BONDS, REVENUE AND TAX ANTICIPATION NOTES

The Board of Education is authorized to meet the district's short-term fiscal needs by issuing either bond, revenue or tax anticipation notes. Bonds shall be sold in accordance with the law and only when authorized by vote of the taxpayers. The Board may hire bond attorneys and professional bond analysts to advise the Board concerning bond issuances. It shall be the responsibility of the bond attorney to:

1. give an opinion as to the legality of a proposed issue;
2. prepare the necessary documents;
3. review procedures regarding the sale of bonds;
4. advise on meeting technicalities and furnish the necessary forms; and
5. expedite borrowing, when possible.

Short-term borrowing shall require an affirmative vote of a majority of the Board of Education. The Assistant Superintendent for Business shall negotiate with banking officials to borrow the money in the manner and at the rate most favorable to the district. The President of the Board and the District Clerk, jointly, shall be authorized to execute such documents as are required by law to effectuate such borrowing.

Ref: Local Finance Law §§24.00; 25.00

ADOPTED: 12/14/2009

101. Identification of Persons Responsible for Compliance

While the policies set forth in this Compliance Manual are intended to assist Issuer personnel with causing compliance with the applicable IRS requirements, actual implementation of these polices requires clear designation of the Issuer officials charged with executing the tasks called for in such policies.

Issuer Policy Regarding Persons Responsible for Post Issuance Compliance

In order to ensure the continued exclusion of interest by the beneficial holders of the Issuer's bonds, it shall be the Issuer's policy to identify a single person who has primary responsibility for monitoring post-issuance compliance of bond financings. Specifically, it shall be the policy of the Issuer that the Issuer's Business Manager shall have primary responsibility for such compliance and for purposes of this Manual shall be referred to herein as the "Compliance Officer." However, while the Compliance Officer shall have primary responsibility for implementation of the policies herein, the Compliance Officer shall not necessarily carry out the tasks associated with implementation. Identification of the person responsible for executing the various tasks required by this Compliance Manual shall be designated in the Post Issuance Compliance Checklists discussed below.

Upon closing of a bond or note issue the Compliance Officer shall open a PCM File (see "Record Keeping Policies" in Policy 102 below) and complete a Deadline Template in a form substantially similar to Exhibit "A" attached hereto and a Post Issuance Compliance Checklist in a form substantially similar to Exhibit "B" attached hereto. Both the Deadline Template and Post Issuance Compliance Checklist shall set forth specific dates and identify specific persons responsible (including titles) for undertaking the tasks identified therein in a timely manner. The Deadline Template and the tickler system described below shall include an Annual Compliance Review Session having an agenda including those items set forth on Exhibit F attached hereto. All parties identified on the Deadline Template and Post Issuance Compliance Checklist shall receive copies thereof.

In addition, upon the completion of the Deadline Template and Post Issuance Compliance Checklist, the Compliance Officer shall input all critical dates relating to Post Issuance Compliance in a tickler system as outlined below.

Specifically, a tickler system shall be established and maintained by the Issuer to remind Issuer officials of upcoming action items and deadlines relating to Post Issuance Compliance. The Issuer's Superintendent shall serve as "Tickler Administrator" and shall be designated to administer a centralized tickler system. A designated back-up person, in the event of the administrator's absence, shall be designated by the Tickler Administrator to support the Tickler Administrator. While all Issuer officials identified on the Post Issuance Compliance Checklist should themselves track tickler dates by entry into personal diaries, the tickler administrator shall be charged with checking the ticklers on a monthly basis, distributing them to the appropriate Issuer official and monitoring the status of the work tickled. The Tickler Administrator shall make use of an electronic system due to its efficiency and the selected software shall be pro-active: the tickled matter shall be actively brought to the attention of the Tickler Administrator. The centralized tickler system shall have, in addition to a back-up tickler administrator, a data back-up system to prevent against the loss of data.

102. Record Keeping

Section 6001 of the Internal Revenue Code of 1986, as amended (the "Code") and § 1.6001-1 (a) of the Treasury Regulations generally provide that books and records must be maintained that are sufficient to establish the amounts required to be shown in any return required to be filed with the IRS. Pursuant to this statutory regime, IRS agents conducting examinations of tax-exempt bond transactions will look to these parties to provide books, records, and other information documents supporting the bonds continued compliance with federal tax requirements. Moreover, issuers should retain sufficient records to show that all tax-exempt bond related returns submitted to the IRS are correct. Such returns include, for example, IRS Form 8038-G, Information Return for Government Purpose Tax-Exempt Bond Issues, 8038-GC, Consolidated Information Return for Small Tax Exempt Government Bond Issues, 8038-T, Arbitrage Rebate and Penalty in Lieu of Arbitrage Rebate, and 8038-R, Request for Recovery of Overpayment Under Arbitrage Rebate Provisions.

