



TOLEDO CITY SCHOOL DISTRICT

Administrative Policy for Debt Issuance, Management and Post-Issuance Compliance

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PURPOSE AND SCOPE

This Administrative Policy for Debt Issuance, Management and Post-Issuance Compliance (the Administrative Policy or Policy) of the Toledo City School District (the District) is intended to establish and document suggested practices, to provide helpful background information, guidance and a functional reference tool to be used by the District and its officials in connection with its financings and related matters and to promote transparency, efficiency and consistency as personnel changes occur. However, it is **not** intended to serve to limit the lawful authority and discretion of the Board of Education or District officials in carrying out their respective duties. This Administrative Policy has been adopted by, and may only be changed by, the Treasurer, with the approval of the Board of Education or the Committee on Borrowing described under **Debt Team Members and Their Respective Responsibilities**.

The District engages in borrowings necessary and appropriate to meet its capital needs and cash flow and working capital requirements. Such borrowings must be made in accordance with applicable State and federal law. This Administrative Policy provides information concerning the types of borrowings that may be made by the District and related legal requirements and limitations. It also sets forth certain standard practices and policies to be followed by the District to complement those legal provisions and promote effective, prudent and efficient borrowing processes and management.

The Ohio Constitution and the Ohio Revised Code, including particularly Chapter 133 thereof (the Uniform Public Securities Law), provide (and limit) the authority of the District to borrow money to meet capital and cash flow and working capital needs and prescribe the procedures required to be followed by the Board of Education and the District in engaging in such borrowings. Certain provisions of federal tax and securities laws and related rules and regulations also apply to District borrowings and require compliance both in the process of undertaking the borrowing and thereafter for the period until the borrowing has been repaid. The latter requirements are referred to as “Post Issuance Compliance” requirements. The policies and practices set forth herein are intended to assist and guide responsible District officials in undertaking borrowings in accordance with applicable State and federal law and in meeting the Post-Issuance Compliance requirements applicable to District borrowings.

Effective debt issuance and management is recognized as an essential part of good overall fiscal management. The policies and suggested practices set forth herein, including those with respect to the types, amounts, design and structural features, purposes, timing and management of District borrowing and related processes and procedures, are also intended to promote prudent and professional decision-making responsive to the public trust and help to minimize the District’s overall cost of borrowing. In that design and management, the Treasurer will take into consideration the District’s long-term capital project plan, Government Finance Officers Association guidelines and Association of Public Treasurers of the United States & Canada criteria and other relevant best practices.

Unless the context requires otherwise, terms and phrases with initial capital letters used in this Policy and not otherwise defined shall have the meanings set forth in the Definitions and Glossary attached hereto.

THE DISTRICT

The District is one of over 600 city, local and exempted village school districts in the State of Ohio and one of eight in Lucas County, providing public education to students in grades K through 12. The District's territory borders on Lake Erie and encompasses approximately 70% of the City of Toledo, 66% of Spencer Township, 8% of Harding Township and a portion (less than 1.0%) of the Village of Ottawa Hills.

The Board of Education is a body politic and corporate charged with the responsibility of managing and controlling affairs of the District and is governed by the general laws of the State of Ohio. The Board is comprised of five members elected for overlapping four-calendar-year terms. The Superintendent of Schools (the Superintendent), appointed by the Board for a maximum term of five years, is the executive officer of the District and has responsibility for directing and assigning teachers and other employees, assigning the pupils to the proper schools and grades, and performing such other duties as determined by the Board. The Treasurer, appointed by the Board pursuant to law for a four-year term, is the fiscal officer of the Board and the District.

DEBT TEAM MEMBERS AND THEIR RESPECTIVE RESPONSIBILITIES

The Debt Team of the District will consist of the Board of Education, the Chairperson of the Board's Finance Committee, the Vice Chairperson of the Board's Finance Committee, the Superintendent, the Treasurer, the Treasurer's staff, the District's bond counsel, the District's municipal (or financial) advisor and the District's senior managing underwriter and other members of its underwriting team.

Board of Education and Board Members

The Board of Education generally will be responsible for the following:

- Adoption of resolutions providing for bond issue and tax levy elections.
- Adoption of resolutions authorizing particular borrowings, approving all related agreements of the District, authorizing actions by the President and Treasurer of the Board and others in connection with the borrowings and making certain representations and covenants on behalf of the Board and the District.
- Adoption of annual tax rate resolutions including levies for debt charges sufficient, together with other moneys available and appropriated for the purpose, to meet debt charges requirements.
- Budgeting and appropriating amounts required to timely meet debt charges and other borrowing obligations.
- Providing oversight to require and assure that applicable post-issuance tax, continuing disclosure and credit enhancement covenant compliance responsibilities are met.
- Liaison with the public, the Committee on Borrowing, the Superintendent and the Treasurer.

The President of the Board will be authorized and required to sign, on behalf of the District and in his or her official capacity, debt instruments (bonds or notes), and certain

documents and certificates in connection with the pricing and/or closing of borrowing transactions.

Committee on Borrowing

The District shall have a Committee on Borrowing (the “Committee on Borrowing”) consisting of a Chairperson and a Vice Chairperson (both of whom shall be members of the Board), the Superintendent and the Treasurer.

The Committee on Borrowing shall be responsible for the following:

- Approval of this Administrative Policy and any amendments hereto as shall be evidenced by their signatures on **Exhibit C** attached hereto.
- Recommending to the Board for its consideration and adoption the bond and tax levy election resolutions and debt issuance and other borrowing resolutions necessary for each proposed borrowing transaction.
- The Chairperson (or his or her designee), the Superintendent and the Treasurer will participate in the Rating Agency Presentations and Reviews and related preparations, including preparatory meetings and calls, as appropriate. See **Credit Ratings**.
- Liaison with the Board of Education.

Superintendent of Schools

The Superintendent shall be responsible for the following in the borrowing process:

- Approval of this Administrative Policy and any amendments hereto as shall be evidenced by his or her signature on **Exhibit C** attached hereto.
- Participating in the Rating Agency Presentations and Reviews and related preparations, including preparatory meetings and calls, as appropriate. See **Credit Ratings**.
- Signing, on behalf of the District and in his or her official capacity, certain documents and certificates in connection with the pricing and/or closing of borrowing transactions.
- Providing oversight to require and assure that applicable post-issuance tax, continuing disclosure and credit enhancement covenant compliance responsibilities are met.
- Liaison with the Board of Education and the Treasurer.

Treasurer

The Treasurer is the fiscal officer for the Board of Education and the District and, as such, charged with the certain statutory duties in connection with the issuance of debt and District borrowings generally.

The Treasurer's specific responsibilities in borrowing and related processes will include:

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- Approval of this Administrative Policy as evidenced by his or her signature on **Exhibit C** attached hereto.
 - Supervising and overseeing the preparation of the District's preliminary and final official statements, offering memoranda or other disclosure documents and approving those documents for use when final for their respective purposes.
 - Supervising and overseeing the preparation of the District's Rating Agency Presentation materials and approving those materials when final.
 - Participating in the Rating Agency Presentations and Reviews and related preparations, including preparatory calls and meetings. See **Credit Ratings**.
 - Signing, on behalf of the District and in his or her official capacity, debt instruments, documents and certificates in connection with the offering, pricing and closing of borrowing transactions.
 - Selecting bond and disclosure counsel.
 - Selection and management of the Municipal Advisor.
 - Selecting a senior managing underwriter and others to be included in the underwriting team and signing MSRB Rule G-17 and other related letters acknowledging the role of underwriters.
 - Selecting a bond registrar.
 - Selecting a paying agent.
 - Selecting a trustee for an issue of COPs
 - Selecting an Escrow Trustee for refunding transactions.
 - Selecting a verification agent for refunding transactions.
 - Approving any underwriter's counsel.
 - Coordinating debt issuance and other related borrowing processes and the activities of Debt Team members.
 - Decisions concerning a recommended debt structure, credit enhancement and/or bond insurance.
 - Deciding whether to approve final pricing on the date of sale.
 - Formulating and managing the District's borrowing program and strategies.
 - Establishing and maintaining procedures and internal control systems for the efficient operation of the District's debt program and any other borrowings.
 - Supervising his or her staff and any other District employees engaged in debt issuance and other borrowing processes.
 - Presenting information regarding debt issues and other borrowings at Board meetings.
 - Causing necessary Board resolutions relating to bond issue and/or tax levy elections, debt issuance and other borrowings to be prepared and presenting those resolutions to the Board.
 - Maintaining and certifying, as appropriate, minutes of Board meetings at which bond issue and/or tax levy election, debt issuance and other borrowing resolutions are considered.
 - Monitoring, supervising and having principal oversight responsibility for meeting applicable post-issuance tax, continuing disclosure and credit enhancement covenant compliance responsibilities.
 - Assisting the Board in budgeting for debt charges and other borrowing obligations and verifying that the annual tax rates proposed by the County

Auditor/Budget Commission for debt charges, as set forth in the tax rate resolution(s) submitted to the Board, are appropriate and sufficient, together with other available funds, to provide amounts required for the debt charges.

- Developing and obtaining approval of necessary and appropriate amendments to this Administrative Policy.
- Liaison with his or her staff, the Committee on Borrowing, the Superintendent, the Board of Education and external Debt Team members.

The Treasurer may, at any time, call a meeting of the Committee on Borrowing to seek approval for matters beyond the scope of the Administrative Policy.

Treasurer's Staff

Members of the Treasurer's staff designated as members of the Debt Team will include, but need not be limited to, the Assistant Treasurer, the Director of Treasury Management and the Director of Finance and Accounting.

Each member of the Treasurer's staff designated as a member of the District's Debt Team shall be responsible for the following:

- Signing **Exhibit A** to this Administrative Policy certifying his or her awareness and understanding of the same.
- Assisting the Board and the Treasurer in ensuring compliance with Board-approved policies and resolutions, applicable local, state and federal statutes and this Administrative Policy.
- Assisting the Treasurer in coordinating debt issuance and other related borrowing processes and the activities of Debt Team members.
- Assisting the Treasurer in maintaining necessary records.
- Assisting the Treasurer in preparing any requests for proposals for selection of external Debt Team members and agents.
- Making recommendations to the Treasurer as necessary.
- Maintaining, developing and providing data required for the preparation of Official Statements, Offering Memoranda and other disclosure documents.
- Maintaining, developing and providing annual financial information and operating data required for the preparation of Annual Information Filings.
- Monitoring and assuring post-issuance tax and continuing disclosure compliance.
- Ensuring notifications required by the State for participation in its School District Credit Enhancement Program and set forth in the Bond Registrar Agreements entered into by the District in connection with its issuance of District bonds are timely given and related covenants observed.
- Maintaining, developing and providing data and information required for the preparation of Rating Agency Presentations and Reviews.
- Participating in Rating Agency Presentations and Reviews and related preparations, including preparatory calls and meetings, as requested by the Treasurer. See **Credit Ratings**.
- Assisting the Treasurer and the Board in budgeting for debt charges and other borrowing obligations and verifying that the annual tax rates proposed by the

County Auditor/Budget Commission for debt charges, as set forth in the tax rate resolution(s) submitted to the Board, are appropriate and sufficient, together with other available funds, to provide amounts required for the debt charges.

- Ensuring timely payment of debt service and other borrowing obligations.
- Liaison with the Treasurer and external Debt Team members.
- Liaison with the Treasurer and Lucas County Auditor's Office in establishing the annual tax rates for the Bond Retirement Fund.

Bond Counsel

It is the practice of the District to employ the legal services of bond counsel in connection with (i) the authorization, sale and issuance of any and all debt, (ii) the authorization of other long-term obligations and (iii) post-issuance tax and continuing disclosure compliance. It is imperative that the relationship established with bond counsel be at the sole discretion of the Treasurer, and ratified by the Board with the approval of a resolution. For each debt issue or other borrowing transaction, Bond Counsel will be required to submit to the District an Engagement Letter describing services to be rendered and an estimate of the associated cost of services to be provided. The letter will then be countersigned by the Treasurer of the District.

Bond Counsel shall:

- Prepare all necessary bond issue and tax levy election proceedings, including required resolutions for the Board, certifications and suggested forms of election notices and ballot language.
- Assist in developing a Financing Schedule and timelines for debt issuances and other borrowings, as requested.
- Prepare all necessary resolutions authorizing the issuance of debt or other borrowings and all other proceedings for the sale and issuance of debt.
- Prepare all the required agreements to be entered into by the District in connection with the issuance of debt and other borrowings.
- Prepare necessary IRS Form 8038-G and other filings in connection with the issuance of tax-exempt or tax credit obligations.
- Prepare necessary IRS Form 8038-T filings in connection with applicable post issuance tax compliance obligations of the District.
- Provide legal assistance and advice to the District in connection with the preparation and use of its preliminary and final Official Statements, offering memoranda or other disclosure documents, as necessary.
- Provide legal assistance and advice to the District in connection with the preparation and submission of its Annual Information Filings and any material event notice and in compliance with the District's continuing disclosure agreements.
- Attend and participate in Board, Committee on Borrowing and other District meetings, as requested.
- Assist in the preparation and review of the District's Rating Agency Presentation and Review materials, as appropriate.
- Attend and participate, as requested, in Rating Agency Presentations and Reviews and related preparations, including preparatory meetings and calls.

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- Provide other legal assistance and advice as necessary.
 - Assist and advise the Board, the Treasurer and other District officials in complying with all local, state and federal statutes, regulatory agencies and authorities and debt issue and other borrowing agreements.
 - Render legal opinions, as appropriate.
 - Conduct closings of debt issuance and other borrowing transactions.
 - Liaison with the Treasurer and his/her staff and other Debt Team members before, during and after the sale.

Municipal Advisor (fka Financial Advisor)

It has been the policy and practice of the District to employ the services of a Municipal Advisor in connection with certain debt issuances and may become a practice in connection with certain other borrowings. The services of a Municipal Advisor shall be used for competitive and negotiated sales of District obligations that will be publicly offered and may be used in connection with certain private placement transactions.

For each debt issue or other borrowing transaction, the Municipal Advisor will be required to submit to the District an Engagement Letter describing services to be rendered and an estimate of the associated cost of services to be provided. The Engagement Letter will then be countersigned by the Treasurer of the District.

The Municipal Advisor will sign a statement in the substantially in the form set forth in Exhibit B to these policies certifying his or her awareness and understanding of the same and, acting in a fiduciary capacity, provide services to the District that may include:

- Assisting and advising on the sale methodology – competitive vs. negotiated - as appropriate requested by the District,.
- Assisting in the development of a Financing Schedule and timelines.
- Assisting in the selection of the senior managing underwriter and other members of the underwriting team, verification agent and certain other Debt Team members, as may be requested by the Treasurer.
- Assisting in coordinating and overseeing activities of Debt Team members and promote their timely performance of scheduled activities.
- Analyzing and advising concerning the cost / benefit of using credit enhancement, including bond insurance.
- Attending Board, Committee on Borrowing and other District meetings and making presentations, as requested.
- Assisting in developing and implementing credit rating strategies.
- Leading the preparation of the District's Rating Agency Presentation and Review materials.
- Attending and participating, as requested, in Rating Agency Presentations and Reviews and related preparations, including preparatory meetings and calls.
- Assisting the District in its preparation, review and commenting on drafts of preliminary and final Official Statements, offering memoranda or other disclosure documents.
- Assisting and providing financial advice on the debt structure, terms and conditions, including optional redemption provisions.

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- Assisting and advising with respect to the transaction compensation structure for the underwriting team including priority of orders, liabilities, designation policies and definition of retail, among other considerations.
 - Preparing pre-pricing analyses, including advice on market timing, current market conditions, comparable issues, upcoming economic events and target pricing.
 - Coordinating pre-pricing calls and making recommendations on the pre-pricing scales.
 - Assisting with the pricing of debt offerings and providing recommendations with respect to final offers to purchase.
 - Reviewing final financing documents and assisting with transaction closings.
 - Analyzing and reviewing any defeasance escrow structure and cash flow requirements.
 - Recommending escrow restructuring alternatives and finalizing escrow arrangements with the verification agent and bond counsel.
 - Providing a Municipal Advisor's Memorandum at conclusion of bond sale summarizing the pricing process and performance.
 - Liaison with the Treasurer and his/her staff and other Debt Team members before, during and after the sale.

Underwriters

It has been the policy and practice of the District to employ the services of an underwriter or an underwriting team and provide for a negotiated sale of securities that will be reoffered to the public. It also may be appropriate to employ the services of an underwriter or an underwriting team in connection with a negotiated sale of certain other public obligations of the District (e.g., offerings of certificates of participation (COPs) in lease purchase financings) or to provide placement agent services in connection with a private placement of securities or other public obligations of the District.

The District may also determine from time to time to offer securities at a competitive sale in which case certain underwriting services will be provided by the successful bidder; however, it is the policy of the District that an underwriter or underwriter team will be retained by the District for any advance refunding issue and that any such issue will be sold in a negotiated sale to the underwriter or underwriting team or privately placed using the services of the underwriter or underwriting team as placement agent(s).

The District's underwriting team will typically have a senior manager and a co-managing underwriter for each sale. However, based on the size of the issue, the preferred markets being solicited (retail and institutional buyers), the distribution goals (e.g., making bonds available to local investors), the Treasurer will have discretion to have more or less underwriter participation. In all cases in which multiple underwriters are retained by the District, the Treasurer will have discretion to determine the underwriter compensation strategy including priority of orders, liabilities, designation policies and definition of retail, among other considerations. See also **Selection of External Service Providers and Debt Structuring Practices**.

For each negotiated borrowing transaction, the underwriter or underwriting team will be required to submit to the District an Engagement Letter describing services to be rendered and an

estimate of the associated cost of services to be provided. The letter will then be countersigned by the Treasurer of the District.

