012	12-075919	1,601,402.77					\$1,601,402.77
07/31/12	US Bank	Debt Services for 9/1/2012	12-076498	4,287,740.88					\$4,287,740.88
07/31/12	Solana Beach SD	Fed-Ex Charges	12-076499				27.59		\$27.59
Total Expenditures To Date:				5,889,143.65	-	-	\$ 6,052.19	\$ -	\$ 5,895,195.84

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ITEM 8A

SUBJECT: Approve contract for the FY 2011-12 NCW JPA annual independent audit with Wilkinson Hadley & Co., LLP.

BACKGROUND: Mr. P. Robert Wilkinson, CPA, of Wilkinson Hadley has been the JPA/CFD independent auditor for many years. Mr. Michael Mears has been the lead auditor for over ten years, leading staff auditors in the research, analysis and preparation of the financial reports.

The NCW JPA/CFD administration is pleased with the service, thoroughness and consistency of the audit project and recommends placing the next fiscal year's audit contact with Wilkinson Hadley.

Their proposal will be available at the meeting.

FISCAL IMPACT: Not to exceed \$4,900.

RECOMMENDATION: Approve the contract with Wilkinson Hadley & Co., LLC, as the independent audit firm for FY 2011-12.

North City West School Facilities Financing Authority

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ITEM 8B

SUBJECT: Establish NCW post-issuance compliance procedures.

BACKGROUND: During the recent refunding of the CFD1 Series 2005A and Series 2002 Bonds, Bond Counsel recommended the Authority adopt post-issuance compliance procedures. While this procedure is not necessary, it will give the Authority various benefits in the event of an IRS examination or a latter change in use of proceeds.

FISCAL IMPACT: None

RECOMMENDATION: Adopt post-issuance compliance procedures.

**North City West School Facilities Financing Authority
Tax Exempt Bond Issue
Post Issuance Tax Compliance Policy and Procedures**

Purpose

Use of tax-exempt bond proceeds must comply with Federal tax rules pertaining to the expenditure of proceeds, use of bond financed property, investment of proceeds in compliance with arbitrage rules, and retention of records. It is the policy of the North City West Public Facilities Financing Authority (the “**Authority**”) to provide for the monitoring compliance of its tax-exempt bond issues for compliance with those Federal tax rules. To that end, the Authority will, either directly or through any entity (a “**Borrower**”) that it enters into an installment purchase agreement in support of tax-exempt bonds, do the following:

1. Expenditure of Proceeds

Expenditure of bond proceeds will be reviewed by the executive director of the Authority or the Borrower and will be subject to periodic monitoring by the Authority.

- Establish form and procedure for preparation and review of requisitions of bond proceeds.
- Requisitions must identify the financed property in conformity with the tax certificate and agreement (“**Tax Certificate**”) executed by the Borrower and the Authority at closing, including certifications as to the character and average economic life of the bond-financed property.
- Requisitions for costs that were paid prior to the issuance of the bonds are, in general, limited to costs paid subsequent to, or not more than 60 days prior to, the date a “declaration of intent” to reimburse the costs was adopted by an authorized officer of the Borrower or by the Authority.
- Requisitions will be summarized in a written “final allocation” of proceeds to uses not later than 18 months after the in-service date of the financed property (and in any event not later than 5 years and 60 days after the issuance of the bonds). In the alternative, a final allocation of proceeds may be made using any reasonable, consistently applied principles provided it complies with Federal tax regulations.
- Expenditure of proceeds should be measured against the tax certificate expectation to spend or commit 5% of net sale proceeds within 6 months, to spend 85% of net sale proceeds within 3 years, and to proceed with due diligence to complete the project and fully spend the net sale proceeds.
- Expenditure of “available construction proceeds” should also be measured against the provisions for the arbitrage rebate exception set forth in the Tax Certificate.

2. Use of Bond-Financed Property

Use of bond-financed property when completed and placed in service will be periodically reviewed by the executive director of the Borrower or the Authority so long as the bonds are outstanding and be periodically monitored by the Authority.