Issuer Policy Regarding Record Keeping

In order to ensure the continued exclusion of interest by the beneficial holders of the Issuer's bonds, it shall be the Issuer's policy to retain sufficient records to support the continued exclusion taken by the beneficial holders of the Issuer's bonds. Specifically, it shall be the policy of the Issuer to maintain files relating to an issue for a period commencing on the closing date and ending on the sixth anniversary of the first June 30th immediately following the date the last bond (or note) of such issue is retired.

To implement this policy, upon closing a note or bond issue, the Compliance Officer shall create a "Post Closing Monitor File" or "PCM File" relating to such issue. Such PCM File shall be opened within 60 days of the closing date and shall consist of a:

A. *Deadline Template, in a form substantially similar to Exhibit "A" attached hereto;*
B. *Post Issuance Compliance Checklist, in a form substantially similar to Exhibit "B" attached hereto; and*
C. *The Transcript of closing documents prepared by Bond Counsel, including any subsequent amendments.*

The record keeping policies outlined above may be satisfied by cross-referencing to other Issuer file locations where the size and volume of such records justifies maintaining a single copy of such records in one centralized location. Likewise, cross-references may be inserted in the PCM file to electronic files maintained on the Issuer's computer system to satisfy the Issuer's record keeping policies.

On the sixth anniversary of the first June 30th immediately following the date the last bond (or note) of such issue is retired, provided no governmental investigation or inquiry is currently ongoing relating to the subject bond or note issue, the Issuer shall destroy the PCM file.

103. Proper Use of Bond Proceeds and Bond-financed Property

Section 141 of the Code sets forth private activity bond tests for the purpose of limiting the volume of tax-exempt bonds that finance activities of persons other than state and local governmental entities. These tests serve to identify arrangements that actually or reasonably expect to transfer the benefits of tax-exempt financing to nongovernmental persons (including the federal government). An issue is an issue of private activity bonds (and not tax-exempt governmental bonds) if the issuer reasonably expects, on the issue date, that either: 1) the private business use test *and* the private payment or security test will be met; or 2) the private loan financing test will be met.[1]

The use of bond proceeds or bond-financed property by a nongovernmental person (including the federal government) in furtherance of a trade or business activity is considered nonqualified private business use for tax-exempt bond purposes. Any activity carried on by a *person* (including a governmental entity or corporation) other than a *natural person* (individual acting as a member of the general public) is treated as a trade or business. In addition, indirect uses of proceeds shall also be considered in determining whether more than 10% of the proceeds of an issue will be used in a private business use. For example, a facility shall be treated as being used for a private business use if it is leased to a nongovernmental person and then sub-leased to a governmental person if the nongovernmental person's use is in a trade or business.

A governmental bond issue can lose its tax-exempt status if the issuer takes a deliberate action, subsequent to the issue date, which causes the issue to become a private activity bond issue. A deliberate action is any action taken by the issuer that is within its control. Intent to violate the requirements of Section 141 of the Code is not necessary for an action to be deliberate. An issuer may take a remedial action prescribed in Section 1.141-12 of the Treasury regulations to cure a deliberate action that would otherwise cause a governmental bond issue to become a private activity bond issue. Such remedial actions include redemption or defeasance of bonds, alternative use of disposition proceeds, and alternative use of bond-financed facilities.

The definition of private business use is broad. Examples of private business use of facilities include leases to private businesses, cafeteria management contracts, custodial contracts, research agreements and special entitlement agreements (e.g. naming rights for a sports stadium). However, certain exceptions are available. For example, in the case of management contracts and research agreements, the IRS has created specific exceptions to private business use via "safe harbors." If a contract or agreement meets every requirement of a "safe harbor," it is deemed not to create

[1] For additional information on these tests, see "Exhibit G" attached hereto.

private business use.

Issuer Policy Regarding Use of Proceeds

It is the policy of the Issuer that:

A. *No more than 10% of the proceeds of an issue will be used for any private business use. In applying this test, bond proceeds can be used to finance the working capital expenditures of the Issuer.*

B. *No more than 10% of the payment of principal or interest on any bond issue shall be either made or secured (directly or indirectly) by payments or property used or to be used for a private business use.*

C. *The amount of proceeds of the issue which is to be used (directly or indirectly) to make or finance loans to persons other than governmental entities shall not exceed the lesser of 5% of such proceeds or $5 million dollars.*

Allocation of Proceeds

The proceeds of a governmental bond issue must be allocated among the various expenditures or other purposes of the issue in a manner demonstrating compliance with the private activity bond tests. These allocations must generally be consistent with the allocations made for determining compliance with the arbitrage yield restriction and rebate requirements as well as other federal tax filings.