Senior Underwriter. The Senior Underwriter for each negotiated borrowing shall:

- Sign **Exhibit B** to these policies certifying awareness and understanding of the same.
- Manage the distribution of sales among retail and institutional buyers.
- Once retained (formally or informally) to serve as an underwriter, propose debt structures and assist in developing rating review strategies and investor marketing strategies.
- Assist in developing a Financing Schedule and timelines.
- Assist in the preparation and review of the District's Rating Agency Presentation materials as requested by the District.
- Attend and participate, as appropriate, in Rating Agency Presentations and Reviews and related preparations, including preparatory meetings and calls.
- Once retained to serve as an underwriter, provide projected savings analysis reports for proposed refunding issues.
- Review and comment on the District's historical continuing disclosure compliance.
- Review and provide input in the preparation of the District's preliminary and final Official Statements, offering memoranda or other disclosure documents.
- Conduct an appropriate due diligence call with Debt Team members.
- Provide estimates for all costs of issuance and coordinate the payment of issuance expenses and the travel reimbursement for the Debt Team members.
- Provide travel arrangements for Debt Team members attending the Rating Agency Presentations and other travel as required.
- Arrange for the provision of third-party services, as requested by the District.
- Coordinate with the District's Municipal Advisor and/or co-managers to market the sale to achieve competitive interest rates.
- Provide comparable sale data of similar issues in the markets at the time the District's issues are sold.
- Coordinate efforts with Debt Team members to ensure completion of borrowing transactions and the accurate and timely transfers of funds.
- Provide post-sale reports to Debt Team members, as required.
- Liaison with the Treasurer and his/her staff and other Debt Team members before, during and after the sale.

Co-Managing Underwriter and Others. The Co-Managing Underwriter(s) shall:

- Sign **Exhibit B** to these policies certifying awareness and understanding of the same.
- Provide assistance to the Debt Team in the execution of transactions, as requested.
- Provide the Debt Team with pre-sale marketing and interest rate recommendations.
- Assist the Senior Underwriter with its responsibilities, as described above. See the **Senior Underwriter**.

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- Liaison with the Treasurer and his/her staff and the Senior Manager before, during and after the sale.

SELECTION OF EXTERNAL SERVICE PROVIDERS

The external service providers (bond counsel, municipal advisor, senior manager and underwriter(s)) have been and will be selected through a competitive request for proposal (RFP) process. The Treasurer shall have authority, at his or her discretion, to (i) dissolve any and all existing external member relationships from time to time, (ii) replace any member of the team through an additional RFP process, (iii) re-negotiate fees and compensation for services prior to each sale, (iv) determine underwriter participation split and type of participation (net designated or group net) prior to each sale, (v) determine the level of MBE/WBE participation prior to each sale, (vi) negotiate the underwriter management fee and underwriter take-down prior to each sale, and (vii) determine and select all other third-party providers (Bond Registrar, paying agent, COPs trustee, Escrow Trustee, verification agent, printer, etc.) necessary to close the transaction.

When selecting external service providers, the Treasurer will utilize a competitive RFP process to determine the most qualified provider incorporating the Best Practice guidelines established by the Government Finance Officers Association (GFOA).

The selection and hiring of external service providers will be made in consideration of the following factors:

- Experience of the provider with Ohio school district borrowings generally.
- Knowledge and experience of the provider's staff assigned to the District's transaction.
- Proper staffing of provider's firm to accommodate existing workload along with the District's transaction.
- Familiarity of the provider with the type of financing proposed to be undertaken.
- Experience of the provider with financings of the District and/or comparable issuers.
- Experience of the provider with financings of similar size, type and structure to that proposed for the District.
- Provider's analytical capability and access to current market information.
- Familiarity of the provider with Ohio public finance and tax laws.
- Familiarity of the provider with relevant federal tax and securities laws, regulations, rules, etc.
- Familiarity of the provider with the municipal bond markets.
- A provider's joint proposals with other providers.
- Demonstrated ability of the provider to evaluate and complete the tasks of a transaction in a timely manner.
- Conflicts of interest among bond counsel, underwriter counsel, municipal advisor(s) and underwriter(s).
- Utilization of a systematic rating process in reviewing and evaluating all providers.
- Interviewing potential providers during the evaluation process.
- References supplied by the provider.
- Knowledge and experience of the provider with competitive and negotiated sales.
- Creativity of the provider with regard to bond structure, credit rating strategies and investor marketing efforts.

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- Provider’s knowledge of local political and economic issues.
 - Provider’s availability to attend District and other meetings, as required.
 - Scope of services desired by the District.
 - The length of the engagement with the provider.
 - Proper registration of the provider with any and all required regulatory authorities and record of regulatory compliance.
 - Assurance of the provider’s standing with federal, state and local regulatory authorities, their standards and policies.
 - Provider's disclosure of any pending investigation, disciplinary actions or enforcement of penalties and fines over an established time frame.
 - Willingness of the provider to acknowledge awareness and understanding of this Administrative Policy,
 - Complete disclosure of provider’s proposed fee structure, and
 - Cost to the District for services provided.

The selection of any and all external service providers will be approved by resolution by the Board of Education. All approved service providers will be required to provide full and complete disclosure relative to any and all agreements or events that would compromise the provider’s ability to provide independent advice and act in the best interest of the District.

RFPs issued, responses gathered, evaluations and rankings of the provider’s responses will be kept on file in the Office of the Treasurer for audit purposes and future reference. The same external service providers can be used on multiple debt issues. The Treasurer of the District can choose to select one or more new external service providers at any time.

AUTHORITY TO BORROW

Article VI, Section 3 of the Ohio Constitution authorizes the General Assembly to pass laws to provide for the organization, administration and control of public schools.

The General Assembly has exercised that authority by enacting Chapter 133 of the Revised Code (the “Uniform Public Securities Law”) and certain other statutes that serve to both authorize and limit the authority of school districts to borrow, to specify general purposes for which they may borrow and to establish procedural requirements to be followed in borrowing.

A school district has no authority to borrow except as is authorized in those statutes, which are complicated, inter-related and often amended. As a result, it is important to consult with the District’s bond counsel early in the planning stages for any proposed borrowing.

General Obligation Borrowings

The Uniform Public Securities Law generally authorizes a school district to borrow by issuing voted or unvoted general obligation bonds or anticipatory securities to provide funds (i) to pay costs of any permanent (capital) improvement (i.e., an asset certified by its treasurer to have estimated life or period of usefulness of at least five years) that the school district, alone or in cooperation with others, is authorized to acquire, improve or construct and (ii) for the payment of legal judgments or settlements of claims.

Chapter 3318 of the Revised Code provides certain additional authority for school districts to borrow for classroom facilities to be constructed in cooperation with the State.

Provisions of the Uniform Public Securities Law and Section 3313.372 of the Revised Code separately authorize school districts to issue general obligation bonds or anticipatory securities to pay costs of installations, modifications of installations, or remodeling that would significantly reduce energy consumption in buildings owned by the district (energy conservation improvements).

Provisions of the Ohio Constitution and the Revised Code provide direct and indirect limitations on the authority of a school district to issue voted and unvoted general obligation debt. See **Debt Limitations**.

Section 133.34 of the Revised Code authorizes the issuance of general obligation debt to currently refund or advance refund general obligation bonds. A Current Refunding occurs if the refunding obligations are issued within ninety (90) days prior to the date on which the refunded bonds will be retired and an Advance Refunding occurs if the refunding bonds are issued more than ninety (90) days prior to the date on which the refunded bonds will be retired. Under United States Treasury Regulations, only one Advance Refunding is permitted, while there is no limit on the number of Current Refundings. If a school district places in escrow either money or direct obligations of, or obligations guaranteed as to payment by, the United States, or a combination of both, that with investment income thereon will be sufficient for the payment of debt charges on the refunded bonds, those bonds will no longer be considered to be outstanding. They will also not be considered in determining any direct or indirect limitation on the school district's indebtedness. Refunding obligations are typically issued to achieve debt charges savings, but may also be issued, if necessary, to restructure outstanding debt.

Under District practices and policy, in order to proceed with a refunding transaction absent a financial need or other compelling circumstances, the anticipated net present value savings to the District due to the refunding of refunded obligations must be in an amount not less than 3.0% of the principal amount of the refunded obligations, after taking into account all expenses related to that refunding and the issuance of the refunding obligations. The Treasurer, in his or her sole discretion, may establish other conditions for proceeding with a refunding transaction, including, without limiting the generality of the foregoing, that the savings as a percent of option value of the securities being refunded must be fifty percent (50%) or higher.

Voted and unvoted general obligation debt may be issued as bonds or as notes that are securities issued in anticipation of bonds (BANs or anticipatory securities).

Bonds are longer-term general obligation debt instruments, typically with a maximum maturity of at least five years. Bonds bear interest payable periodically (usually semiannually on June 1 and December 1) and mature in installments over time (usually installments that result in substantially equal annual debt charges in each fiscal year principal is payable, but may mature in equal annual principal installments or in installments that result in annual debt charges in each fiscal year principal is payable that are not more than three times the amount of such payments in any other such year).

BANs are typically short term general obligations all of the principal of which matures on a date one year or less after their date of issuance. However, BANs, including renewal BANs, may be issued with multiple maturities and may be outstanding from time to time up to a maximum period of the shorter of (i) 240 months from the date of issuance of the original notes or (ii) the

maximum maturity of the anticipated bonds plus 5 years. (**Note** - the maximum maturity may be limited if the BANs are issued for shorter-lived assets). Any period in excess of five years must be deducted from the permitted maximum maturity of the bonds anticipated. Portions of the principal amount of BANs outstanding for more than five years must be retired in amounts at least equal to, and payable not later than, those principal maturities that would have been required if the anticipated bonds had been issued at the expiration of the initial five-year period.

For information concerning the security for general obligation bonds and notes, see **Security for General Obligation Debt**.

Special Obligation Borrowings

A school district may incur debt for operating purposes, such as current tax revenue anticipation notes or tax anticipation notes, only under certain limited statutory authority.

Provisions of the Uniform Public Securities Law authorize a school district to issue current tax revenue notes (CTRN) in anticipation of the collection of current property tax revenues in an amount not in excess of one-half of the anticipated tax revenues to be distributed to it in the remainder of a fiscal year (other than taxes to be received for the payment of debt service and less all advances). The proceeds of the principal amount of CTRNs are to be used only for the purposes for which the amounts anticipated were levied, collected, distributed, and appropriated, and for financing costs related to those CTRNs. CTRNs are generally issued for cash flow purposes when available operating fund balances and revenues within a fiscal year are not available when needed to timely meet expenditure requirements. CTRNs must mature before the end of the fiscal year in which the anticipated taxes are to be received and the issuing district must budget accordingly.

Tax levy statutes in Chapters 5705 (property taxes) and 5748 (school district income taxes) authorize a school district to issue tax anticipation notes (TANs) in anticipation of revenues of a particular tax levy and require that the proceeds of such TANs be used for the same purpose for which the anticipated tax is levied (which may include current expenses, permanent improvements and certain other permitting levy purposes). The permitted timing of the issuance and the maximum maturity of such TANs are limited by the statute authorizing the particular tax anticipated. Some TANs must be issued prior to the time the first collection of a levy occurs, and the maximum maturity of TANs may not, in any event, exceed the term of the levy. In some cases, TANs are issued for cash flow purposes prior to the receipt of proceeds of a new tax levy. In other instances, TANs may be issued in anticipation of proceeds a tax levy the collection of which has already commenced.

For information concerning the security for CTRNs and TANs, see **Security for Special Obligation Debt**.

Lease Purchase Financings

Other financing techniques have been developed and authorized by the General Assembly for use by school districts to enable them to pay for certain types of permanent improvements if necessary due to debt limitations or other factors. The most commonly used of those techniques is lease purchase financing.

Provisions of Chapter 3313 of the Revised Code authorize a school district to enter into lease purchase agreements to finance land acquisitions, construction, enlarging or other

improvement, furnishing, and equipping of facilities or improvements to facilities, including but not limited to buildings, playgrounds, parking lots and athletic facilities, building safety enhancements, certain types of office equipment and computer hardware and software for instructional purposes, certain types of maintenance equipment and motor vehicles (including school buses). Other types of permanent improvements may not be financed by lease purchase.

Such lease purchase statutes and applicable case law generally require a structure involving a series of renewable one year lease terms the aggregate number of which is limited and require that obligations for lease payments in subsequent terms be made subject to the availability and appropriation of funds to meet them.

It is important to understand that, unless properly structured and documented, lease purchase agreements may be considered to be incurrences of debt and be subject to some or all of the limitations and restrictions applicable to debt issuance. The District's bond counsel should be consulted at an early stage to assure that provisions of a proposed agreement will not inadvertently cause the lease purchase transaction to constitute debt or have some other unintended consequence.

For information concerning the security for lease purchase obligations (including COPs), see **Security for Lease Purchase Obligations**.

SECURITY FOR GENERAL OBLIGATION DEBT

General obligation debt of the School District is payable from the sources described below, subject to bankruptcy, insolvency, arrangement, fraudulent conveyance or transfer, reorganization, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion, and to limitations on legal remedies against public entities.

The basic security for payment of the general obligation debt of the School District is the requirement that the Board of Education levy ad valorem property taxes to pay debt charges. The Ohio Constitution specifically prohibits a subdivision such as the School District from incurring debt unless the authorizing legislation makes provision "for levying and collecting annually by taxation an amount sufficient to pay" the debt charges on the bonds. (Ohio Constitution Article XII Section 11.)

The Ohio Supreme Court has stated:

"Section 11 of Article XII of the Constitution of Ohio imposes a mandatory duty upon the State and its political subdivisions to pay the interest and principal of their indebtedness before provisions are to be made for current operating expenses." *State ex rel. Nat'l City Bank v. Bd. of Ed. of the Cleveland City School District*, 52 Ohio St. 2d 81, 85 (1977).

Ohio law requires the Board to levy and collect that property tax to pay debt charges on District bonds as they come due, unless and to the extent those debt charges are paid from other sources.

The resolutions authorizing general obligation bonds and BANs provide further security by making a pledge of the full faith and credit and the general property taxing power of the District for the payment of debt charges on the bonds and BANs as they come due. Included in that pledge are

all funds of the District, except those specifically limited to another use or prohibited from that use by the Ohio Constitution, or Ohio or federal law. Those exceptions include tax levies voted for specific purposes or expressly pledged to certain obligations.

There are, however, some differences in the security for voted bonds and unvoted bonds and the security for bonds and BANs.

Voted General Obligation Bonds. The basic security for voted District general obligation bonds is the authorization by a vote of the electors of the District for the Board to levy, and its levy pursuant to constitutional and statutory requirements of, ad valorem taxes, **without limitation as to rate or amount**, on all real and tangible personal property subject to ad valorem taxation by the Board. These taxes are outside of the ten-mill limitation and are to be sufficient in amount to pay (to the extent not paid from other sources) as they come due the debt charges on the voted bonds (subject to the provisions of bankruptcy laws and other laws affecting creditors' rights and to the exercise of judicial discretion as described above).

Unvoted General Obligation Bonds. The basic security for the limited amount of District unvoted general obligation bonds is the Board's ability to levy, and its levy pursuant to constitutional and statutory requirements of, ad valorem taxes on all real and tangible personal property subject to ad valorem taxation by the Board, **within the ten-mill limitation**. For information concerning the ten-mill limitation see **Debt Limitations – Indirect Debt and Unvoted Property Tax Limitations**. These taxes are to be sufficient in amount to pay (to the extent not paid from other sources) as they come due the debt charges on unvoted general obligation bonds. The law provides that the levy necessary for debt charges has priority over any levy for other purposes within that tax limitation; that priority may be subject to the provisions of bankruptcy laws and other laws affecting creditors' rights and to the exercise of judicial discretion as described above.

BANs. While voted or unvoted BANs are outstanding, **Ohio law requires the levy of ad valorem property taxes in an amount not less than what would have been levied if the anticipated bonds had been issued without the prior issuance of the BANs**. That levy need not actually be collected if payment in fact is to be provided from other sources, such as the proceeds of the bonds anticipated or of renewal BANs. BANs, including renewal BANs, may be issued and outstanding from time to time up to a maximum period of 240 months from the date of issuance of the original notes. Any period in excess of five years must be deducted from the permitted maximum maturity of the bonds anticipated. Portions of the principal amount of BANs outstanding for more than five years must be retired in amounts at least equal to, and payable not later than, those principal maturities that would have been required if the bonds had been issued at the expiration of the initial five-year period.

See also, **Debt Limitations**.

SECURITY FOR SPECIAL OBLIGATION DEBT

Security for CRTNs. Section 133.10 of the Revised Code authorizes a school district to issue notes (CRTNs) in anticipation of the collection of current property tax revenues in and for any fiscal year in an aggregate principal amount that, together with the amount of any other such CRTNs outstanding at the time of issuance, does not exceed one-half of the amount that the county budget commission estimates the school district will receive from all property taxes that are to be distributed to the district from all settlements of taxes that are to be made in the

remainder of that fiscal year, other than taxes to be received for the payment of debt charges, and less all advances.

CRTNs, as to both principal and interest, are special obligations of the school district secured solely by and, except for any capitalized interest, payable solely from the proceeds of the current property tax revenues anticipated, subject to bankruptcy, insolvency, arrangement, fraudulent conveyance or transfer, reorganization, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion, and to limitations on legal remedies against public entities. CRTNs are not general obligations of the school district and are not secured by a pledge of the full faith and credit of the school district or any revenues of the school district other than those specifically anticipated and pledged. The owners or holders of any CRTNs have no right to have any taxes, other than the current property tax revenues anticipated, levied for the payment of the CRTNs. Section 133.10 provides that the amounts of current property tax revenues anticipated needed to pay debt charges and financing costs are to be considered appropriated for that purpose, and other appropriations of those current property tax revenues anticipated by the taxing authority are to be limited to the balance available after deducting the amount to pay those debt charges and financing costs.

Section 133.10(E) and Ohio case law, and the resolution authorizing the issuance of the CRTNs, will require that the amount of the proceeds of the tax levy necessary to pay debt service on the CRTNs payable during the year in which they are received will be deposited directly into an account in the Bond Retirement Fund of the school district for that purpose. The remaining collections from the tax levy during the year will be placed in a separate fund of the school district, the balance in which can only be used for the stated purpose of the taxes anticipated.