- Records must be kept as to when property financed with bond proceeds is placed in service.
- Average nonexempt use of bond-financed property over the life of the issue cannot exceed 10% of the proceeds. For this purpose, nonexempt use includes use by nongovernmental persons except to the extent it constitutes general public use, short-term use as described in the Tax Certificate, or use pursuant to a qualified management contract or qualified research contract.
- Agreements with nongovernmental users for lease, management, sponsored research, or any other potential nonexempt use of bond-financed property will be reviewed prior to execution for compliance with the 10% limit.
- No item of bond-financed property will be sold or transferred to a nonexempt party without advance arrangement of a “remedial action” under the applicable Treasury regulations.

3. Investments

Investment of bond proceeds in compliance with the arbitrage bond rules and rebate of arbitrage will be supervised by the executive director of the Borrower or the Authority and be periodically monitored by the Authority.

- Guaranteed investment contracts (“GIC”) will be purchased only using the three-bid “safe harbor” of applicable Treasury regulations, in compliance with fee limitations on GIC brokers in the regulations. Any exceptions to this rule must be discussed with the Authority for approval.
- Other investments will be purchased only in market transactions.
- Calculations of rebate liability will be performed annually by outside consultants.
- Rebate payments will be made with Form 8038-T no later than 60 days after (a) each fifth anniversary of the date of issuance and (b) the final retirement of the issue. Compliance with rebate requirements will be reported to the bond trustee and the Authority.
- Identify date for first rebate payment at time of issuance. Enter in records for the issue.

4. Records

Management and retention of records related to tax exempt bond issues will be supervised by the executive director of the Borrower or the Authority and be periodically monitored by the Authority.

- Records will be retained for the life of the bonds plus any refunding bonds plus three years. Records may be in the form of documents or electronic copies of documents, appropriately indexed to specific bond issues and compliance functions.
- Retainable records pertaining to bond issuance include transcript of documents executed in connection with the issuance of the bonds and any amendments, and copies of rebate calculations and records of payments including Forms 8038-T.
- Retainable records pertaining to expenditures of bond proceeds include requisitions, trustee statements and final allocation of proceeds.
- Retainable records pertaining to use of property include all agreements reviewed for nonexempt use and any reviewed documents relating to unrelated business activity.
- Retainable records pertaining to investments include GIC documents under the Treasury regulations, records of purchase and sale of other investments, and records of investment activity sufficient to permit calculation of arbitrage rebate or demonstration that no rebate is due.
- Retainable records pertaining to any credit enhancement of the bonds during the entire term of the bonds, including bond insurance contracts, letters of credit and standby purchase agreements.
- Retainable records pertaining to interest rate swaps, interest rate caps and other hedging contracts, including any ISDA agreements, fairness opinions, termination agreements and records of termination payments.

5. Compliance under Tax Certificate and Agreement

- The executive director of the Borrower or the Authority shall also periodically review and comply with all provisions of the related Tax Certificate so long as the bonds are outstanding.
- The Borrower and the Authority will also take timely remedial actions under section 1.141-12 of the Treasury Regulations (or other remedial actions authorized by the Commissioner of the IRS under Section 1.141-12(h) of the Regulations) to prevent from being considered “deliberate actions” any actions of the Borrower or the Authority which cause the conditions of the private business tests or the private loan financing test to be met resulting in private activity bonds.

Overall Responsibility

Overall administration and coordination of this policy is the responsibility of executive director of the Borrower or, in the case where the Authority is the direct user of the proceeds of the Bonds, the Authority.

Ongoing compliance check by the Authority. The Authority shall have the right to annually or more often if the Authority deems necessary check and require the Borrower to evidence compliance with this Policy and the Tax Certificate. The Borrower shall make its records available for such review and examination. The executive director of the Authority shall be the contact and oversight person for the Authority in administering these policies and procedures. The Authority shall have the right to hire consultants and professionals to assist it in monitoring compliance with this and the Tax Certificate and the Borrower shall pay the cost thereof.