In the case of New York State municipalities and school districts, proceeds of obligations are allocated for federal tax purposes when an invoice is paid from an account containing bond proceeds.

Issuer Policy Regarding Allocation of Proceeds

It is the policy of the Issuer that records (including but not limited to invoices, bills and receipts) shall be collected and retained to establish the expenditure of all bond and note proceeds, including interest earnings, in a manner sufficient to enable the Issuer to properly establish allocation of bond proceeds to projects undertaken by the Issuer, including reimbursement of pre-issuance expenditures. This effort shall be implemented through the creation of a PCM File (as defined and discussed in Policy 102 herein) and preparation of a Post Issuance

Compliance Checklist (also defined and discussed in Policy 102 herein) where specific Issuer officials and/or consultants are tasked with monitoring the allocation of proceeds and tickler system entries are made to prompt compliance by such persons in a timely manner.

The Issuer official(s) tasked pursuant to a Post Issuance Compliance Checklist to monitor the allocation of bond proceeds to expenditures shall perform the procedures set forth in Section A.5. of such checklist to implement this Policy 101. See Section A.5. of Exhibit B attached hereto.

In addition, the Issuer shall, on an annual basis, consider and determine whether the Issuer should adopt a "reimbursement resolution" to declare its official intent as required by, and in conformance with, the provisions of Treasury Regulation Section 1.150-2(e). This policy shall be implemented by including this topic as an agenda item at the "Annual Compliance Review Session" discussed in Policy 101 herein.

Finally, it shall be the policy of the Issuer to open and create a separate account into which the Issuer shall deposit the proceeds of a bond or note issue such that the proceeds of two bond or note issues shall never be comingled in one account. The purpose of this policy is to simplify (1) tracking the expenditure of bond proceeds and (2) calculation of investment earnings.

Management and Service Contracts

Management contracts between government entities and certain private parties under which private parties receive compensation for services provided with respect to a bond-financed facility may result in a loss of the tax-exempt status of the bonds as a result of satisfying the private business tests. However, the IRS has provided safe harbors regarding management service contracts between a for-profit entity and a government entity when such service is provided in connection with a bond financed facility. For more information, see Revenue Procedure 97-13, 1997-1 C.B. 632 attached hereto as Exhibit C.

Issuer Policy Regarding Management Contracts

As such, it is the policy of the Issuer that any proposed management contract relating to Issuer-owned facilities shall be approved in form and substance by the Issuer's Bond Counsel prior to its execution by the Issuer to ensure that such proposed contract complies with the safe harbor provisions set forth in Revenue Procedure 97-13, 1997-1 C.B. 632 attached hereto as Exhibit C.

Research Agreements

Generally, certain agreements, where private entities (including the federal government) sponsor research through government entities that benefit from tax-exempt bond financing, may result in a violation of the private business tests. However, the IRS has provided safe harbors applicable to such research agreements. For more information, see Revenue Procedure 97-14, 1997-1 C.B. 634 attached hereto as Exhibit D.

Issuer Policy Regarding Research Agreements

It is the policy of the Issuer that any proposed research contract relating to Issuer owned facilities shall be approved in form and substance by the Issuer's Bond Counsel prior to its execution by the Issuer to ensure that such proposed contract complies with the safe harbor provisions set forth in Revenue Procedure 97-14, 1997-1 C.B. 634.

Annual Review Procedure to Insure Compliance

While the Issuer shall endeavor to contact Bond Counsel prior to entering into management contracts, research contacts, lease agreements, sale agreements and community group use arrangements (collectively referred to herein as "Use Contracts"), in an effort to "double-check" compliance, the Issuer shall schedule and conduct an "Annual Compliance Review Session" whereupon the Issuer shall, among other things, consider and investigate whether the Issuer entered into (or is presently considering entering into) any Use Contracts and, if identified, will immediately contact Bond Counsel to determine a course of action to guard against any potential violations. The Annual Compliance Review Session may be scheduled to coincide with the Annual Training Session discussed in Policy 101 herein.

104. Timely Expenditure of Bond Proceeds

Tax-exempt bonds, including governmental bonds, lose their tax-exempt status if they are arbitrage bonds under Section 148 of the Code. In general, arbitrage is earned when the gross proceeds of an issue are used to acquire investments that earn a yield materially higher than the yield on the bonds of the issue. The earning of arbitrage does not, however, necessarily mean that the bonds are arbitrage bonds. Two general sets of requirements under the Code must be applied in order to determine whether governmental bonds are arbitrage bonds: yield restriction requirements of Section 148(a) and rebate requirements of Section 148(f).