Security for TANs. Section 133.24 of the Revised Code and various tax levy statutes in Chapters 5705 (property taxes) and 5748 (school district income taxes) authorize a school district which has received voter approval to levy a tax to issue notes (TANs) in anticipation of the collection of a fraction of the proceeds to be received from a tax levy over time.

TANs, as to both principal and interest, are special obligations of the school district secured solely by and, except for any capitalized interest, payable solely from the proceeds of the tax levy anticipated, subject to bankruptcy, insolvency, arrangement, fraudulent conveyance or transfer, reorganization, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion, and to limitations on legal remedies against public entities. TANs are not general obligations of the school district and are not secured by a pledge of the full faith and credit of the school district or any revenues of the school district other than those specifically anticipated and pledged. The owners or holders of any TANs have no right to have any taxes, other than the tax levy anticipated, levied for the payment of the TANs. Section 133.24 provides that the proceeds of the tax levy anticipated that are necessary to pay debt charges on the TANs in a particular year are deemed appropriated for that purpose from the proceeds of the levy collected in that year, and the various tax levy statutes limit the aggregate principal amount of an issue of TANs to a specified portion those total estimated proceeds of the levy, less any amount of other TANs issued in anticipation of the levy.

Ohio law and the resolution authorizing the issuance of the TANs will require that the board of education of the district levy the anticipated tax in an amount not less than required for debt charges in each year the TANs are outstanding and that the amount of the proceeds of the

tax levy necessary to pay debt service on the TANs payable during the year in which they are received will be deposited directly into an account in the Bond Retirement Fund of the school district for that purpose. The remaining collections from the tax levy during each year will be placed in a separate fund of the school district, the balance in which can only be used for the stated purpose of the tax pursuant to the authorization of the voters.

SECURITY FOR LEASE PURCHASE OBLIGATIONS

Ohio lease purchase statutes and applicable case law generally require a structure involving a series of renewable one year lease terms and require that obligations for lease payments in subsequent terms be made subject to the availability and appropriation of funds to meet them. The District makes no pledge of taxes or its general credit, taxing authority or other resources for the payment of lease obligations, and such obligations, properly structured, do not constitute “debt” of the District and are not subject to debt limitations.

The security for the holders of lease obligations (the lessor/lender or a holders of COPs) is generally the authority of the lessor/lender or a trustee on behalf of the holders of COPs to remove from the District’s possession or use the facility, improvement, equipment or vehicle that is the subject of the lease purchase agreement (i.e., the asset being financed) upon a non-renewal, nonappropriation, default under the lease purchase agreement or its termination for subsequent scheduled one-year terms. In addition, a premature termination of such a lease purchase financing may have an effect on a lessee’s future financing abilities and opportunities and, in some instances, its ratings.

Because lease purchase obligations are generally viewed as less secure than general or special obligation debt, they generally provide capital at a higher cost than that for debt. Thus, many school districts and other political subdivisions utilize this type of financing because applicable debt limitations preclude the issuance of debt or because they wish to retain the capacity to issue debt for other purposes.

DEBT LIMITATIONS

The District’s authority to issue general obligation debt is subject to two types of limitations that provide additional security for bond and note holders.

Direct Debt Limitations. The Revised Code provides two debt limitations on general obligation debt that are directly based on tax (assessed) valuation and applicable to all school districts, including the School District.

- The net principal amount of both voted and unvoted debt of the School District, excluding “exempt debt” (discussed below), generally may not exceed 9% of the total tax (assessed) valuation of all property in the School District as listed and assessed for taxation, except in the case of a “special needs” school district.
- The net principal amount of unvoted debt of the School District, excluding exempt debt, generally may not exceed 1% of that valuation, as discussed below.

These two limitations, which are referred to as the “direct debt limitations,” may be amended from time to time by the General Assembly.

The School District's ability to incur **unvoted** debt (whether or not exempt from the direct debt limitations) is also restricted by the indirect debt limitation discussed under **Indirect Debt and Unvoted Property Tax Limitations**.

The Section 3313.372 of the Revised Code provides, as a general limitation, that the net principal amount of general obligation debt of a school district incurred without a vote of the electors may not exceed 1% of the district's total tax valuation. A further general limitation, from which certain energy conservation and exempt debt (discussed below) may be excluded, is 1/10th of 1% of its total tax valuation. School districts may also issue unvoted general obligation debt and other debt under certain circumstances for energy conservation programs, which general obligation debt may not exceed 9/10ths of 1% of the district's tax valuation. Debt charges on any unvoted debt, unless paid from other sources, must be paid from the millage levied within the ten-mill limitation.

A special debt limit of 2% of total tax valuation of all property in the district applies to unvoted general obligation debt of a school district (such as the School District) issued to finance the district's portion (if at least \$100,000,000) of the basic project costs of classroom facilities under the State classroom facilities assistance program.

Certain debt that the District may issue is exempt from the 9%, 1/10th of 1%, 9/10ths of 1% and 1% direct debt limitations (exempt debt). Exempt debt includes, among other items:

- Unvoted general obligation debt incurred for the acquisition of school buses and other equipment used in transporting pupils.
- Unvoted general obligation debt incurred to provide funds to pay a school district's portion of the basic project cost required for State capital assistance pursuant to Chapter 3318 of the Revised Code if the district's board of education has covenanted to levy and collect a voter-approved school district income tax or ad valorem property tax and to appropriate lawfully available proceeds of that tax annually for the debt charges on and financing costs of that debt while it is outstanding.
- CTRNs (which have a latest maturity of the last day of the Fiscal Year in which issued), or TANs in anticipation of and payable from the proceeds of a specific tax levy.
- Debt incurred with voter approval for emergency additions or replacements of school buildings.
- Securities issued to pay final judgments or court-approved settlements under authorizing laws.
- Securities issued to acquire school buses and other equipment used in transporting pupils.
- Certain securities issued to acquire computers and related hardware.

Bond anticipation notes (BANs) issued in anticipation of exempt bonds are also exempt debt.

The District may incur debt for operating purposes, such as current tax revenue anticipation notes or tax anticipation notes, only under certain limited statutory authority. See **Authority to Borrow – Special Obligation Borrowings**.

In the calculation of debt subject to the direct debt limitations, the amount in a school district's bond retirement fund allocable to the principal amount of nonexempt debt is deducted from gross nonexempt debt.

Indirect Debt and Unvoted Property Tax Limitations. Voted general obligation debt may be issued by the District if authorized by vote of the electors. See **Submission of Question of Issuance of Bonds to Electors**. Ad valorem taxes, without limitation as to amount or rate, to pay debt charges on voted bonds are authorized by the electors at the same time they authorize the issuance of the bonds.

General obligation debt also may be issued by the District without a vote of the electors, but subject to the 1% and 1/10th and 9/10ths of 1% limitations discussed above. This unvoted debt may not be issued unless the ad valorem property tax for the payment of debt charges on those bonds (or the bonds in anticipation of which BANs are issued), and all outstanding unvoted general obligation bonds (including bonds in anticipation of which BANs are issued) of the combination of overlapping taxing subdivisions, including the District, resulting in the highest tax required for such debt charges, in any year is 10 mills or less per \$1.00 of assessed valuation. This indirect debt limitation, the product of what is commonly referred to as the "ten-mill limitation," is imposed by a combination of provisions of the Ohio Constitution and the Revised Code. The ten-mill limitation is the maximum aggregate millage for all purposes that may be levied on any single piece of property by all overlapping taxing subdivisions without a vote of the electors. These 10 mills are allocated pursuant to a statutory formula among certain overlapping taxing subdivisions in the County, including the District.

Because the District is restricted in the amount of unvoted debt it can issue, the major impact of the indirect debt limitation generally results from the ability of overlapping political subdivisions to issue unvoted general obligation debt amounts that require unvoted taxes for the payment of debt charges on that debt to be levied at a rate in excess of the rates within the ten-mill limitation allocated by statutory formula to the subdivisions. The result of a subdivision having to draw on millage to pay debt charges in an amount exceeding its allocated rate within the ten-mill limitation would be to reduce the millage within the ten-mill limitation available to the overlapping subdivisions, including the inside millage then levied by the Board for operating purposes.

Present Ohio law requires the inside millage allocated to a taxing subdivision to be used first for the payment of debt charges on its unvoted general obligation debt, unless provision has been made for that payment from other sources, with the balance usable for other purposes. See **Security for General Obligation Debt**. To the extent this inside millage is required for debt charges of a taxing subdivision (which may exceed the formula allocation to that subdivision), the amount that would otherwise be available to that subdivision for general fund purposes is reduced. Because the inside millage that may actually be required to pay debt charges on a subdivision's unvoted general obligation debt may exceed the formula allocation of that millage to the subdivision, the excess reduces the amount of inside millage available to overlapping subdivisions. A law applicable to all Ohio cities and villages, however, requires that any

lawfully available receipts from a municipal income tax or from voted property tax levies be allocated to pay debt charges on the municipality's unvoted debt before the formula allocations of the inside millage to overlapping subdivisions can be invaded for that purpose.

In the case of BANs issued in anticipation of unvoted general obligation bonds, the highest estimate of annual debt charges for the anticipated bonds is used to calculate the millage required.

SUBMISSION OF QUESTION OF ISSUANCE OF BONDS TO ELECTORS

A board of education, as the taxing authority for a school district, may submit to the electors of the district the question of issuing any general obligation bonds, for one purpose, that the District has power or authority to issue. The submission of the question of issuance of general obligation bonds must be made in compliance with Section 133.18, 3318.06 (applicable to classroom facilities projects under taken in cooperation with the State), 5705.218 (applicable to combined bond issue and property tax levy questions) or 5748.12 (applicable to combined bond issue and income tax levy questions). Those sections require a district to take election proceedings and, if the proposed bonds and other non-exempt debt of the district will exceed certain thresholds, may require additional proceedings to obtain necessary consents from the Superintendent of Public Instruction and the State Tax Commissioner and/or determination of "approved special needs" status for the district.

Election Proceedings. The submission of the question of any bond issue requires at least two legislative actions by a board of education. First, the board must adopt a resolution (referred to as a "resolution of necessity") that does at least all of the following:

- (1) Declares the necessity and purpose of the bond issue;
- (2) States the date of the authorized election at which the question shall be submitted to the electors;
- (3) States the amount, approximate date, estimated net average rate of interest, and maximum number of years over which the principal of the bonds may be paid;
- (4) Declares the necessity of levying a tax outside the ten-mill tax limitation to pay the debt charges on the bonds and any anticipatory securities.

Note: There are additional requirements for resolutions of necessity for combined bond issue and tax levy questions, and the numbers of affirmative votes required for the adoption of resolutions of necessity vary (some require a majority vote of the board members, others affirmative votes of two-thirds of the board members).

The board must certify a copy of the resolution of necessity to the county auditor. The county auditor is to promptly calculate and certify to the taxing board the estimated average annual property tax levy, expressed in cents or dollars and cents for each one hundred dollars of tax valuation and in mills for each one dollar of tax valuation, that the county auditor estimates to be required throughout the stated maturity of the proposed bonds to pay the debt charges on those bonds.

After receiving the county auditor's millage certifications, the board may adopt a second resolution (referred to as the "resolution to proceed") determining to proceed with submitting the question of the issue of securities.

The resolution of necessity, County Auditor's millage certifications and resolution to proceed must be filed with the Board of Elections no later than the 90th day prior to the election.

Consents and Special Needs Proceedings. In the case of school districts intending to submit a bond issue requiring the consents of the State Superintendent of Public Instruction and the State Tax Commissioner because, after the issuance of those bonds, the school district's net indebtedness would exceed 4% of its tax valuation (unless certain exceptions apply), the following must be filed with the Department of Education and the Department of Taxation no later than the 120th day prior to the election: (i) a letter requesting the 4% consents; (ii) a statement of net bonded indebtedness on DTE Form 131 (if the board of education has not yet adopted its resolution of necessity for the bond issue as of that date, a draft DTE Form 131 may be submitted); and (iii) a "general certificate" setting forth certain specific information about the school district. Additional materials necessary to apply for 4% consents must be filed with both Departments no later than the 98th day before the election. Further filings may be required if, after the issuance of the bonds, the school district's net indebtedness would exceed 9% of its tax valuation (unless certain exceptions apply).

MATURITY OF DEBT

The District's policy is to manage the length of its bond issues to be consistent, to the extent possible, with the expected economic or useful life of the improvement that the issue is financing. Ohio law (Section 133.20 of the Revised Code) sets forth maximum maturities for bonds issued for various categories of permanent improvements that are assigned based on the General Assembly's estimate of their lives or periods of usefulness. Currently, bonds issued by a school district to acquire or construct real property (i.e., land or building facilities) may have a maximum maturity of 30 years or such longer period not in excess of 40 years as the Treasurer estimates and certifies to the Board to be the useful life of the property, and bonds issued for

- furniture, furnishings, equipment, landscape plantings and other site improvements, and playground equipment, athletic and recreational equipment and apparatus are assigned a maximum maturity of 10 years, and
- school district energy conservation improvements are assigned a maximum maturity of 15 years.

If bonds are issued for a category not specified in Section 133.20, the maximum maturity is based on the Treasurer's estimate of the life or period of usefulness of the improvements (not less than 5 or more than 30 years).

If bonds issued for improvements in two or more such categories, the maximum maturity of the bonds is to be determined based on the average life or period of usefulness based on the weighted average of amounts expended for the various categories of permanent improvements.

The maximum maturity is generally measured from the date that is 12 months prior to the date of the first principal payment date.

The maximum maturity of an issue of refunding bonds may not exceed that maximum permitted maturity for the bonds being refunded.

METHODS OF SALE

Securities of the District generally may be lawfully sold:

- at **private sale** in a manner determined or authorized by the Board which may include:
 - a negotiated sale to an underwriter or underwriting team that will “reoffer” and sell the securities to the public, or
 - a directly negotiated private placement or sale to a bank or purchaser purchasing for its own investment or account, or
 - a private placement or sale to a bank or purchaser purchasing for its own investment or account utilizing the services of an underwriter serving as the “placement agent”, or
 - an informal competitive sale to an underwriter, underwriting team, bank or other purchaser responding to an invitation for proposals or a solicitation for interest rate proposals circulated by or for the District to those of its choice and not necessarily meeting all of the requirements for a formal competitive sale.
- at **competitive sale** using a formal competitive bidding process that must include:
 - Preparation of an advertisement containing at least the following information
 - The total maximum principal amount,
 - The amount or amounts and the date or dates of principal payments and information as to optional or mandatory redemption provisions,
 - The maximum rate or rates of interest, if any, and any other specifications with respect to such rates,
 - The date or dates on which interest payments will be made,
 - The general purpose or purposes of the borrowing and the source or sources of payments,
 - The time, date and place that bids will be opened and the manner in which bids may be presented,
 - The basis upon which the best bid will be determined, and
 - The bid security, if any, to accompany the bid.
 - Circulation of the advertisement by publication in a newspaper of general circulation in the county or in a financial journal or in such other manner and at a time or times determined by the Board or by the Treasurer (if authorized by the Board).
 - Delivering a copy of the advertisement to the Ohio Municipal Advisory Council at least ten days prior to the date on which bids are to be received.
 - An award to the entity submitting the best bid.

The District shall retain the ability to reject all bids at its own discretion in all formal and informal competitive bidding.

Like most other Ohio school districts and political subdivisions, the District has since at least 2000 consistently specified that its securities are to be sold “at private sale” (even if an informal competitive proposal or bidding process is to be utilized).

Since 2003, the District has had a practice of selling its general obligation securities at private sale to an underwriter or underwriting team selected in substantially the manner set forth herein **Selection of External Service Providers**.

The District may determine from time to time to offer securities at an informal (private) or formal (public) competitive sale; however, it is the policy of the District that any advance refunding issue will be sold at a negotiated private sale, either to an underwriter or underwriting team or in a private placement using the services of the underwriter or underwriting team as placement agent(s).

It is also the policy of the District that a Municipal Advisor will be engaged in connection with any informal (private) or formal (public) competitive sale of bonds or other obligations with a maturity in excess of one year.

Generally, it will be the policy of the District to use the following methods of sale when issuing debt or selling other public obligations.

Negotiated Sales: When issuing bonds or BANs or TANs with a maximum maturity in excess of one year or participating in a transaction in which certificates of participation in lease payments of the District (COPs) that will be publicly offered, the District may choose to sell the bonds, BANs or TANs (or have the COPs sold) to an underwriter or underwriting team selected in substantially the manner set forth herein **Selection of External Service Providers** at a negotiated private sale.

In connection with the issuance of general obligation securities to refund outstanding general obligation bonds, the District will (i) generally require a negotiated sale through an underwriter or underwriting team, (ii) generally require a net present value savings of an amount not less than 3.0% of the principal amount of the refunded obligations, after taking into account all expenses related to that refunding and the issuance of the refunding obligations, (iii) consider requiring a savings as a percent of option value threshold of 50% or better, (iv) require the services of a Municipal Advisor, Escrow Trustee, Bond Registrar, verification agent, and underwriter or an underwriting team, and (iv) require an escrow fund and provide for the defeasance of the refunded issue.

When using such a negotiated private sale method, the District will employ the services of a Municipal Advisor.

Private or Direct Placement Sales: When issuing CTRNs or BANs or TANs with a maturity of one year or less, the District may choose to sell the notes in a negotiated private or direct placement sale to a bank or purchaser purchasing for its own investment or account.

In utilizing such a negotiated private or direct placement sale method, the District will solicit not less than five (5) interest rate quotes from the banking institutions currently approved to be designated depositories of District funds and such other entities as it may choose. The issue will be awarded to the entity offering the purchase proposal determined by the President and Treasurer of the Board to be the most financially advantageous to the District. The District shall reserve the right to reject all quotes at its own discretion.

Private or direct placement sales may be used for issues of general obligation bonds or BANs with a maturity of greater than one year; provided, however, the services of a Municipal Advisor shall be retained in connection with any such sales.

Absent compelling circumstances or the preparation by the District of a formal disclosure document, the District will require purchasers in private and direct placement sales to provide an investor's acknowledgment letter.

Informal Competitive Sale: The District may use an informal competitive sale method in selling to an underwriter, underwriting team, bank or other purchaser responding to an invitation for proposals or a solicitation for interest rate proposals circulated by or for the District to those of its choice.

The services of a Municipal Advisor are required when bonds or BANs or TANs with a maximum maturity in excess of one year are in such an informal competitive sale. The Municipal Advisor will assist the District in formulating, in cooperation with bond counsel, the terms of the bonds or notes set forth in the District's invitation for proposals or other solicitation of proposals from financial institutions and underwriters in the municipal market. Proposals shall be solicited from not less than five (5) financial institutions, underwriters and/or other buyers known to be purchasers of similar securities of school districts in the Ohio public securities market.

Generally, the issue is to be awarded to the firm that offers the lowest net interest cost (NIC) or true interest cost (TIC), as is specified in the invitation or solicitation, or is otherwise determined to have submitted the proposal most financially advantageous to the District.

The District may require purchasers in informal competitive sales to provide an investor's acknowledgment letter

DEBT STRUCTURING PRACTICES

The District's debt structuring considerations will vary based on the type of debt being issued. However, for each issue, consideration should be given, but not necessarily limited, to all of the following:

- Total Par Value Issued
- Par Value by Maturity Date
- Maximum Allowable Maturity
- Optional Redemption Features
- Coupon Type (Standard, Bifurcated or a combination of both)

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- Timing of Principal and Interest Payments (generally June and December 1st)
 - Method of Sale (Negotiated, Private or Direct Placement or Informal or Formal Competitive)
 - The appropriate debt service structure (generally level debt service will be appropriate)
 - Arbitrage Rebate or Other Tax Compliance considerations
 - Need for Retail Market Sales Potential
 - Need for Institutional Market Sales Potential
 - Need for Credit Enhancement or participation in the State of Ohio's School District Credit Enhancement Program
 - Need for an Official Statement, Offering Circular or other disclosure document
 - Need for Rating Agency Presentation(s)
 - Need for an Annual Information Filing
 - Need for a Bond Registrar/Paying Agent
 - Need for a Municipal Advisor
 - Need for Underwriter Participation (required for refunding of bond or COPs issues)
 - Need for Co-Managing Underwriter Participation
 - Understanding of all issuance costs
 - Requirement of a level of MBE/WBE participation as determined by the Treasurer
 - Type of Underwriter Participation (Group Net or Net Designated)
 - Separate counsel for the District and the Underwriter(s)
 - Timing of the Sale
 - Investment of Debt Proceeds
 - The District's ability to meet federal tax requirements for post issuance compliance, including the timely allocation of proceeds for expenditures and the potential for arbitrage rebate
 - The District's long-term capital project plans and goals.

The following additional factors should be considered in connection with all refundings of bond or COPs issues:

- Need for a COPs trustee
- Need for an Escrow Fund
- Need for an Escrow Trustee
- Need for a verification agent
- Excess Bond Retirement Fund money to apply to the escrow
- Net Present Value Savings Thresholds (3% or more)
- Need for Savings as a Percent of Option Value Thresholds (50% or better)

Generally, bonds issued by the District will be dated the date of their original issuance, and will mature in the principal amounts and on the dates, will bear interest (computed on the basis of a 360-day year and twelve 30-day months) payable on June 1 and December 1 of each year.

When structuring debt or COPs issues with optional prior redemption features, the District will consider redemption features to best take advantage of market conditions, provide flexibility for future financings, provide flexibility in future levy requests, provide for adequate bond premiums to offset issuance costs, provide for the lowest burden on the District's tax base, and, generally, provide for a level debt service on all outstanding issues.

Derivative debt instruments including, but not limited to, interest rate swap, cap, collar, corridor, ceiling and floor agreements, float agreements, or other similar financial arrangements are not allowed. Forward purchase agreements may be used in connection with refunding transactions; provided that the services of a Municipal Advisor shall be retained in connection with any such transaction involving a forward purchase agreement.

For all debt issues, the District will require the Municipal Advisor, the underwriter(s)/placement agent(s) or the original purchaser to provide post-issuance comparable sales/interest rate information.

CAPITALIZED INTEREST

Under Ohio Law. Under Ohio law, "capitalized interest" means that portion of the principal amount of the securities being issued that is to be used to pay interest payable on securities from their date to a date stated or provided for in the applicable legislation. The District may also receive "premium" from the sale of securities that is to be deposited in the District's Bond Retirement Fund and may be used for the same purpose.

Capitalized interest may be included in the principal amount of District securities to pay the interest that the Treasurer estimates will become due and payable on the securities prior to the receipt of sufficient taxes or other revenues or receipts from which the interest is generally to be paid. The amount of capitalized interest may not, in any event, exceed an amount estimated by the Treasurer to be twenty-four months' interest on the securities.

Capitalized interest may be deposited, as determined by the Treasurer, in the District's Bond Retirement Fund or in a separate account in the special improvement or construction fund and applied to interest on those securities. Whenever any part of the principal amount of an issue of District securities deposited in a special improvement or construction fund, other than an amount for capitalized interest, is used for the payment of interest on the securities, the amount so used (which amount, together with any amount of any capitalized interest, may not exceed the amount of capitalized interest permitted under Ohio law) may, at the direction of the Treasurer, be repaid into that special fund from the proceeds of any taxes otherwise levied and collected to pay the debt charges on the securities, and the taxing authority may levy and collect those taxes for that purpose.

The permitted amount of capitalized interest to be included in the principal amount of an issue of District securities must be reduced by the amount of any capitalized interest included in any prior issue of securities, whether anticipatory securities or otherwise, that is to be or was retired by the issuance of the securities or prior securities.

Under Federal Tax Law. Under federal tax law, capitalized interest is deemed to include any proceeds of a borrowing (both amounts included in the principal amount for the purpose and premium received on the sale) that are to be used to pay interest on the issue.

Subject to certain exceptions (e.g., in the context of advance refunding issues), for federal tax purposes those proceeds may be capitalized and expended for accruing for up to three years from the date of issuance.

CREDIT RATINGS

The District will strive to maintain and improve its credit ratings for all categories of its securities and other obligations. The District will maintain positive, transparent relationships with the investment community, the public, and the nationally recognized statistical rating organizations (rating agencies) that have, at its request, rated outstanding securities issued by the District.

When required or appropriate, the Treasurer (and appropriate Treasurer's staff members), the Superintendent, the Committee on Borrowing Chairperson (or designee) and the District's bond counsel, municipal advisor and senior manager or lead underwriter will meet with and make presentations to the respective rating agencies to provide information to help to assure that an appropriate credit rating is assigned to each issue of the District's securities and COPs.

The Treasurer (and appropriate Treasurer's staff members), the Superintendent, Committee on Borrowing Chairperson (or designee) and, as appropriate, the District's bond counsel and municipal advisor, will participate in surveillance conference calls requested by rating agencies that have, at the request of the District, rated outstanding securities and/or other obligations of the District to update the rating agency on the current state of affairs at the District and the local economic environment, and to discuss any future financing plans and capital needs.

The District recognizes that external economic, natural, or other events may impact the creditworthiness of its securities and other obligations, but is committed to ensuring that the actions within the District's control are prudent and fiscally sound. The Treasurer will inform the Committee on Borrowing of any circumstance or action that may negatively impact the District's credit ratings with Moody's Investor Services, Standard & Poor's Rating Services, or Fitch Rating Services.

CREDIT ENHANCEMENT

Credit enhancement may be used by the District when the net debt service is reduced by more than the associated costs of the credit enhancement. The types of credit enhancement the District may consider include, but are not limited to, bond insurance, a letter of credit from a financial institution, and the State of Ohio School District Credit Enhancement Program.

Each issue should be independently reviewed for the need for credit enhancement. Each type of credit enhancement should then be compared to determine the lowest cost to the District. Credit enhancement will be considered to enhance the marketing of the transaction and to make the financing more cost effective.

In any event, consideration shall be given to participation in the State of Ohio's School district Credit Enhancement Program in connection with the issuance of any general obligations bonds of the District.

INVESTMENT OF PROCEEDS

When the District borrows money (by issuing general obligation bonds, BANs, CTRNs, TANs or otherwise), the proceeds of the borrowing are required to be deposited into various funds. Proceeds of general obligation bonds or BANs may be deposited into a construction (or project) fund and used for the purpose of the borrowing, the Bond Retirement Fund, or in the case of a refunding, an escrow fund. Proceeds of CTRNs or TANs may be deposited into the fund into which the anticipated tax levy proceeds would be deposited and used for the purpose of the borrowing (and the levy) or the Bond Retirement Fund.

The District recognizes that the liquidity needs and cash flow restraints will vary among funds and will plan its investment strategies for each accordingly. Preservation of capital will be the District's primary objective when investing proceeds, followed by maintaining the necessary liquidity, and finally rate of return.

Proceeds from all borrowings will be invested in compliance with applicable provisions of Chapter 135 of the Ohio Revised Code and the District's Administrative Policy for Investment and Cash Management Activity. The District will comply with all applicable provisions of the Internal Revenue Code of 1986 and the Treasury Regulations (whether temporary or final) under that Code, including arbitrage rebate regulations, and related bond, BAN, CTRN, TAN or other borrowing covenants with regard to the investment of proceeds of tax-exempt obligations it issues. See **Post Issuance Compliance - Post Issuance Tax Compliance** and **Exhibit F**.

Construction and levy fund investments will be selected to match anticipated construction draws and expenditures or other cash flow needs. Bond Retirement Fund investments will be selected to match anticipated debt service requirements. Cash flow forecasting, based on the type of funds being invested, is critical to provide adequate liquidity, reduce market risk and manage opportunity risk. To ensure safety of principal and liquidity, proceeds will not be invested in securities or deposits with a term to maturity that exceeds the expected disbursement date of those moneys.

Proceeds of refunding issues in defeasance escrows and certain other funds with longer-term investment horizons may be invested in securities exceeding five (5) years if the maturity of such investments is made to coincide as nearly as practicable with the expected use of funds.

United States Treasury State and Local Government Series Securities (SLGS) are the preferred investment securities for escrow funds for refunding bonds. In the event the federal government is not selling SLGS when needed for an escrow or there may be a sufficient net benefit, the District will discuss alternative investment strategies, including Open Market Securities (OMS), for the escrow fund with its bond counsel and municipal advisor.

All District investments will meet mark to market requirements outlined by the Governmental Accounting Standards Board (GASB).

Interest earnings on the investment of moneys in the Bond Retirement Fund will be credited to the General Fund. Interest earnings on the investment of proceeds of borrowings that are deposited to funds other than bond retirement fund will be credited to the fund to which they are attributable. Interest revenue will be distributed to the appropriate fund on at least a monthly basis.

POST ISSUANCE COMPLIANCE

Generally

The Treasurer and Treasurer's Staff will monitor all of its outstanding borrowings not less than annually and ensure compliance with all covenants and applicable state and federal laws, regulations and rules. Any concerns or findings will be reported to the Board of Education through the Committee on Borrowing.

Prior to November 15 in each calendar year, the Treasurer and/or Treasurer's Staff and the Lucas County Auditor's Office will discuss and agree upon the tax rates required to be levied inside (if any) and outside the ten-mill limitation to ensure the collection of adequate tax dollars to provide for the payment of debt charges on the District's voted and unvoted general obligation debt issues for the upcoming calendar year.

Financial Reporting and Post Issuance Continuing Disclosure Compliance

The District intends that its financial disclosures – both in connection with its primary offerings of securities and other borrowings and in satisfaction of its continuing disclosure obligations - be made in compliance with all applicable federal and state securities laws, rules and regulations and conform to the rules, requirements and standards of (i) the continuing disclosure agreements entered into by the District pursuant to SEC Rule 15c2-12 in connection with the primary offerings and issuances by the District of its securities and any COPs and related Municipal Securities Rulemaking Board (MSRB) requirements, (ii) the Government Accounting Standards Board (GASB), (iii) the Generally Accepted Accounting Principles (GAAP), (iv) the State of Ohio Auditor's Office Uniform School Accounting System (USAS), and (v) all pertinent sections of the Ohio Revised Code (ORC) and other requirements of the Auditor of the State of Ohio.

All Comprehensive Annual Financial Reports (CAFRs) of the District are to be prepared in adherence with guidelines and standards established by both the Government Finance Officers Association (GFOA) and the Ohio Association of School Business Officials (OASBO) with a view to receiving each organization's Certificate of Excellence in Financial Reporting.

The District has instituted procedures intended to assure that it meets its obligations for the annual filing of financial information and operating data and the filing of certain material event and other notices as set forth in the continuing disclosure agreements entered into pursuant to SEC Rule 15c2-12 in connection with the primary offerings and issuances by the District of its securities issues and any COPs outstanding from time to time. Those procedures are attached as **Exhibit E** hereto and are to be followed by the Treasurer and the Treasurer's Staff. Each filing of annual financial information and operating data and all notices filed on EMMA (the Electronic Municipal Market Access system of the MSRB) pursuant to the continuing disclosure agreements and those procedures will also be provided to the Board's Finance Committee and the Committee on Borrowing.

Some banks and other investors also require covenants with respect to the filing of financial reports, budgets and other matters in connection with their purchases of debt or other obligations in private or direct placement transactions.

All financial disclosure documents prepared by the District, including, but not limited to, official statements, annual information filings (AIFs), rating reports, CAFRs, audit reports, and Treasury Management reports will be placed on the District's website and Board Docs Library for public review.

Post Issuance Tax Compliance

The Board and the District have made certain covenants in the proceedings for the issuance and sale of each issue of its outstanding tax-exempt general obligation bonds and other obligations. Failure to comply with certain of those covenants subsequent to issuance of the bonds or other obligations could cause interest on those bonds or other obligations to be included in gross income for federal income tax purposes retroactively to their date of issuance. The District's bond counsel has provided certain Post Issuance Checklists and Instructions, including an **Arbitrage Compliance Checklist, Instructions For Compliance With Rebate Requirements** and a **Use of Proceeds Checklist and Remedial Action Instructions** for use by District officials to better assure compliance with the covenants the Board and the School District have made. Copies of those checklists and instructions are attached hereto as **Exhibit F**. Among other things, those checklists and instructions and District policy and practice applicable to all outstanding and future tax-exempt borrowings of the District require that for each tax exempt borrowing, spending requirements for the proceeds be monitored annually and actual expenditure of proceeds will be reported to the District's bond counsel for arbitrage rebate monitoring, calculation and reporting purposes.

To the extent practicable, District tax-exempt borrowings are to be made and their proceeds are to be expended in such a manner as to minimize the necessity of arbitrage rebate payments.

Post Issuance Credit Enhancement Covenant Compliance

The District will observe all covenants made in connection with credit enhancement obtained for District debt and other borrowings, including covenants made to enable the District to participate in the State of Ohio School District Credit Enhancement Program which are set forth in Bond Registrar Agreements between the District, the applicable Bond Registrar and the Ohio Department of Education. See **Exhibit G** for an example of such covenants.

Specifically, for each debt issue backed by the State of Ohio's School District Credit Enhancement Program, the notice or notices required to be provided by the District to the Ohio Department of Education and to the Bond Registrar for the issue prior to each debt service payment in accordance with the covenants set forth in the applicable Bond Registrar Agreement will be timely prepared and delivered.

All debt payments will be made timely in accordance with each issue's debt schedule and any other requirements of the debt covenants, including specifically the covenants required to participate in the State of Ohio School District Credit Enhancement Program.

All covenants limiting the amount of debt secured under the State of Ohio School District Credit Enhancement Program shall be observed.

Some bond insurers and banks providing letters of credit also require covenants with respect to the filing of financial reports, budgets and other matters.

Certain Other Miscellaneous Post Issuance Activities

After each issue is marketed, comparable post sale information will be compiled and retained with the District records for that issue.

After each issue is priced, information concerning underwriter order allotments, allocations and percentage of participation will be retained with the District records for that issue.

All records, transcripts and agreements with respect to a borrowing will be retained for not less than 3 years after the last principal payment on the borrowing has been made.

ACCOUNTING ISSUES

Crediting and Disposition of Proceeds:

Proceeds of a non-refunding general obligation bond or BAN issue shall be credited to the District fund (i.e., construction or project) from which expenditures for the project are to be made and shall be used only for payment of “costs of the permanent improvement” financed. For such purpose, the term “costs of permanent improvement” is defined in Section 133.15(B) of the Revised Code.

Proceeds from the sale of general obligation bonds or BANs that will be used to refund general obligation bonds will be deposited in an escrow fund to be held by an Escrow Trustee, pursuant to an Escrow Agreement between the School District and the Escrow Trustee. The money deposited in the escrow fund will be (a) held in cash to the extent not needed to make the investments described in (b) below, and (b) invested in direct obligations of or obligations guaranteed as to payment by the United States (within the meaning of Section 133.34(D) of the Revised Code) that mature or are subject to redemption by and at the option of the holder, in amounts sufficient, together with any uninvested cash in the escrow fund but without further investment or reinvestment, for the payment of (i) principal and interest when due on the refunded bonds until they are retired by optional redemption, and (ii) the principal of the refunded bonds payable upon their redemption by optional redemption, as provided in the authorizing resolution adopted by the Board and the escrow agreement.

Premium and Accrued Interest:

Any premium received on the sale of general obligation bonds or BANs (other than any amounts of premium to be used (i) to pay costs of issuing the bonds or BANs and of refunding any refunded bonds and (ii) to fully fund an escrow fund to retire refunded bonds) and any accrued interest on the bonds or BANs will be deposited in the Bond Retirement Fund.

Any premium received on the sale of CTRNs or TANs (other than any amounts of premium to be used to pay costs of issuing them) and any accrued interest on the CTRNs or TANs will be deposited in the Bond Retirement Fund.

Money in that Bond Retirement Fund is used to pay debt charges on District debt obligations.

Cost of Issuance:

Costs of issuance, whether paid by the District directly or paid by the underwriter(s) or other purchaser of the obligations in accordance with their purchase agreement with District, will be accounted for in accordance with the requirements of the Auditor of the State of Ohio.