An issue may meet the rules of one of the above tests yet fail the other. Even though interconnected, both sets of rules have their own distinct requirements and may result in the need for a payment to the U.S. Department of the Treasury in order to remain compliant. The following is an overview of the basic requirements of these two general rules. Additional requirements or exceptions, beyond the scope of this document, apply in certain instances.

Yield Restriction Requirements

The yield restriction rules of Section 148(a) of the Code generally provide that the direct or indirect investment of the gross proceeds of an issue in investments earning a yield materially higher than the yield of the bond issue causes the bonds of that issue to be arbitrage bonds. While certain exceptions to these rules may be available, the term "materially higher" is generally applied to certain types of investments as follows:

Type of Investment	**Materially Higher**
General rule for purpose and nonpurpose investments	1/8 of one percentage point
Investments in a refunding escrow	1/1000 of one percentage point
Investments allocable to replacement proceeds	1/1000 of one percentage point
Program investments	one and one-half percentage points
General rule for investments	no yield limitation

However, the investment of proceeds in materially higher yielding investments does not cause the bonds of an issue to be arbitrage bonds in the following three instances: 1) during a temporary period (i.e., generally, 3-year temporary period for capital projects and 13 months for restricted working capital expenditures); 2) as part of a reasonably required reserve or replacement fund; and 3) as part of a minor portion (an amount not exceeding the lesser of 5% of the sale proceeds of the issue or $100,000). In many instances, issuers are allowed to make "yield reduction payments" to the U.S. Department of the Treasury to reduce the yield on yield-restricted investments when the yield on those earnings is materially higher than the yield of the bond issue.

Typically, the determination of whether an issue consists of arbitrage bonds under Section 148(a) is based on the issuer's reasonable expectations as of the issue date regarding the amount and use of the gross proceeds of the issue. A deliberate, intentional action to earn arbitrage taken by the issuer or person acting on the issuer's behalf, after the issue date, will cause the bonds of an issue to be arbitrage bonds if that action, had it been reasonably expected on the issue date, would have caused the bonds to be arbitrage bonds. Intent to violate the requirements of Section 148 is not necessary for an action to be intentional.

Rebate Requirements

The rebate requirements of Section 148(f) of the Code generally provide that, unless certain earnings on nonpurpose investments allocable to the gross proceeds of an issue are paid to the U.S. Department of the Treasury, the bonds in the issue will be arbitrage bonds. The arbitrage that must be rebated is based on the excess (if any) of the amount actually earned on nonpurpose investments over the amount that would have been earned if those investments had a yield equal to the yield on the issue, plus any income attributable to such excess. Under Section 1.148-3(b) of the Treasury regulations, the future values (as of the computation date) of all earnings received and payments made with respect to nonpurpose investments are included in determining the amount of rebate due. There are, however, two broad exceptions to the general rebate requirements applicable to governmental bonds: the small issuer exception and the spending exceptions.

Small Issuer Exception. This exception provides that governmental bonds issued by certain small governmental issuers are treated as meeting the arbitrage rebate requirement. An issue (other than a refunding issue) qualifies for the small issuer exception only if the issuer reasonably expects as of the issue date to issue, or in fact issues, $5,000,000 or less in tax-exempt governmental bonds during that calendar year. The aggregation rules of Section 148(f)(4)(D) of the Code should be considered when determining whether this exception applies. The $5,000,000 limit shall be increased when financing public school capital expenditures by the lesser of $10,000,000 or so much of the aggregate face amount of the bonds attributable to financing the construction.

Spending Exceptions. There are three spending exceptions to the rebate requirements as follows.

Spending Period	Spending Exception
6-months	Section 1.148-7(c) of the Treasury regulations provides an exception to rebate if the gross proceeds of the bond issue are allocated to expenditures for governmental or qualified purposes that are incurred within 6 months after the date of issuance.
18-months	Section 1.148-7(d) of the Treasury regulations provides an exception to rebate if the gross proceeds of the bond issue are allocated to expenditures for governmental or qualified purposes which are incurred within the following schedule: 1) 15% within 6 months after the date of issuance; 2) 60% within 12 months after the date of issuance; and 3) 100% within 18 months after the date of issuance.
2-years	Section 1.148-7(e) of the Treasury regulations provides that an exception to rebate is available with respect to construction issues financing property to be owned by a governmental entity or 501(c)(3) organization when certain available construction proceeds are allocated to construction expenditures within the following schedule: 1) 10% within 6 months after the date of issuance; 2) 45% within 12 months after the date of issuance; 3) 75% within 18 months after the date of issuance; and 4) 100% within 24 months after the date of issuance.

Note: Issuers may still owe rebate on amounts earned on nonpurpose investments allocable to proceeds not covered by one of the spending exceptions, which may include earnings in a reasonably required reserve or replacement fund.

Arbitrage Rebate/Yield Reduction Filing Requirements—Form 8038-T

Issuers of tax-exempt bonds file IRS Form 8038-T, Arbitrage Rebate and Penalty in Lieu of Arbitrage Rebate, to make the following types of arbitrage payments: 1) yield reduction payments; 2) arbitrage rebate payments; 3) penalty in lieu of rebate payments; 4) the termination of the election to pay a penalty in lieu of rebate; and 5) penalty for failure to pay arbitrage rebate on time. A yield reduction payment and/or arbitrage rebate installment payment is required to be paid no later than 60 days after the end of every 5th bond year throughout the term of a bond issue. The payment must be equal to at least 90% of the amount due as of the end of that 5th bond year. Upon redemption of a bond issue, a payment of 100% of the amount due must be paid no later than 60 days after the discharge date. A failure to timely pay arbitrage rebate will be treated as not having occurred if the failure is not due to willful neglect and the issuer submits a Form 8038-T with a payment of the rebate amount owed, plus penalty and interest. The penalty may be waived under certain circumstances.

Request for Recovery of Overpayment of Arbitrage Rebate—Form 8038-R

In general, a request for recovery of overpayment of arbitrage rebate can be made when the issuer can establish that an overpayment occurred. An overpayment is the excess of the amount paid to the U.S. Department of the Treasury for an issue under Section 148 of the Code over the sum of the rebate amount for the issue as of the most recent computation date and all amounts that are otherwise required to be paid under Section 148 as of the date the recovery is requested. The request can be made by completing and filing IRS Form 8038-R, Request for Recovery of Overpayments Under Arbitrage Rebate Provisions, with the IRS.

Issuer Policy Regarding Yield Restriction Requirements

The Issuer has never undertaken a capital improvement project with a construction schedule in excess of three years. Furthermore the Issuer does not foresee undertaking a capital improvement project with a construction schedule in excess of three years. As such, the Issuer contemplates qualifying for the 3-year temporary period for capital projects exemption from the yield restriction requirements.

Nonetheless, the Issuer shall monitor compliance with "temporary period" expectations for expenditure of bond proceeds (three years for new money bonds) and provide for yield restriction of investment or "yield reduction payments" if expectations are not satisfied. This effort shall be implemented through the creation of the PCM File (as defined and discussed in Policy 102 herein) and preparation of a Post Issuance Compliance Checklist (also defined and discussed in Policy 102 herein) wherein specific Issuer officials and/or consultants are tasked with monitoring "temporary period" expectations and tickler system entries are made to prompt compliance by such persons in a timely manner. See also Section A.3(b) of Exhibit B attached hereto.

Should the Issuer contemplate undertaking a project with a construction schedule in excess of three years, representatives of the Issuer shall consult with Bond Counsel to identify and execute procedures necessary to cause compliance with any and all yield restriction requirements, including making arrangements for timely computation and payment of yield reduction payments if applicable.

Issuer Policy Regarding Rebate Requirements

Prior to the issuance of bonds or notes, the Issuer shall consult with Bond Counsel to determine whether the proposed issuance qualifies under either the small issuer exception and/or the spending exceptions to the Rebate Requirements. Thereafter, the Issuer shall monitor compliance with 6-month, 18-month, or 2-year spending exceptions to rebate requirement and if appropriate, the Issuer shall retain the services of qualified financial analysts to undertake the complex calculations related to rebate requirements, including the filing of IRS Forms 8038-R or 8038-T. As with Yield Restriction requirements, Rebate compliance shall be implemented through the creation of the PCM File (as defined and discussed in Policy 102 herein) and preparation of a Post Issuance Compliance Checklist (also defined and discussed in Policy 102 herein) wherein specific Issuer officials and/or consultants are tasked with monitoring 6-month, 18-month, or 2-year spending exceptions to rebate requirements and tickler system entries are made to prompt compliance by such persons in a timely manner. See also Section 3(a)(iv) of Exhibit B attached hereto.

105. Continuing Education in Public Finance & Post Issuance Compliance

As stated in IRS Publication 4079 - Tax-Exempt Governmental Bonds Compliance Guide, the IRS encourages issuers of tax-exempt bonds to implement procedures that will enable them to adequately safeguard against post-issuance violations that result in loss of the tax-exempt status of their bonds. Continuing education of Issuer officials regarding Post Issuance Compliance and Public Finance in general is an important element of the Issuer's compliance effort.