INTERNAL CONTROL

The Treasurer shall establish a process of independent review by an external auditor. This review will provide internal control by assuring compliance with policies, procedures and borrowing covenants. The internal controls established will be designed to prevent and control loss of District funds arising from fraud, employee error, and misrepresentations by third parties, and imprudent actions by any personnel. The internal controls should address separation of duties, delegation of authority, written documentation of telephone transactions, custodial safekeeping, and documentation of all borrowing transactions. The Treasurer, at his or her discretion, may contract with an independent firm to conduct a complete review of the District's borrowing programs.

ETHICAL STANDARDS

The District and all persons involved in District borrowings are to act in accordance with all applicable sections of the Ohio Revised Code, all applicable federal statutes, any modification to those laws, and any legal opinions rendered by the District's counsel. The District and such persons are also to act within all approved District policies and Board resolutions and any amendments made to those policies or resolutions.

Without limiting the generality of the foregoing, persons involved in the District's borrowing processes shall refrain from personal business activity that could conflict with the proper execution and management of District borrowings, or that could impair their ability to make impartial decisions. Further, no employee involved in the District's borrowing processes shall use the authority or color of office to secure anything of value or the promise or the offer of anything of value that would create an improper influence upon the public official or employee with respect to that person's duties and responsibilities.

District employees, as required, will comply fully with the reporting and disclosure requirements of Ohio Revised Code Chapter 102 regarding ethics filings.

All employees, officers and external members of the District's Debt Team shall disclose to the Board or the Treasurer any material financial interests in financial institutions that conduct business with the District and any large personal financial positions that could be related to, or affected by, the compositions or performance of the District's borrowings. All employees, officers and external members of the Debt Team to the District shall subordinate their personal transactions to those of the District, particularly with regard to the timing of borrowings.

TRAINING AND EDUCATION

All District participants in the District borrowings shall also receive periodic training in related topics through courses and seminars offered by the State of Ohio, the Ohio Association of School Business Officials, and the Government Finance Officers Association, any subchapter of those organizations or any other professional organization. The Board shall provide the necessary fiscal support to obtain and maintain any required licenses and certifications for all such participants and appropriate periodic training and development required to perform their job responsibilities.

AMENDMENTS TO POLICY

This Administrative Policy supersedes any existing policies and will be enforced in conjunction with any and all resolutions and policies adopted by the Board of Education and any agreements with outside entities, or any other binding agreements of the District. The policies and procedures set forth herein and in the Exhibits hereto shall be binding upon and shall inure to the benefit of the District and all participants and its and their respective successors. Any amendments made hereafter must be made in writing by the Treasurer, with the approval of the Board of Education or the Committee on Borrowing. Any debt issue made prior to the approval of this Policy or amendments to this Policy shall be governed by the policy in effect at the time when they were made.


This Administrative Policy and any amendments will be forwarded to all members of the underwriting team, the District's bond counsel and municipal advisor(s) with which the District conducts business. It will be the practice of the District to share this Policy and any amendments with any entity as required by law and to maintain the necessary internal control procedures to ensure safety of District assets. All borrowing practices will be audited by an independent outside party on an annual basis to ensure compliance with all policies and procedures set forth herein and in the Exhibits hereto.

This Administrative Policy shall be reviewed, updated and presented for approval as needed.

Unforeseen circumstances may from time to time produce situations beyond the scope of this Administrative Policy. The Treasurer, with prior authorization of the Board Members on Finance Committee, may take action on circumstances beyond the scope of this Policy. This Policy will then be amended to reflect those actions.

POLICY ADOPTION

This Administrative Policy has been approved by the Treasurer and the Committee on Borrowing as of March 22, 2016.


Ryan S. Stechschulte
Treasurer, Board of Education
Toledo City School District

DEFINITIONS AND GLOSSARY

As used in the Toledo City School District's Administrative Policy for Debt Issuance, Management and Post Issuance Compliance dated March 22, 2016, and more generally in connection with borrowings by the District, words and terms with initial capital letters not otherwise defined shall have the following meanings:

AIF or Annual Filing means an Annual Information Filing made by the District in compliance with Continuing Disclosure Agreements.

Anticipatory Securities means securities, including BANs, issued in anticipation of the issuance of other securities.

BANs mean notes issued in anticipation of the issuance of general obligation bonds.

Board means the members of the Toledo Board of Education, Toledo City School District, consisting of five members elected for overlapping four-calendar-year terms.

Bond Retirement Fund means bond retirement fund provided for in Section 5705.09 of the Revised Code, and also means a sinking fund or any other special fund, regardless of the name applied to it, established by or pursuant to law or the proceedings for the payment of debt charges.

Book Entry Form or Book Entry System means a form or system under which (a) the ownership of book entry interests in securities and the principal of and interest on the securities may be transferred only through a book entry, and (b) physical bond or note certificates in fully registered form are issued by the School District only to a Depository or its nominee as registered owner, with the bonds or notes deposited with and maintained in the custody of the Depository or its agent. The book entry maintained by others than the School District or the Registrar is the record that identifies the owners of book entry interests in those securities and that principal and interest.

CAFR means Comprehensive Annual Financial Report.

Capital Appreciation Bonds means any bonds designated as such in the applicable

Certificate of Award, maturing on the date or dates, being in the principal amounts and having the Maturity Amounts set forth therein, and bearing interest accrued and compounded on each Interest Accretion Date and payable only at maturity.

Capitalized Interest means all or a portion of the interest payable on securities from their date to a date stated or provided for in the applicable Legislation, which interest is to be paid from certain proceeds of the securities.

Certificate of Award means a certificate authorized to be signed by the President and Treasurer of the Board specifying and determining those terms or other matters pertaining to the securities and their issuance, sale and delivery as the applicable Legislation requires or authorizes to be set forth or determined therein.

Closing Date means the date of physical delivery of, and payment of the purchase price for, an issue of securities.

Code means the Internal Revenue Code of 1986, the Treasury Regulations (whether temporary or final) under that Code or the statutory predecessor of that Code, and any amendments of, or successor provisions to, the foregoing and any official rulings, announcements, notices, procedures and judicial determinations regarding any of the foregoing, all as and to the extent applicable. Unless otherwise indicated, reference to a Section of the Code includes any applicable successor section or provision and the applicable Treasury Regulations, rulings, announcements, notices, procedures and determinations pertinent to that Section.

Committee on Borrowing means the Committee on Borrowing established by this Administrative Policy consisting of a Chairperson and a Vice Chairperson (both of whom shall be members of the Board of

Education), the Superintendent of Schools and the Treasurer.

Continuing Disclosure Agreement means the agreement authorized by the applicable Legislation to be signed by the President and Treasurer of this Board and the Superintendent of Schools, which, together with the agreements of the School District set forth in that Legislation and certain securities, constitutes the continuing disclosure agreement made by the School District for the benefit of holders and beneficial owners of those securities in accordance with the Rule.

COPs or Certificates of Participation means certificates of participation representing rights to fractionalized portions of lease payments to be made by the School District in a lease purchase financing.

County Auditor means the county auditor of the County of Lucas, State of Ohio.

CTRNs means special obligation notes issued in anticipation of the collection of current property tax revenues in and for any fiscal year.

Current Interest Bonds means, collectively, Current Interest Serial Bonds and the Term Bonds, each as designated as such in a Certificate of Award.

Current Interest Serial Bonds or Serial Bonds means those Current Interest Bonds designated as such, bearing interest payable on each Interest Payment Date and not subject to mandatory sinking fund redemption.

Current Operating Expenses means the lawful expenditures of the District, except those for permanent improvements and for payment of debt charges of the subdivision.

Credit Enhancement means the State of Ohio School District Credit Enhancement Program, letters of credit, stand-by, contingent, or firm securities purchase agreements, insurance, or surety arrangements, guarantees, and other arrangements that provide for direct or contingent payment of debt charges, for

security or additional security in the event of nonpayment or default in respect of securities, or for making of debt charges to and at the option and on demand of securities holders.

CUSIP means a nine-character alphanumeric code that identifies a North American financial security for the purposes of facilitating clearing and settlement of trades. CUSIP is a registered trademark of the American Bankers Association.

Debt Charges means the principal, including any mandatory sinking fund deposits and mandatory redemption payments, interest, and any redemption premium, payable on securities.

Debt Obligations means securities issued by the District as authorized by provisions of the Revised Code and the legislation adopted by the Board.

Debt Team means, collectively, the Board of Education, the Chairperson of the Board's Finance Committee, the Superintendent of Schools, the Treasurer, the Treasurer's staff, the District's bond counsel, the District's municipal (or financial) advisor and the District's senior managing underwriter and other members of its underwriting team.

Depository means any securities depository that is a clearing agency under federal law operating and maintaining, with its Participants or otherwise, a book entry system to record ownership of book entry interests in securities or the principal of and interest on securities and to effect transfers of securities, in book entry form, including The Depository Trust Company (a limited purpose trust company), New York, New York.

District or School District means the Toledo City School District of Lucas County, Ohio.

EMMA means the Electronic Municipal Market Access system of the MSRB.

Escrow Agreement means an escrow agreement between the School District and an Escrow Trustee.

Escrow Fund means an escrow fund established for the defeasance of refunded bonds pursuant to the Legislation.

Escrow Trustee means a financial institution selected as escrow trustee with respect to the certain refunded bonds under an Escrow Agreement.

Financing Costs means all costs and expenses relating to the authorization, including any required election, issuance, sale, delivery, authentication, deposit, custody, clearing, registration, transfer, exchange, replacement, payment, and servicing of securities, including, without limitation, costs and expenses for or relating to publication and printing, postage, delivery, preliminary and final official statements, offering circulars, and informational statements, travel, and transportation, underwriters, placement agents, investment bankers, paying agents, registrars, authenticating agents, remarketing agents, custodians, clearing agencies or corporations, securities depositories, financial advisory services, certifications, audits, federal or state regulatory agencies, accounting and computation services, legal services and obtaining approving legal opinions and other legal opinions, credit ratings, redemption premiums, and credit enhancements.

Fiscal Officer means the Treasurer of the Board of Education of the Toledo City School District of Lucas County, Ohio.

Fully Registered Securities means securities in certificated or uncertificated form, registered as to both principal and interest in the name of the owner.

GAAP means Generally Accepted Accounting Principles.

GASB means Governmental Accounting Standards Board.

General Obligation means securities to the payment of debt charges on which the full faith and credit and the general property taxing power (outside of or within the ten-mill tax limitation, as applicable) of the Board are pledged.

Interest means those payments or portions of payments, however denominated, that constitute or represent consideration for the collection of money, or for deferring the receipt of payment of money to a future time.

Interest Accretion Dates means, as to any Capital Appreciation Bonds, the semiannual dates (generally June 1 and December 1 of each year during which Capital Appreciation Bonds are outstanding) on which interest on those Bonds is accrued and compounded.

Interest Payment Dates means (a) as to Current Interest Bonds, the semiannual dates (generally June 1 and December 1 of each year during which Current Interest Bonds are outstanding) on which interest on those Bonds is paid, and (b) as to any Capital Appreciation Bonds, their respective maturity dates, being the only dates on which interest on those Bonds is paid.

IRS means Internal Revenue Service.

Issuer means the School District.

Legislation or Authorizing Legislation means a resolution or resolutions adopted by a majority affirmative vote or votes of the then members of the Board, to authorize the issuance and sale of securities or another authorized borrowing.

MSRB means the Municipal Securities Rulemaking Board.

Maturity Amount means, with respect to a Capital Appreciation Bond, the principal of and interest on that Bond due and payable at its stated maturity.

Municipal Advisor or Financial Advisor means a person engaged by the District to provide advice with respect to (i) the issuance of securities or (ii) municipal financial products (including investment strategies involving the investment of proceeds of borrowings), registered with the Securities Exchange Commission as a municipal advisor and acting in a fiduciary capacity on behalf of the District.

Net Indebtedness means the same meaning as in division (A) of Section 133.04 of the Revised Code.

OID means the original issue discount at which securities are offered and sold to the public.

OMAC means Ohio Municipal Advisory Council.

Original Purchasers means, collectively, all underwriters selected to market and sell an issue of securities.

Participant means any participant contracting with a Depository under a book entry system and includes securities brokers and dealers, banks and trust companies, and clearing corporations.

Principal Payment Date means a date on which principal of the securities is payable at maturity or pursuant to mandatory sinking fund redemption requirements.

Proceedings means the Legislation, certifications, notices, orders, sale proceedings and any trust agreement or indenture, lease, lease-purchase agreement, assignment, credit enhancement agreement, and other agreements, instruments, and documents, as mentioned and supplemented, and any election proceedings, authorizing, or providing for the terms and conditions applicable to, or providing for the security or sale or award of, public obligations, and includes the provisions set forth or incorporated in those public obligations and proceedings.

Program means the Ohio School District Credit Enhancement Program.

Purchase Agreement means a bond or note purchase agreement between the School District and certain Original Purchasers, signed by the President and Treasurer of this Board in accordance the applicable Legislation.

Refund means to fund and retire outstanding securities, including advance refunding with or without payment or redemption prior to maturity.

Refunded Bonds means the portion of the outstanding bonds of an issue that is to be refunded by the bonds or BANS.

Register means the books kept and maintained by the registrar for registration, exchange, and transfer or registered securities.

Registrar means the financial institution selected as the authenticating agent, bond or note registrar, transfer agent and paying agent for securities under a Registrar Agreement and/or the bond or note proceedings.

Registrar Agreement means a bond or note registrar agreement between the School District and the applicable Registrar.

RFP means request for proposal.

Rule means Rule 15c2-12 prescribed by the SEC pursuant to the Securities Exchange Act of 1934.

SEC means the Securities and Exchange Commission.

SLGS means United State Treasury Securities - State and Local Government Series.

State means the State of Ohio.

Ten-mill limitation means the “ten-mill limitation” as defined in section 5705.02 of the Revised Code without diminution by reason of section 5705.313 of the Revised Code or otherwise.

TIF means Tax Increment Financing.

Term Bonds means any Current Interest Bonds designated as such in the Certificate of Award, maturing on the Principal Payment Date or Dates set forth therein, bearing interest payable on each Interest Payment Date and subject to mandatory sinking fund redemption.

Uniform Public Securities Law means Chapter 133 of the Ohio Revised Code.

USAS means Uniform School Accounting System.

EXHIBIT A
Toledo City School District
Administrative Policy for Debt Issuance, Management and Post-Issuance Compliance

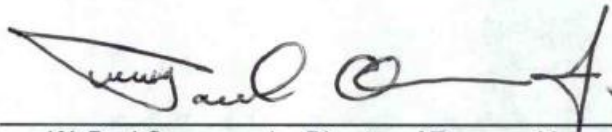
EMPLOYEE CERTIFICATION

I hereby certify that I have read and understand the Administrative Policy for Debt Issuance, Management and Post-Issuance Compliance of the Toledo City School District dated as of March 22, 2016. I also certify that I am familiar with the Sections of the Ohio Revised Code, which govern the issuance of debt for political subdivisions. Transactions made on behalf of the Treasurer of the Toledo City School District will be directed towards meeting the standards of the aforementioned.

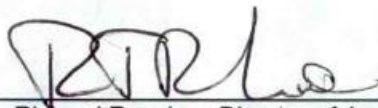
The undersigned pledge due diligence in informing the Treasurer of foreseeable risks associated with all financial transactions connected to the management of the District's debt portfolio and in conducting its debt issuance practices.



Eric Shreve, Assistant Treasurer



W. Paul Overman, Jr., Director of Treasury Management



Richard Reucher, Director of Accounting & Finance

March 22, 2016

Note: Signed Employee Certification forms will be updated with personnel changes and kept on file in the Treasurer's Division.

EXHIBIT B
Toledo City School District
Administrative Policy for Debt Issuance, Management and Post-Issuance Compliance

Municipal Advisor(s) and Underwriter(s) CERTIFICATION

CERTIFICATION OF READING, UNDERSTANDING AND ACCEPTANCE

The undersigned, _____, hereby certifies that (i) it has received and reviewed the Administrative Policy for Debt Issuance, Management and Post-Issuance Compliance of the Toledo City School District dated as of March 22, 2016, and the relevant provisions of the Revised Code, (ii) it accepts and agrees to comply with that Policy and those provisions in its dealings with the District, (iii) it understands that binding arbitration provisions are not permitted and that any nonbinding arbitration provisions governing its relationship with the School District must be expressly approved by the Board of Education, (iv) the officer executing this Certification is authorized to do so on behalf of the undersigned, and (v) all personnel of this firm dealing with the District's account have been informed of this certification and the requirements contained herein.

This firm pledges due diligence in informing the District of the foreseeable risks associated with all financial transactions connected to this firm.

Firm: _____

By Signature: _____

Printed Name: _____

Title: _____

Address: _____

Phone: _____

Fax: _____

Email: _____

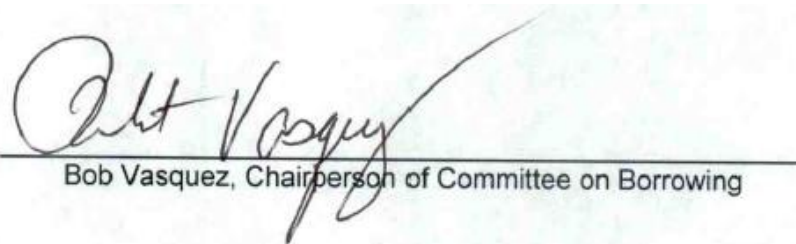
Date: _____

Note: Signed Municipal Advisor(s) and Underwriter(s) Certifications with all entities which the District transacts investment business will be updated with personnel changes and kept on file in the Treasurer's Division.

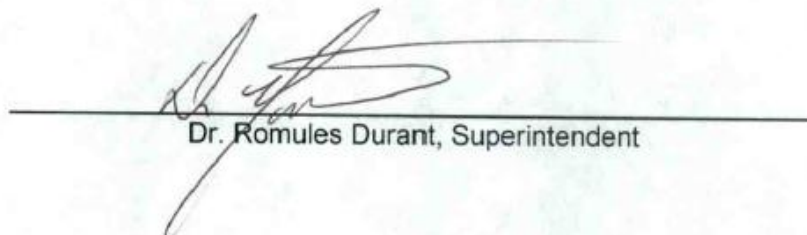
EXHIBIT C
Toledo City School District
Administrative Policy for Debt Issuance, Management and Post-Issuance Compliance

COMMITTEE ON BORROWING REVIEW AND APPROVAL

We, the undersigned, as members of the Committee on Borrowing, do hereby acknowledge that the aforementioned Administrative Policy for Debt Issuance, Management and Post-Issuance Compliance dated as of March 22, 2016, has been reviewed and approved by the Committee on Borrowing.