Issuer Policy Regarding Continuing Education in Post Issuance Compliance Matters

In order to ensure the continued exclusion of interest by the beneficial holders of the Issuer's bonds, the Issuer's Compliance Officer and the Issuer personnel identified on Post Issuance Compliance Checklists shall periodically undertake continuing education in the area of tax exempt finance. Such educational efforts shall be designed to provide ongoing training to appropriate Issuer officials in the area of governmental bonds, including issues related to post-issuance private use limitations for bond-financed property. The format of such education may vary and include presentations, works shops, distribution of reading material, videos and any other appropriate actions to increase the Issuer's awareness of the rules & regulations applicable to tax-exempt bonds. The Compliance Officer shall periodically consult with the Issuer's Bond Counsel to review areas appropriate for continuing education in light of regulatory changes and case law development. Areas of concentration shall include but not be limited to the IRS's Tax Exempt Bond Voluntary Closing Agreement Program.

The Issuer's Compliance Officer shall maintain a log of such continuing education efforts to evidence compliance with this Policy 105.

Exhibit A

Deadline Template

Name of Bond Issue	
Closing Date	
Principal Amount	
Final Maturity	
If the Issuer relied on a temporary period for exemption from yield restriction: **A. Date which is the 3rd anniversary of Closing Date (at least 85% of bond/note proceeds spent on the Project by such date)** **B. Date which is 6 months following the Closing Date (a substantial binding obligation must have been made to a third party to expend at least 5 percent of the bond/note proceeds on the Project)**	______________________________ [See Sec. 3(b)(i) of Checklist] ______________________________ [See Sec. 3(b)(ii) of Checklist]
If the Issuer relied on a Small Issuer exception to Rebate, enter date of the end of calendar year in which bonds/notes were issued (confirm that Issuer issued less than $15 Million for schools or $5 Million for all others issuers).	December 31, 20__ [See Sec. 3(a)(i) of Checklist]

If the Issuer relied on the Spending Exception to Rebate: **A. Date which is 6 months following the Closing Date (at least 10% of bond/note proceeds spent on the Project by such date)** **B. 1st anniversary of the Closing Date (at least 45% of bond/note proceeds spent on the Project by such date)** **C. 18 months following the Closing Date (at least 75% of bond/note proceeds spent on the Project by such date)** **D. 2nd anniversary of the Closing Date (100% of bond/note proceeds spent on the Project by such date)**	____________________ ____________________ ____________________ ____________________ [See Sec. 3(a)(i) of Checklist]
Annual Compliance Review Meeting	
Date 6 years following maturity of bonds/notes	

Exhibit B

Post Issuance Compliance Checklist

Hancock Central School District
[Caption of Bond/Note Issue]

Dated Completed: ____________

TRANSACTION PARTIES

Post Issuance Compliance Officer ("CO") ______________________________

Bond Counsel ______________________________

Financial Advisor ______________________________

Rebate Consultant ______________________________

Other: ____________________________ ______________________________

Other: ____________________________ ______________________________

Other: ____________________________ ______________________________

A. TAX LAW REQUIREMENTS	**Document Reference**	**Person Responsible**	**Date Completed**	**Location of Supporting Documentation**
1. General Matters				
(a) Proof of filing Form 8038, 8038-G or 8038-GC. Copies of Form 8038, etc., to State authorities as required by State procedures.	8038-G	Bond Counsel		Maintained on file with Bond Counsel
(b) Has a "Significant modification" to bond documents resulted in reissuance under Treas. Reg. § 1.1001-3. Proof of filing new Form 8038, etc., plus final rebate calculation on pre-modification bonds.	☐ Yes ☐ No	CO		

2. **Use of Proceeds: Governmental Bonds**	**Document Reference**	**Person Responsible**	**Date Completed**	**Location of Supporting Documentation**
(a) Is there a private business use arrangement with a private entity (includes federal government) beyond permitted *de minimis* amount unless cured by remedial action under Treas. Reg. § 1.141-12.	□ Yes □ No If yes, contact Bond Counsel immediately	CO		
(i) Has there been a sale of bond financed facilities?	□ Yes □ No If yes, contact Bond Counsel immediately	CO		
(ii) Has there been a Lease of bond financed facilities?	□ Yes □ No If yes, contact Bond Counsel immediately	CO		
(iii) Has the Issuer entered into a Nonqualified management contract? Rev. Proc. 97-13.	□ Yes □ No If yes, contact Bond Counsel immediately	CO		
(iv) Has the Issuer entered into a Nonqualified research contract? Rev. Proc. 97-14.	□ Yes □ No If yes, contact Bond Counsel immediately	CO		
(v) Has the Issuer provided Special legal entitlements? (e.g. naming rights contract)	□ Yes □ No If yes, contact Bond Counsel immediately	CO		
(b) Was there a remedial action taken (note: where disposition is a cash sale, remedial action may be an alternative qualifying use of proceeds) Proof of filing new Form 8038, etc.	□ Yes □ No □ N/A If yes, contact Bond Counsel immediately	CO		