Bob Vasquez, Chairperson of Committee on Borrowing


Stephanie Eichenberg, Vice-Chairperson of Committee on Borrowing


Dr. Romules Durant, Superintendent


Ryan S. Stechsulte, Treasurer

March 22, 2016

Note: Signed Committee on Borrowing Review forms will be kept on file in the Treasurer's Division. The policy will be presented annually for review and approval as membership of the Committee on Borrowing changes.

EXHIBIT D
Toledo City School District
Administrative Policy for Debt Issuance, Management and Post-Issuance Compliance

ASSOCIATION OF PUBLIC TREASURERS CERTIFICATION

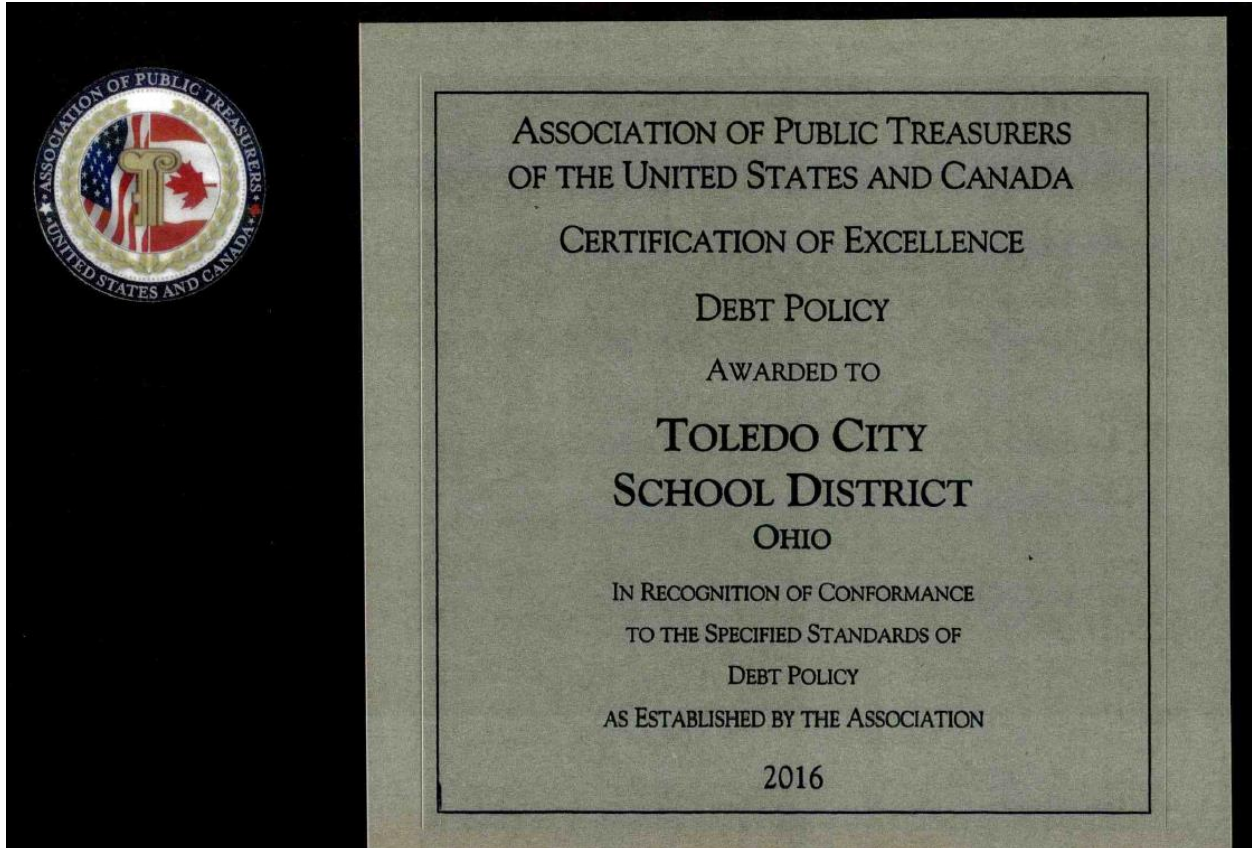


EXHIBIT E
Toledo City School District
Administrative Policy for Debt Issuance, Management and Post-Issuance Compliance

**PROCEDURES FOR COMPLIANCE WITH
CONTINUING DISCLOSURE REQUIREMENTS**

The Toledo City School District, Ohio (the “Issuer”) has agreed in Continuing Disclosure Agreements entered into in connection with its outstanding issues of general obligation bonds (the “Continuing Disclosure Agreements”) that it will provide annual financial information and operating data (together, “Annual Information”) for the Issuer of the type included in the Official Statements for those issues. The Continuing Disclosure Agreements were signed and delivered in connection with the Issuer’s issuance of its:

\$31,999,995.20 School Facilities Improvement Bonds, Series 2009, dated as of March 24, 2009. Final Maturity December 1, 2018.

\$52,555,000.00 School Facilities Improvement Refunding Bonds, Series 2012, dated as of January 19, 2012. Final Maturity December 1, 2025.

\$34,265,000 School Facilities Improvement Refunding Bonds, Series 2012B, dated November 6, 2012. Final Maturity December 1, 2032.

\$32,335,000 School Facilities Improvement Refunding Bonds, Series 2014, dated May 21, 2014. Final Maturity December 1, 2032.

\$21,920,000 School Facilities Improvement Refunding Bonds, Series 2015, dated December 23, 2015. Final Maturity December 1, 2035.

(collectively, together with any additional issues of securities of the Issuer with respect to which the Issuer enters into a similar continuing disclosure agreement, the “Issues”) and entered into for the benefit of the Holders and Beneficial Owners of the Issues and in order to assist the Participating Underwriter(s) of the Issues in complying with Rule 15c2-12(b)(5) issued by the Securities and Exchange Commission (“SEC”) pursuant to the Securities Exchange Act of 1934, as may be amended from time to time (the “Rule”). These Instructions provide guidance for compliance with the Continuing Disclosure Agreements and are informed by the Rule and by Rules and Notices issued by the Municipal Securities Rulemaking Board relating to continuing disclosure requirements and procedures for municipal securities, as they existed on the dates of the Continuing Disclosure Agreements. These Instructions shall also apply to all other outstanding and future primary offerings and issuances issued by the Issuer, for which the Issuer agreed or agrees to provide continuing disclosure. Capitalized terms not defined below or elsewhere in these Instructions shall have the meanings given to them in the Continuing Disclosure Agreements:

“Dissemination Agent” means an agent or legal counsel appointed or engaged to assist, or provide legal advice, in carrying out the Issuer’s obligations under the Continuing Disclosure Agreements. If the Issuer has not appointed or engaged a Dissemination Agent or, during anytime a Dissemination Agent is not appointed or engaged, as the case may be, the term “Dissemination Agent” shall mean the Issuer.

“EMMA” means the Electronic Municipal Market Access platform of the MSRB.

“Identifying Information” means the following identifying information prescribed by the MSRB: (i) the category of information being provided (such as annual financial information; financial statements; material event notice, including designation of which specific type or types of events; notice of failure to make

timely filing of annual financial information; or other continuing disclosure document concerning municipal securities, identified by category; (ii) in the case of annual financial information, financial statements and other financial information or operating data, the period covered by such documents; (iii) the issues or specific securities to which such document is related or otherwise material (including CUSIP number, issuer name, state, issue description/securities name, dated date, maturity date, and/or coupon rate); (iv) the name(s) of the Obligated Person(s) (if other than the Issuer) to which such document applies; (v) the name and date of the document; and (vi) the identity of, and contact information for, the Responsible Official.

“Master CUSIP List” means a list of all CUSIPs assigned to debt obligations of the Issuer for which the Issuer is obligated to provide continuing disclosure.

“MSRB” means the Municipal Securities Rulemaking Board.

“Obligated Person” means, as defined in the Rule, any person (including the Issuer) legally committed to support payment of all or part of an issue of municipal securities, other than certain unrelated providers of credit or liquidity enhancement.

“Prescribed Format” means the format prescribed by the MSRB, which is a portable document format file (“PDF”) that is word-searchable (without regard to diagrams, images and other non-textual elements).

“Redeemed” means the process under which all or a portion of an Issue is called for redemption and money for the redemption of all of an outstanding Issue or portions thereof to be redeemed, together with interest accrued thereon to the redemption date, is held by the bond registrar on the redemption date, so as to be available therefor on that date.

“Responsible Official” means the official of the Issuer who shall be responsible for monitoring compliance with the Continuing Disclosure Agreements and following these Instructions.

1. Responsible Official, Post-Issuance Matters and Dissemination Agent

- 1.1 The person(s) who hold the following title(s) shall be the Responsible Official: **Treasurer, Assistant Treasurer, Director of Treasury Management, Director of Finance and Accounting.**
- 1.2 Prior to each filing made under these Instructions, consult or compile the Master CUSIP List and update the Master CUSIP List as follows: (i) remove the CUSIPs of any maturities that have matured, (ii) remove the CUSIPs of any maturities that have been Redeemed, (iii) add the CUSIP of each maturity of each of the Issues, (iv) add the Filing Date for the respective CUSIPs, and (v) update the list of Annual Information categories for which the Issuer is required to provide Annual Information. See Section 4(a) of the Continuing Disclosure Agreements.
- 1.3 Set up reminders for the Filing Dates for annual information under the Continuing Disclosure Agreements, including internal “tickler” alerts and/or automated reminder emails provided by EMMA.
- 1.4 If so desired, appoint or engage a Dissemination Agent, from time to time, to assist, or provide legal advice, in carrying out the Issuer’s obligations under the Continuing Disclosure Agreements. The Issuer may discharge any appointed Dissemination Agent, with or without appointing a successor Dissemination Agent.

2. Preparation and Filing of Annual Information Filing

- 2.1 Upon receipt of an automated reminder email from EMMA or internal “tickler” alert regarding the due date of an upcoming filing of Annual Information for the preceding Fiscal Year, consult with the Dissemination Agent and arrange for the Dissemination Agent to prepare the initial draft of the Annual Information Filing (the “Annual Filing”), which shall contain the Annual Information and Audited Financial Statement (if available) and be based on the previous year’s Annual Filing and/or the Official Statement.
- 2.2 Upon receipt of the initial draft of the Annual Filing from the Dissemination Agent, review the entire draft of the Annual Filing for accuracy and completeness (including any material events subsequent to the end of the Fiscal Year for which the Issuer is providing Annual Information) and update the Annual Filing for the Fiscal Year for which the Issuer is providing Annual Information responding to the prompts within the draft Annual Filing given by the Dissemination Agent.
- 2.3 Consulting the Master CUSIP List, review and update the Identifying Information accompanying the Annual Filing, as necessary and as applicable.
- 2.4 If the Audited Financial Statements are available and filed with the MSRB before the date of the Annual Filing (see Section 3 of these Instructions), include the following disclosure in the Annual Filing: “The School District’s audited basic financial statements for Fiscal Year 20__ were filed with the Municipal Securities Rulemaking Board (“MSRB”) in an electronic format prescribed by the MSRB using, using the MSRB’s Electronic Municipal Market Access (“EMMA”) platform on _____, 20__.” If the Audited Financial Statements are unavailable on the date of the filing of the Annual Filing, include the Issuer’s unaudited financial statements (if available) with that Annual Filing, along with the following disclosure: “The School District’s audited basic financial statements for Fiscal Year 20__ are not yet available and will be filed with the Municipal Securities Rulemaking Board (“MSRB”) in an electronic format prescribed by the MSRB, using the MSRB’s Electronic Municipal Market Access (“EMMA”) platform when they become available.”
- 2.5 Once the Annual Filing is accurate, complete and updated and is in final form, file it, or arrange for the Dissemination Agent to file it (or assist in filing it) on the Issuer’s behalf, with the MSRB, on its EMMA platform, on or before the Filing Date, in the Prescribed Format, containing the Identifying Information.
- 2.6 If the Issuer is unable to provide to the MSRB an Annual Filing by the Filing Date, in a timely manner, provide notice to the MSRB, on its EMMA platform, in the Prescribed Format, containing Identifying Information, in the same manner as for a Material Event Notice, under Section 4 of these Instructions.
- 2.7 Retain all records of the all filings made following the procedures in this Section 2, in accordance with Section 10 of these Instructions.

3. Audited Financial Statements

- 3.1 Check the website of the Auditor of State of Ohio (the “State Auditor”) on each Tuesday and Thursday after the Issuer’s independent auditors have completed their audit of the Issuer’s financial statements to determine if the State Auditor has officially released the Issuer’s Audited Financial Statements for the prior Fiscal Year.
- 3.2 If the Issuer amended the Continuing Disclosure Agreements in compliance with the requirements of Section 6 of that document, and the amendment relates to the accounting principles to be followed in preparing Audited Financial Statements, (i) follow the procedures for giving notice, and provide notice of such change, in the same manner as for a Material Event Notice, under Section 4 of these Instructions, and (ii) the Annual Filing for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements or information as prepared on

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- the basis of the new accounting principles and those prepared on the basis of the former accounting principles.
- 3.3 When the Audited Financial Statements become available on the State Auditor's website, file them, or arrange for the Dissemination Agent to file them (or assist in filing them) on the Issuer's behalf, with the MSRB, on its EMMA platform, in the Prescribed Format, containing the Identifying Information.
- 3.4 Retain all records of all filings made following the procedures in this Section 3, in accordance with Section 10 of these Instructions.

4. Material Event Disclosure

- 4.1 Become familiar with the "Specified Events" for which the Issuer might be required to provide disclosure:
- (1) Principal and interest payment delinquencies;
 - (2) Non-payment-related defaults, if material;
 - (3) Unscheduled draws on debt service reserves reflecting financial difficulties; (a)
 - (4) Unscheduled draws on credit enhancements reflecting financial difficulties; (a)
 - (5) Substitution of credit or liquidity providers, or their failure to perform; (a)
 - (6) (Issuance of) 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 (*i.e.*, one of the Issues), 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; (b)
 - (9) Defeasances;
 - (10) Release, substitution, or sale of property securing repayment of the securities, if material; (c)
 - (11) Rating changes;
 - (12) Bankruptcy, insolvency, receivership or similar event of the Issuer;
Note:
For the purposes of the event identified in this subparagraph, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Issuer 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 Issuer, or if such jurisdiction has been assumed by leaving the existing governmental 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 Issuer.
 - (13) The consummation of a merger, consolidation, or acquisition involving an Issuer or the sale of all or substantially all of the assets of the Issuer, 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.

Note:

- (a) *The Issuer has not obtained or provided, and does not expect to obtain or provide, any debt service reserves, credit enhancements or credit or liquidity providers for the Issues outstanding as of this date.*
 - (b) *Any scheduled redemption of bonds of the Issues pursuant to mandatory sinking fund redemption requirements does not constitute a specified event within the meaning of the Rule.*
 - (c) *Repayment of the Issues is not secured by a lien on any property capable of release or sale or for which other property may be substituted.*
- 4.2 If the Issue is enhanced by credit enhancement (e.g., bond insurance), monitor the rating of the credit provider(s) (e.g., bond insurer) once a week to determine whether the rating of the credit provider(s) has changed (either upgraded or downgraded), thus triggering a Specified Event under (11), above.
 - 4.3 Once a Specified Event is identified, consult with the Dissemination Agent to determine if the Issuer shall file a notice of the Specified Event with the MSRB (a “Material Event Notice”). For the Specified Events described in (2), (6, as applicable), (7), (8, as applicable), (10), (13) and (14), above, consult with the Dissemination Agent to determine whether such Specified Event is material under applicable federal securities laws to determine whether a filing is required.
 - 4.4 If it is determined that the Issuer shall file a Material Event Notice, work with the Dissemination Agent to draft the Material Event Notice.
 - 4.5 Review the Material Event Notice for accuracy and completeness.
 - 4.6 Consulting the Master CUSIP List, review and update the Identifying Information accompanying the Material Event Notice, as necessary and as applicable.
 - 4.7 Once the Material Event Notice is accurate and complete and is in final form, file it, or arrange for the Dissemination Agent to file (or assist in filing) it on the Issuer’s behalf, with the MSRB, on its EMMA platform, in the Prescribed Format, in a timely manner but not later than ten business days after the occurrence of the Specified Event.
 - 4.8 Retain all records of all filings made following the procedures in this Section 4, in accordance with Section 10 of these Instructions.

5. Voluntary Information Disclosures

- 5.1 If the Issuer identifies any other information that it thinks the Issuer should disclose (“Voluntary Information”), consult with the Dissemination Agent to determine whether the Issuer should disclose the Voluntary Information.
- 5.2 If it is determined that the Issuer shall disclose the Voluntary Information, work with the Dissemination Agent to draft the disclosure for the Voluntary Information (the “Voluntary Information Disclosure”) and determine the means of communicating the Voluntary Information Disclosure, which may be (i) the means of dissemination set forth in the Continuing Disclosure Agreements, including making the Voluntary Information Disclosure in any Annual Filing or providing it in a Material Event Notice or along with any other notice required by the Continuing Disclosure Agreements, and (ii) any other means of communication.
- 5.3 Review the Voluntary Information Disclosure for accuracy and completeness.
- 5.4 If the Voluntary Information Disclosure is provided separately from the Annual Filing, consulting the Master CUSIP List, review and update the Identifying Information accompanying the Voluntary Information Disclosure, as necessary and as applicable.
- 5.5 Provide, or arrange for the Dissemination Agent to provide, the Voluntary Information Disclosure through the chosen means of communication.
- 5.6 Retain all records of all filings made following the procedures in this Section 5, in accordance with Section 10 of these Instructions.

6. Disclosure of Failure to Appropriate

- 6.1 If the Issuer fails to appropriate funds to perform the Issuer's obligations under the Continuing Disclosure Agreements, follow the procedures for giving notice, and provide notice of the failure to appropriate to the MSRB in the same manner as for a Material Event Notice, under Section 4 of these Instructions.
- 6.2 Retain all records of all filings made following the procedures in this Section 6, in accordance with Section 10 of these Instructions.

7. Disclosure of Change in Fiscal Year

- 7.1 If the Issuer's Fiscal Year changes, follow the procedures for giving notice, and provide notice of the change to the MSRB in the same manner as for a Material Event Notice, under Section 4 of these Instructions.
- 7.2 Retain all records of all filings made following the procedures in this Section 7, in accordance with Section 10 of these Instructions.

8. Other Obligated Persons

- 8.1 If any person, other than the Issuer, becomes an Obligated Person within the meaning of the Rule, use the Issuer's best efforts to require such Obligated Person to comply with all provisions of the Rule applicable to such Obligated Person.

9. Termination of Obligations Under Continuing Disclosure Agreements

- 9.1 The obligations of the Issuer under the **Continuing Disclosure Agreements** shall remain in effect only for such period that the Issue is outstanding in accordance with its terms (i.e., all maturities of the Issue have not matured or been Redeemed) and the Issuer remains an Obligated Person.

10. Recordkeeping and Record Retention

- 10.1 Maintain records of all Annual Filings, Material Event Notices, Voluntary Information Disclosures and other disclosure-related events, including the content of such disclosure, the names of the entities with whom such disclosures were filed, the date of filing such disclosure, and EMMA's "Published Submission Confirmation" of such filing, as applicable. The records required to be kept, prepared and or filed under the **Continuing Disclosure Agreements** and these Instructions shall be maintained in paper or electronic format in compliance with Section 149.43 of the Ohio Revised Code (the Public Records Act) and Issuer policy and, in any event, until the date ten years after the end of the calendar year in which the records were prepared or filed.

EXHIBIT F
Toledo City School District
Administrative Policy for Debt Issuance, Management and Post-Issuance Compliance

POST-ISSUANCE TAX COMPLIANCE CHECKLISTS AND INSTRUCTIONS

ARBITRAGE COMPLIANCE CHECKLIST
(Governmental Use Bonds)

The School District has certified in Tax Compliance Certificates (“*Certificates*”) provided in connection with its outstanding issues of bonds that it will comply with the arbitrage rebate requirements of Section 148(f) of the Code. This checklist provides guidance for that compliance, and this checklist is intended to satisfy Section 7.2.3.4.4 of the Internal Revenue Manual. This checklist shall also apply to all outstanding and future issues of Tax-Exempt Obligations issued by the District. Capitalized terms not defined in this checklist have the meanings given in the respective Certificates and in Attachment A to those Certificates.

- 1.1. Note the Yield of the Issue, as shown on the IRS Form 8038-G.
- 1.2. Review the Certificate to determine the Temporary Periods for the Issue, during which periods various categories of Gross Proceeds may be invested in Higher Yielding Investments.
- 1.3. Do not invest Gross Proceeds in Higher Yielding Investments following the end of the applicable Temporary Period identified in 1.2 unless Yield reduction payments may be made (see Certificate).
- 1.4. Monitor expenditures of Proceeds, including Investment Proceeds, against Issuance Date expectations for satisfaction of 13-month (Working Capital financings), three-year (most Capital Expenditure financings) or five-year (long-term Capital Expenditure financings) Temporary Period from Yield restriction on investment of Proceeds and to avoid “hedge bond” status.
- 1.5. Ensure that Proceeds are spent for Capital Expenditures or, if spent for Working Capital Expenditures, ensure either that the Proceeds-spent-last rule is satisfied or that an exception to this rule applies (see Certificate).
- 1.6. Ensure that investments acquired with Gross Proceeds satisfy Internal Revenue Service (“*IRS*”) regulatory safe harbors for establishing fair market value (e.g., through the use of bidding procedures), and maintain records to demonstrate satisfaction of those safe harbors.
- 1.7. Consult with Bond Counsel before engaging in credit enhancement or hedging transactions in respect of the Issue, and before creating separate funds that are reasonably expected to be used to pay Debt Service on the Issue.
- 1.8. Maintain copies of all contracts and certificates relating to credit enhancement and hedging transactions relating to the Issue.
- 1.9. Even after all Proceeds of the Issue have been spent, ensure that the Bond Fund meets the requirements of a Bona Fide Debt Service Fund, i.e., a fund used primarily to achieve a proper matching of revenues with Debt Service that is depleted at least once each Bond Year, except for a reasonable carryover amount not to exceed the greater of: (i) the earnings on the fund for the immediately preceding Bond Year; or (ii) one-twelfth of the Debt Service on the Issue for the immediately preceding Bond Year. To the extent that the Bond

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- Fund qualifies as a Bona Fide Debt Service Fund for a given Bond Year, the amounts held in that fund may be invested in Higher Yielding Investments.
- 1.10. Ensure that amounts held in any reasonably required debt service reserve fund that are invested in Higher Yielding Investments do not exceed the least of: (i) 10% of the stated principal amount of the Issue (or 10% of the Sale Proceeds of the Issue if the Issue has original issue discount or original issue premium that exceeds 2% of the stated principal amount of the Issue plus, in the case of premium, reasonable underwriter's compensation); (ii) maximum annual Debt Service on the Issue; or (iii) 125% of average annual Debt Service on the Issue.
 - 1.11. Compliance with rebate requirement, if applicable -- see Article IV of the Tax Compliance Certificate and, since the small issuer exception to rebate is not satisfied, the Rebate Instructions (which are attached as Attachment C-2 to the Certificate) for possible exceptions from the rebate requirement. Subject to the possible exceptions, including those mentioned below, earnings on Proceeds, to the extent invested at a Yield in excess of the Bond Yield (i.e., positive arbitrage), generally must be rebated to the U.S. Treasury, even if a Temporary Period exception from Yield restriction allowed the earning of that positive arbitrage.
 - 1.11.1. Ensure that rebate calculations will be timely performed and payment of Rebate Amounts, if any, will be timely made; such payments are generally due 60 days after the fifth anniversary of the Issuance Date, and then in succeeding installments every five years; the final rebate payment for the Issue is due 60 days after retirement of the last bond of the Issue. A rebate consultant generally should be hired.
 - 1.11.2. Review the rebate section of the Certificate to determine whether the "small issuer" rebate exception applies to the Issue.
 - 1.11.3. If the 6-month, 18-month, or 24-month spending exception from the rebate requirement (as described in the Rebate Instructions) may apply to the Issue, ensure that the spending of Proceeds is monitored prior to the semi-annual spending dates for the applicable exception.
 - 1.11.4. Timely make rebate and Yield reduction payments and file IRS Form 8038-T.
 - 1.11.5. Even after all other Proceeds of the Issue have been spent, ensure compliance with rebate requirements for any debt service reserve fund and any debt service fund that is not exempt from the rebate requirement (see the Rebate Instructions).
 - 1.11.6. See the Rebate Instructions for more detail regarding the rebate requirement.
 - 1.12. The foregoing items in this checklist shall be monitored at least annually as long as there are unspent Gross Proceeds.
 - 1.13. Maintain records of investments and expenditures of Proceeds, rebate exception analyses, rebate calculations, Forms 8038-T, and rebate and Yield reduction payments, and any other records relevant to compliance with the arbitrage restrictions.
 - 1.14. The person(s) who hold the following title(s) shall be responsible for monitoring compliance with the arbitrage rebate requirements of Section 148 of the Code, as set forth in this checklist: **Treasurer, Assistant Treasurer, Director of Treasury Management, Director of Finance and Accounting.**

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- 1.15. The person(s) responsible for monitoring compliance with the arbitrage rebate requirements of Section 148 of the Code shall receive appropriate training regarding the District's accounting systems and their application to the investment and expenditure of Gross Proceeds. This training shall occur when a new individual assumes the responsibilities described in this checklist. Training shall also be available to ensure current knowledge of the District's existing accounting systems and exposure to any pertinent modifications that are subsequently implemented by the District.
 - 1.16. The records required to be kept under this checklist shall be maintained in paper or electronic format until the date three (3) years after the last bond of the applicable issue of Tax-Exempt Obligations (the "*Issue*") has been retired; if any portion of such Issue is refunded by a Refunding Issue, such records shall be maintained until the later of the date three (3) years after the last bond of the Issue has been retired or the date three (3) years after the last bond of the Refunding Issue has been retired.

INSTRUCTIONS FOR COMPLIANCE WITH REBATE REQUIREMENTS OF SECTION 148(f) OF THE CODE

The District covenanted in the Authorizing Resolutions and the Tax Compliance Certificates delivered in connection with the issuance of its outstanding bond issues to comply with the arbitrage rebate requirement of Section 148(f) of the Code. These Instructions provide guidance for that compliance, including the spending exceptions that free the Issues from all or part of the rebate requirements. Capitalized terms that are not defined in these Rebate Instructions are defined in Attachment A to each such Tax Compliance Certificate. These Instructions shall also apply to all outstanding and future issues of Tax-Exempt Obligations issued by the District.

PART I: GENERAL

SECTION 1.01. REBATE GENERALLY.

The Rebate Amount with respect to the Issue must be paid (rebated) to the United States to prevent the bonds of the Issue from being arbitrage bonds, the interest on which is subject to federal income tax. In general, the Rebate Amount is the amount by which the actual earnings on Nonpurpose Investments purchased (or deemed to have been purchased) with Gross Proceeds of the Issue exceed the amount of earnings that would have been received if those Nonpurpose Investments had a Yield equal to the Yield on the Issue.¹ Stated differently, the Rebate Amount for the Issue as of any date is the excess of the Future Value, as of that date, of all Receipts on Nonpurpose Investments over the Future Value, as of that date, of all Payments on Nonpurpose Investments, computed using the Yield on the Issue as the Future Value rate.²

If the Issue is a Fixed Yield Issue, the Yield on the Issue generally is the Yield to maturity, taking into account mandatory redemptions prior to maturity. If the Issue is a Variable Yield Issue, the Yield on the Issue is computed separately for each Yield Period selected by the District.

PART II: EXCEPTIONS TO REBATE

SECTION 2.01. SPENDING EXCEPTIONS.

The rebate requirements with respect to the Issue are deemed to have been satisfied if any one of three spending exceptions (the 6-Month, the 18-Month, or the 2-Year Spending Exception, collectively, the “*Spending Exceptions*”) is satisfied. The Spending Exceptions are each independent exceptions. The Issue need not meet the requirements of any other exception in order to use any one of the three exceptions. For example, a Construction Issue

¹ Amounts earned on the Bona Fide Debt Service Fund for the Issue are not taken into account in determining the Rebate Amount if none of the obligations of the Issue are Private Activity Bonds, the rates of interest on the Issue do not vary and the average maturity of the Issue is at least five years.

² The scope of these Instructions does not permit a detailed description of the computation of the Rebate Amount with respect to the Issue. If you need assistance in computing the Rebate Amount on the Issue or want Bond Counsel to do the computations, contact the attorney with whom you normally consult to discuss engaging his/her firm to provide such assistance.

may qualify for the 6-Month Spending Exception or the 18-Month Spending Exception even though the District makes one or more elections under the 2-Year Exception with respect to the Issue.

The following rules apply for purposes of all of the Spending Exceptions except as otherwise noted.

Refunding Issues. The only spending exception available for a Refunding Issue³ is the 6-Month Spending Exception.

Special Transferred Proceeds Rules. In applying the Spending Exceptions to a Refunding Issue, unspent Proceeds of the Prior Issue that become Transferred Proceeds of the Refunding Issue are ignored. If the Prior Issue satisfies one of the rebate Spending Exceptions, the Proceeds of the Prior Issue that are excepted from rebate under that exception are not subject to rebate either as Proceeds of the Prior Issue or as Transferred Proceeds of the Refunding Issue.

However, if the Prior Issue does not satisfy any of the Spending Exceptions and is not otherwise exempt from rebate, the Transferred Proceeds from the Prior Issue will be subject to rebate, even if the Refunding Issue satisfies the 6-Month Spending Exception. The Rebate Amount will be calculated on the Transferred Proceeds on the basis of the Yield of the Prior Issue up to each transfer date and on the basis of the Yield of the Refunding Issue after each transfer date.

Application of Spending Exceptions to a Multipurpose Issue. If the Issue is a Multipurpose Issue, the Refunding Portion and the New Money Portion are treated for purposes of the rebate Spending Exceptions as separate issues. Thus, the Refunding Portion is eligible to use only the 6-Month Spending Exception. The New Money Portion is eligible to use any of the three Spending Exceptions.

Expenditures for Governmental Purposes of the Issue. Each of the spending exceptions requires that expenditures of Gross Proceeds be for the governmental purposes of the Issue. These purposes include payment of interest (but not principal) on the Issue.

SECTION 2.02. 6-MONTH SPENDING EXCEPTION.

The Issue will be treated as satisfying the rebate requirements if all of the Gross Proceeds of the Issue are allocated to expenditures for the governmental purposes of the Issue within the 6-month period beginning on the Issuance Date and the Rebate Amount, if any, with respect to earnings on amounts deposited in a reasonably required reserve or replacement fund or a Bona Fide Debt Service Fund if and to the extent that such Fund is subject to rebate (see footnote 3) is timely paid to the United States. If no bond of the Issue is a Private Activity Bond (other than a Qualified 501(c)(3) Bond) or a tax or revenue anticipation bond, the 6-month period is extended for an additional six months if the unexpended Gross Proceeds of the Issue at the end of the 6-month period do not exceed 5% of the Proceeds of the Issue.

³ For purposes of these Instructions, references to “Refunding Issue” include the Refunding Portion of a Multipurpose Issue.

For purposes of the 6-Month Spending Exception, Gross Proceeds required to be spent within six months do not include amounts in a reasonably required reserve or replacement fund for the Issue or in a Bona Fide Debt Service Fund for the Issue.

SECTION 2.03. 18-MONTH SPENDING EXCEPTION.

The Issue (or the New Money Portion if the Issue is a Multipurpose Issue) is treated as satisfying the rebate requirement if the conditions set forth in (A), (B) and (C) are satisfied.

(A) All of the Gross Proceeds of the Issue (excluding amounts in a reasonably required reserve or replacement fund for the Issue or in a Bona Fide Debt Service Fund for the Issue) are allocated to expenditures for the governmental purposes of the Issue in accordance with the following schedule, measured from the Issuance Date:

- (1) at least 15% within six months;
- (2) at least 60% within 12 months; and
- (3) 100% within 18 months, subject to the Reasonable Retainage exception described below.

(B) The Rebate Amount, if any, with respect to earnings on amounts deposited in a reasonably required reserve or replacement fund or in a Bona Fide Debt Service Fund for the Issue, to the extent such Fund is subject to rebate (see footnote 3), is timely paid to the United States.

(C) The Gross Proceeds of the Issue qualify for the initial 3-year Temporary Period.

If the only unspent Gross Proceeds at the end of the 18th month are Reasonable Retainage, the requirement that 100% of the Gross Proceeds be spent by the end of the 18th month is treated as met if the Reasonable Retainage, and all earnings thereon, are spent for the governmental purposes of the Issue within 30 months of the Issuance Date.

For purposes of determining whether the spend-down requirements have been met as of the end of each of the first two spending periods, the amount of Investment Proceeds that the District reasonably expects as of the Issuance Date to earn on the Sale Proceeds and Investment Proceeds of the Issue during the 18-Month period are included in Gross Proceeds of the Issue. The final spend-down requirement includes actual Investment Proceeds for the entire 18 months.

The 18-Month Spending Exception does not apply to the Issue (or the New Money Portion, as applicable) if any portion of the Issue (or New Money Portion) is treated as meeting the rebate requirement under the 2-Year Spending Exception discussed below. This rule prohibits use of the 18-Month Spending Exception for the Nonconstruction Portion of a Bifurcated Issue. The only Spending Exception available for the Nonconstruction Portion of a Bifurcated Issue is the 6-Month Spending Exception.

SECTION 2.04. 2-YEAR SPENDING EXCEPTION FOR CERTAIN CONSTRUCTION ISSUES.

(A) In general. A Construction Issue no bond of which is a Private Activity Bond (other than a Qualified 501(c)(3) Bond or a Bond that finances property to be owned by a Governmental Unit or a 501(c)(3) Organization) is treated as satisfying the rebate requirement if the Available Construction Proceeds of the Issue are allocated to expenditures for the governmental purposes of the Issue in accordance with the following schedule, measured from the Issuance Date:

- (1) at least 10% within six months;
- (2) at least 45% within one year;
- (3) at least 75% within 18 months; and
- (4) 100% within two years, subject to the Reasonable Retainage exception described below.

Amounts in a Bona Fide Debt Service Fund or a reasonably required reserve or replacement fund for the Issue are not treated as Gross Proceeds for purposes of the expenditure requirements. However, unless the District has elected otherwise in the Tax Compliance Certificate, earnings on amounts in a reasonably required reserve or replacement fund for the Issue are treated as Available Construction Funds during the 2-year period and therefore must be allocated to expenditures for the governmental purposes of the Issue.

If the District elected in the Tax Compliance Certificate to exclude from Available Construction Proceeds the Investment Proceeds or earnings on a reasonably required reserve or replacement fund for the Issue during the 2-year spend-down period, the Rebate Amount, if any, with respect to such Investment Proceeds or earnings from the Issuance Date must be timely paid to the United States. If the election is not made, the Rebate Amount, if any, with respect to such Investment Proceeds or earnings after the earlier of the date construction is substantially completed or two years after the Issuance Date must be timely paid to the United States. The Rebate Amount, if any, with respect to earnings on amounts in a Bona Fide Debt Service Fund must be timely paid to the extent such Fund is subject to the rebate requirements (see footnote 3).

The Issue does not fail to satisfy the spending requirement for the fourth spend-down period (i.e., 100% within two years of the Issuance Date) if the only unspent Available Construction Proceeds are amounts for Reasonable Retainage if such amounts (together with all earnings on such amounts) are allocated to expenditures within three years of the Issuance Date.