3. Arbitrage	**Document and/or Date Reference with Review Result**	**Person Responsible**	**Date Completed**	**Location of Supporting Documentation**
(a) Rebate. IRC § 1.148-3.				
(i) Has the Issuer complied with the small issuer exception to rebate requirement? (Exception is complied with if Issuer issues less than $5 Million in the calendar year of the Issue Date - note that $5 Million limit is increased to $15 Million for school projects) and retain record of election to utilize the small issuer exception.	Test Date: _______ (first December 31st following Issue Date) □ Yes □ No If no, contact Bond Counsel immediately.	CO		Record of election is set forth in Arbitrage Certificate
[OR] Has the Issuer complied with the 6-month, 18-month, or 2-year spending exceptions to rebate requirement? (consult Arbitrage and Use of Proceeds Certificate)	10% spent by 6 month Test Date: _______ (6 months after Issue Date) □ Yes □ No 45% spent by 18 month Test Date: _______ (18 months after Issue Date) □ Yes □ No 100% spent by 24 month Test Date: _______ (24 months after Issue Date) □ Yes □ No If no, contact Bond Counsel immediately.	CO		
(ii) If Issuer fails to comply with rebate exception above, the first installment of arbitrage rebate is due on [INSERT DATE] (fifth anniversary of Issue Date plus 60 days)	□ Exception met, no rebate payment due □ Exception NOT met, rebate consultant retained and rebate payment made.	CO		

3. **Arbitrage (continued)**	**Document and/or Date Reference with Review Result**	**Person Responsible**	**Date Completed**	**Location of Supporting Documentation**
(iii) Succeeding installments every five years [INSERT DATES].	□ Exception met, no rebate payment due □ Exception NOT met, rebate consultant retained and rebate payment made	CO		
(iv) Final installment due [INSERT DATE] (60 days after retirement of last bonds of issue)	□ Exception met, no rebate payment due □ Exception NOT met, rebate consultant retained and rebate payment made	CO		
(b) Yield Restriction Requirements. IRC § 1.148-2.				
(i) Has the Issuer met the 3 year expenditure test? Test is met if at least 85% of proceeds are allocated to expenditures by Test Date.	Test Date: [INSERT DATE] (3rd anniversary of Issue Date) □ Yes □ No If no, contact Bond Counsel immediately.	CO		
(ii) Has the Issuer met the time test? (Test is met if the Issuer spends 5% of the Issuer within 6 months of the Issue Date.)	Test Date: [INSERT DATE] (6th month anniversary of Issue Date) □ Yes □ No If no, contact Bond Counsel immediately.	CO		

3. Arbitrage (continued)	**Document and/or Date Reference with Review Result**	**Person Responsible**	**Date Completed**	**Location of Supporting Documentation**
(iii) Has the Issuer met the due diligence test? (Test is met if the Issuer proceeds with due diligence to complete construction and spend proceeds.)	□ Yes □ No If no, contact Bond Counsel immediately.	CO		
c) Establish procedure to track investment returns.	□ Yes □ No If no, contact Bond Counsel immediately.	CO		
d) Establish that investments acquired with bond proceeds are purchased at fair market value which may include the use of bidding procedures under regulatory safe harbor.	□ Yes □ No If no, contact Bond Counsel immediately.	OC		
e) Confirm that no formal or informal funds have been created which are reasonably expected to be used to pay debt service on bonds without determining in advance whether such funds must be invested at restricted yield.	□ Confirmed □ Not confirmed If not confirmed, contact Bond Counsel immediately.	OC		
f) Confirm that Issuer has not engaged in post-issuance credit enhancement transactions (e.g., bond insurance, letter of credit) or hedging transactions (e.g., interest rate swap, cap) without first consulting with bond counsel.	□ Confirmed □ Not confirmed If not confirmed, contact Bond Counsel immediately.	OC		

4. **Record Retention**	**Document and/or Date Reference with Review Result**	**Person Responsible**	**Date Completed**	**Location of Supporting Documentation**
a) Retain copy of closing transcript	□ Yes □ No □ N/A	OC		
b) Retain bank statements & related records of investment of the bond/note proceeds, including investment contracts, credit enhancement transactions, financial derivatives and bidding of financial products.	□ Yes □ No □ N/A	OC		
c) Retain records which evidence expenditure of proceeds on project costs, including copies of requisitions, draw schedules, draw requests, invoices, bills and cancelled checks related to bond proceeds spent during the construction period.	□ Yes □ No □ N/A	OC		
d) Retain copies of all contracts entered into for the construction, renovation or purchase of bond-financed facilities.	□ Yes □ No □ N/A	OC		
e) Retain records of expenditure reimbursements incurred prior to issuing bonds for facilities financed with bond proceeds.	□ Yes □ No □ N/A	OC		
f) Retain asset lists or schedules of all bond-financed facilities or equipment.	□ Yes □ No □ N/A	OC		
g) Retain records that track purchases and sales of bond-financed assets.	□ Yes □ No □ N/A	OC		
h) Retain records of trade or business activities by or with non-governmental entities or persons with respect to bond-financed facilities (use contracts).	□ Yes □ No □ N/A	OC		
i) Retain annual audited financial statements.	□ Yes □ No □ N/A	OC		

4. **Record Retention (continued)**	**Document and/or Date Reference with Review Result**	**Person Responsible**	**Date Completed**	**Location of Supporting Documentation**
j) Retain formal elections for bond financings (e.g., election to employ an accounting methodology other than specific tracing).	□ Yes □ No □ N/A	OC		
k) Retain documents related to government grants associated with construction, renovation or purchase of bond-financed facilities.	□ Yes □ No □ N/A	OC		
l) Retain publications, brochures, and newspaper articles relating to project and bond financings.	□ Yes □ No □ N/A	OC		
m) Retain reports of any prior IRS examinations of the Issuer or bond financings.	□ Yes □ No □ N/A	OC		
n) Retain arbitrage documents related to bond financings including computations of bond yield, computation of rebate and yield reduction payments.	□ Yes □ No □ N/A	OC		
o) Retain Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate.	□ Yes □ No □ N/A	OC		
p) Retain Form 8038-R, Request for Recovery of Overpayments Under Arbitrage Rebate Provisions.	□ Yes □ No □ N/A	OC		
q) Retain Management and other service agreements.	□ Yes □ No □ N/A	OC		
r) Retain Research contracts.	□ Yes □ No □ N/A	OC		
s) Retain Naming rights contracts.	□ Yes □ No □ N/A	OC		
t) Retain Ownership documentation (e.g., deeds, mortgages).	□ Yes □ No □ N/A	OC		
u) Retain Leases, Subleases and Leasehold improvement contracts.	□ Yes □ No □ N/A	OC		
v) Retain Inter-municipal Agreements.	□ Yes □ No □ N/A	OC		

	Document and/or Date Reference with Review Result	Person Responsible	Date Completed	Location of Supporting Documentation
5. Allocations of Bond Proceeds to Expenditures Confirm all allocations of bond proceeds to expenditures were made per Treas. Reg. § 1.148-6(d) and § 1.141-6(a) by 18 months after the later of the date the expenditure was made or the date the project was placed in service, but not later than the earlier of five years after the bonds were issued or 60 days after the issue is retired.	□ Confirmed □ Not Confirmed □ Project not placed in service yet			
a) Verify that the net funds from the sale of the Issuer's bonds were deposited into a segregated fund, referred to herein as the "Project Fund."	□ Yes □ No			
b) Confirm that the expenditure of funds was accounted for in the Project Fund to allow for accountability.	□ Confirmed □ Not Confirmed If not confirmed, contact Bond Counsel immediately.			
c) Confirm that monies in the Project Fund were (i) used only for projects specified in the bond resolution which authorized the such bond issue, and (iii) not used for teacher and administrator salaries or other school operating expenses.	□ Confirmed □ Not Confirmed If not confirmed, contact Bond Counsel immediately.			
d) Verify that monies in the Project Fund spent on issuance costs did not exceed 2% of the proceeds of the issue in accordance with Section 147(g)(1) of the Code.	□ Verified □ Not Verified If not verified, contact Bond Counsel immediately.			

B. DISCLOSURE REQUIREMENTS	Document and/or Date Reference with Review Result	Person Responsible	Date Completed	Location of Supporting Documentation
1. SEC Rule 15c2-12 Requirements				
(a) Determine applicability of continuing disclosure undertaking ("CDU").	□ CDU required □ CDU not required	BC		
(b) Name of Dissemination Agent, if applicable.	Name:_______________ □ not applicable			
(c) Annually determine that required CDU filings have been prepared and distributed.	□ filing made □ filings NOT required			
(d) Annually determine that whether a "material event" as defined in the CDU occurred and if so, whether a material event notice was sent.	□ event occurred & notice sent □ no event occurred			

Exhibit C

Revenue Procedure 97-13, 1997-1 C.B. 632

Exhibit D

Revenue Procedure 97-14, 1997-1 C.B. 634

Exhibit E

Annual Compliance Review Session Agenda

- Continuing Education Presentation
- Use Contract/Agreement Review
- Tickler System Back Up Data Confirmation
- Need to Adopt Reimbursement Resolution

Exhibit F

Memorandum Regarding the Private Business Use Test and the Private Payment or Security Test