For purposes of determining whether the spend down requirements have been met as of the end of each of the first three spend-down periods, Available Construction Proceeds include the amount of Investment Proceeds or earnings that the District reasonably expected as of the Issuance Date to earn during the 2-year period unless the District elects, on or before the Issuance Date, to apply these spend down requirements on the basis of actual facts rather than reasonable expectations. For purposes of satisfying the final spend-down requirement, Available Construction Proceeds include actual Investment Proceeds or earnings from the Issuance Date through the end of the 2-year period.

Available Construction Proceeds do not include Gross Proceeds used to pay Issuance Costs financed by the Issue, but do include earnings on such Proceeds. Thus, an expenditure of Gross Proceeds to pay Issuance Costs does not count toward meeting the spend-down requirements, but expenditures of earnings on such Gross Proceeds to pay Issuance Costs do count.

(B) 1½% penalty in lieu of rebate for Construction Issues. If the District elected in the Tax Compliance Certificate for a Construction Issue, or for the Construction Portion of a Bifurcated Issue, to pay a 1½% penalty in lieu of the Rebate Amount on Available Construction Proceeds in the event that the Construction Issue fails to satisfy any of the spend-down requirements, the 1½% penalty is calculated separately for each spend-down period, including each semiannual period after the end of the fourth spend-down period until all Available Construction Proceeds have been spent. The penalty is equal to 0.015 times the underexpended Proceeds as of the end of the applicable spend-down period. The fact that no arbitrage is in fact earned during such spend-down period is not relevant. The Rebate Amount with respect to Gross Proceeds other than Available Construction Proceeds (e.g., amounts in a reasonably required reserve or replacement fund or in a Bona Fide Debt Service Fund, to the extent subject to rebate (see footnote 3)) must be timely paid.

PART III: COMPUTATION AND PAYMENT

SECTION 3.01. COMPUTATION AND PAYMENT OF REBATE AMOUNT.

If none of the Spending Exceptions described above is satisfied (and if the 1½% penalty election for a Construction Issue or the Construction Portion of a Bifurcated Issue has not been made), then within 45 days after each Computation Date the District shall compute, or cause to be computed, the Rebate Amount as of such Computation Date. The first Computation Date is a date selected by the District, but shall be not later than five years after the Issuance Date. Each subsequent Computation Date shall end five years after the previous Computation Date except that, in a Variable Yield Issue, the District may select annual Yield Periods. The final Computation Date shall be the date the last obligation of the Issue matures or is finally discharged.

Within 60 days after each Computation Date (except the final Computation Date), the District shall pay to the United States not less than 90% of the Rebate Amount, if any, computed as of such Computation Date. Within 60 days after the final Computation Date, the District shall pay to the United States 100% of the Rebate Amount, if any, computed as of the final Computation Date. In computing the Rebate Amount, a computation credit may be taken into account on the last day of each Bond Year to the Computation Date during which there are unspent Gross Proceeds that are subject to the rebate requirement, and on the final maturity date.

If the operative documents pertaining to the Issue establish a Rebate Fund and require the computation of the Rebate Amount at the end of each Bond Year, the District shall calculate, or cause to be calculated, within 45 days after the end of each Bond Year the Rebate Amount, taking into account the computation credit for each Bond Year. Within 50 days after the end of each Bond Year, if the Rebate Amount is positive, the District shall deposit in the Rebate Fund such amount as will cause the amount on deposit therein to equal the Rebate Amount, and may withdraw any amount on deposit in the Rebate Fund in excess of the Rebate Amount. Payments of the Rebate Amount to the Internal Revenue Service on a Computation Date shall

be made first from amounts on deposit in the Rebate Fund and second from other amounts specified in the operative documents.

Each payment of the Rebate Amount or portion thereof shall be payable to the Internal Revenue Service and shall be made to the Internal Revenue Service Center, Ogden, UT 84201 by certified mail. Each payment shall be accompanied by Internal Revenue Service Form 8038-T and any other form or forms required to be submitted with such remittance.

SECTION 3.02. BOOKS AND RECORDS.

(A) The District or trustee, as applicable, shall keep proper books of record and accounts containing complete and correct entries of all transactions relating to the receipt, investment, disbursement, allocation and application of the Gross Proceeds of the Issue. Such records shall specify the account or fund to which each Nonpurpose Investment (or portion thereof) held by the District or trustee is to be allocated and shall set forth as to each Nonpurpose Investment (1) its purchase price, (2) identifying information, including par amount, interest rate, and payment dates, (3) the amount received at maturity or its sales price, as the case may be, including accrued interest, (4) the amounts and dates of any payments made with respect thereto, and (5) the dates of acquisition and disposition or maturity.

(B) The District, trustee, or Rebate Analyst, as applicable, shall retain the records of all calculations and payments of the Rebate Amount until three years after the retirement of the last obligation that is a part of the Issue.

SECTION 3.03. FAIR MARKET VALUE.

(A) No Nonpurpose Investment shall be acquired for an amount in excess of its fair market value. No Nonpurpose Investment shall be sold or otherwise disposed of for an amount less than its fair market value.

(B) The fair market value of any Nonpurpose Investment shall be the price at which a willing buyer would purchase the Nonpurpose Investment from a willing seller in an arm's-length transaction. Fair market value generally is determined on the date on which a contract to purchase or sell the Nonpurpose Investment becomes binding (i.e., the trade date rather than the settlement date). Except as otherwise provided in this Section, a Nonpurpose Investment that is not of a type traded on an established securities market (within the meaning of Section 1273 of the Code) is rebuttably presumed to be acquired or disposed of for a price that is not equal to its fair market value.

(C) Obligations purchased directly from the Treasury. The fair market value of a United States Treasury obligation that is purchased directly from the United States Treasury is its purchase price.

(D) Safe harbor for Guaranteed Investment Contracts. The purchase price of a Guaranteed Investment Contract shall be treated as its fair market value on the purchase date if all the following conditions are met.

(1) The District or broker makes a bona fide solicitation for a specified Guaranteed Investment Contract and receives at least three bona fide bids from reasonably competitive providers (of Guaranteed Investment Contracts) that have no material financial interest in the Issue.

(2) The District purchases the highest-yielding Guaranteed Investment Contract for which a qualifying bid is made (determined net of broker's fees).

(3) The Yield on the Guaranteed Investment Contract (determined net of broker's fees) is not less than the Yield then available from the provider on reasonably comparable Guaranteed Investment Contracts, if any, offered to other persons from a source of funds other than Gross Proceeds of Tax-Exempt Obligations.

(4) The determination of the terms of the Guaranteed Investment Contract takes into account as a significant factor the District's reasonably expected drawdown schedule for the amounts to be invested, exclusive of amounts deposited in a Bona Fide Debt Service Fund and a reasonably required reserve or replacement fund.

(5) The terms of the Guaranteed Investment Contract, including collateral security requirements, are reasonable.

(6) The obligor on the Guaranteed Investment Contract certifies the administrative costs that it is paying (or expects to pay) to third parties in connection with the Guaranteed Investment Contract.

(E) Safe harbor for certificates of deposit. The purchase price of a certificate of deposit shall be treated as its fair market value on the purchase date if all of the following requirements are met.

(1) The certificate of deposit has a fixed interest rate, a fixed payment schedule, and a substantial penalty for early withdrawal.

(2) The Yield on the certificate of deposit is not less than (a) the Yield on reasonably comparable direct obligations of the United States, or (b) the highest Yield that is published or posted by the provider to be currently available from the provider on reasonably comparable certificates of deposit offered to the public.

Certificates evidencing the foregoing requirements should be obtained before purchasing any Guaranteed Investment Contract or certificate of deposit.

SECTION 3.04. CONSTRUCTIVE SALE/PURCHASE.

(A) Nonpurpose Investments that are held by the District or trustee as of any Computation Date (or Bond Year if the computations are required to be done annually) shall be treated for purposes of computing the Rebate Amount as of such date as having been sold for their fair market value as of such date. Investment Property that becomes allocated to Gross Proceeds of the Issue on a date after such Investment Property has actually been purchased shall be treated for purposes of the rebate requirements as having been purchased by the District on such date of allocation at its fair market value on such date.

(B) For purposes of constructive or deemed sales or purchases of Investment Property (other than Investment Property in the Escrow Fund or that is otherwise not invested for a Temporary Period or is not part of a reasonably required reserve or replacement fund for the Issue) must be valued at its fair market value on the date of constructive or deemed sale or purchase.

(C) Except as set forth in (B), fixed-rate Investment Property that is (1) issued with not more than 2% of original issue discount or original issue premium, (2) issued with original issue premium that is attributable exclusively to reasonable underwriters' compensation or (3) acquired with not more than 2% of market discount or market premium may be treated as having a fair market value equal to its outstanding stated principal amount plus accrued interest. Fixed-rate Investment Property also may be treated as having a fair market value equal to its present value.

SECTION 3.05. ADMINISTRATIVE COSTS.

(A) Administrative costs shall not be taken into account in determining the payments for or receipts from a Nonpurpose Investment unless such administrative costs are Qualified Administrative Costs. Thus, administrative costs or expenses paid, directly or indirectly, to purchase, carry, sell, or retire Nonpurpose Investments generally do not increase the Payments for, or reduce the Receipts from, Nonpurpose Investments.

(B) Qualified Administrative Costs are taken into account in determining the Payments and Receipts on Nonpurpose Investments and thus increase the Payments for, or decrease the Receipts from, Nonpurpose Investments. In the case of a Guaranteed Investment Contract, a broker's commission or similar fee paid on behalf of either the District or the provider is a Qualified Administrative Cost to the extent that (1) the amount of the fee treated as a Qualified Administrative Cost does not exceed the lesser of (a) \$39,000, or such higher amount as determined and published by the Internal Revenue Service as the "cost of living adjustment" for the calendar year in which the Guaranteed Investment Contract is acquired and (b) 0.2% of the Computational Base or, if more, \$4,000, or such higher amount as determined and published by the Internal Revenue Service as the "cost of living adjustment" for the calendar year in which the Guaranteed Investment Contract is acquired and (2) the aggregate amount of broker's commissions or similar fees with respect to all Guaranteed Investment Contracts and Nonpurpose Investments acquired for a yield-restricted defeasance escrow purchased with Gross Proceeds of the Issue treated as Qualified Administrative Costs does not exceed a cap of \$110,000, or such higher amount as determined and published by the Internal Revenue Service as the "cost of living adjustment" for the calendar year in which the Guaranteed Investment Contract is acquired less the portion of such cap, if any, used in prior years with respect to the Issue.

PART IV: COMPLIANCE AND AMENDMENT

SECTION 4.01. COMPLIANCE.

The District, trustee or Rebate Analyst, as applicable, shall take all necessary steps to comply with the requirements of these Instructions in order to ensure that interest on the Issue is excluded from gross income for federal income tax purposes under Section 103(a) of the Code. However, compliance shall not be required in the event and to the extent stated therein the District and the trustee receive a Bond Counsel's Opinion that either (A) compliance with such requirement is not required to maintain the exclusion from gross income for federal income tax purposes of interest on the Issue or (B) compliance with some other requirement in lieu of such requirement will comply with Section 148(f) of the Code, in which case compliance with the other requirement specified in the Bond Counsel's Opinion shall constitute compliance with such requirement.

SECTION 4.02. LIABILITY.

If for any reason any requirement of these Instructions is not complied with, the District and the trustee, if applicable, shall take all necessary and desirable steps to correct such noncompliance within a reasonable period of time after such noncompliance is discovered or should have been discovered with the exercise of reasonable diligence. The trustee shall have no duty or responsibility to independently verify any of the District's, or the Rebate Analyst's, calculations with respect to the payments of the Rebate Amount due and owing to the United States. Under no circumstances whatsoever shall the trustee be liable to the District, any bondholder or any other person for any inclusion of the interest on the Issue in gross income for federal income tax purposes, or any claims, demands, damages, liabilities, losses, costs or expenses resulting therefrom or in any way connected therewith, so long as the trustee acts only in accordance with these Instructions and the operative documents pertaining to the Issue.

USE OF PROCEEDS CHECKLIST AND REMEDIAL ACTION INSTRUCTIONS FOR NONQUALIFIED BONDS (Governmental Use Bonds)

The District has certified in the Tax Compliance Certificates (“*Certificates*”) provided in connection with the issuance of its outstanding bonds that it will spend the Gross Proceeds of its tax-exempt financings and use the facilities financed with those Gross Proceeds (“*Bond-Financed Facilities*”) in a manner that complies with the restrictions and requirements imposed by the Code and Regulations on Tax-Exempt Bonds. The District has further certified in the Certificates that it will comply with the remedial action requirements, if necessary, set forth in Regulations §1.141-12. These Instructions provide guidance for that compliance, and they are intended to satisfy Section 7.2.3.4.4 of the Internal Revenue Manual. These instructions shall also apply to all other outstanding and future issues of Tax-Exempt Obligations issued by the District. Capitalized terms not defined in these Instructions have the meanings given in the Certificates or in Attachment A to the Certificates.

PART I– USE OF PROCEEDS CHECKLIST

1. Use of Proceeds

- 1.1. Ensure there exists a clearly established accounting procedure for tracking investment and expenditures of Proceeds, including Investment Proceeds.
- 1.2. At or shortly after issuance of the Issue, allocate Proceeds to reimbursement of prior expenditures, as appropriate.
- 1.3. Ensure that a final allocation of Proceeds (including Investment Proceeds) to qualifying expenditures is made if Proceeds are to be allocated to Project expenditures on a basis other than “direct tracing” (direct tracing means treating the Proceeds as spent as shown in the accounting records for Proceeds draws and Project expenditures). An allocation other than on the basis of “direct tracing” is often made to reduce the Private Business Use (see Section 2, below) of Proceeds that would otherwise result from “direct tracing” of Proceeds to Project expenditures. This allocation must be made within 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 five years and 60 days after the Issuance Date of the Issue or 60 days after the Issue is retired. Bond counsel can assist with the final allocation of Proceeds to Project costs.
- 1.4. Maintain careful records of all Bond-Financed Facilities and other costs (e.g., Issuance Costs, credit enhancement and capitalized interest) and uses (e.g., deposit to reserve fund) for which Proceeds were spent or used. These records should be maintained separately for each issue of Tax-Exempt Bonds.
- 1.5. On at least an annual basis, identify all current and contemplated uses of Bond Financed Facilities and confer as necessary with Bond Counsel to ensure that the use of the Bond-Financed Facilities complies with the covenants and restrictions set forth in the Certificates.

2. Monitoring Private Business Use

- 2.1. Before entering into any new management, service, or research agreements described in 2.3.3 and 2.3.4, below, engage Bond Counsel to review the agreements to determine whether they result in Private Business Use.
- 2.2. Analyze at least annually any Private Business Use of Bond-Financed Facilities to determine whether the 5% or 10% limitation, as applicable, on Private

Business Use of Proceeds is exceeded. Contact Bond Counsel if this limit is exceeded.

- 2.3. Maintain copies of all of the following contracts or arrangements (or, if no written contract exists, maintain detailed records of the following contracts or arrangements) with a Private Person:
 - 2.3.1. Sales of Bond-Financed Facilities.
 - 2.3.2. Leases of Bond-Financed Facilities.
 - 2.3.3. Management or service contracts relating to Bond-Financed Facilities.
 - 2.3.4. Research contracts under which a Private Person sponsors research in Bond-Financed Facilities.
 - 2.3.5. Any other contracts involving “special legal entitlements” (such as naming rights or exclusive provider arrangements) granted to a Private Person with respect to Bond-Financed Facilities.

Each of the foregoing contracts or arrangements may result in Private Business Use of the Bond Financed Facilities. Consult with Bond Counsel to undertake any necessary remedial actions, discussed below, in respect of “nonqualified bonds” of the Issue. If a remedial action is not available, consult with Bond Counsel regarding the potential application of the voluntary closing agreement program maintained by the Internal Revenue Service.

3. **Responsible Person, Training and Record Retention**

- 3.1. The person(s) who hold the following title(s) shall be responsible for monitoring the use of Proceeds and the existence of any private business use of Bond-Financed Facilities, as set forth in these Instructions: **Treasurer, Board of Education, Assistant Treasurer, Director of Treasury Management and Director of Accounting and Finance.**
- 3.2. The person(s) responsible for monitoring the use of Proceeds and the existence of any private business use of Bond-Financed Facilities shall receive appropriate training regarding the District’s accounting systems (including entries for the expenditure of Proceeds on Bond-Financed Facilities), contract intake system, facilities management and other systems that track the expenditure and use of Proceeds.
 - 3.2.1. This training shall occur when a new individual assumes the responsibilities described in these Instructions.
 - 3.2.2. Training shall be available to ensure current knowledge of the District’s existing accounting, contract, facilities management and other systems that involve Tax-Exempt Obligations and exposure to any pertinent additional systems that are subsequently implemented by the District.
- 3.3. The records required to be kept under these Instructions shall be maintained in paper or electronic format until the date three (3) years after the last bond of the applicable issue of Tax-Exempt Obligations (the “*Issue*”) has been retired; if any portion of such Issue is refunded by a Refunding Issue, such records shall be maintained until the later of the date three (3) years after the last bond of the Issue has been retired or the date three (3) years after the last bond of the Refunding Issue has been retired.

PART II – REMEDIAL ACTION

1. **Deliberate Action.** A “deliberate action” (“*Deliberate Action*”) is any action taken after the Issuance Date by the District that is within the District’s control and that causes:

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- 1.1. more than 5% or 10%, as applicable, of the Proceeds to be used for a Private Business Use (the “*Private Business Use Limit*”), and more than 5% or 10%, as applicable, of either the principal of or interest on the Issue to be secured by or derived, directly or indirectly, from Private Security or Payments (collectively with the Private Business Use Limit, the “*Private Business Limits*”); or
 - 1.2. the amount of Proceeds that are to be used to make or finance loans to any Private Person, in the aggregate, to exceed the lesser of 5% of such Proceeds or \$5,000,000 (the “*Private Loan Limit*”).

An action by the District is not a Deliberate Action if the action was (i) the result of an involuntary conversion of all or a portion of the Project, or (ii) an action that was taken in response to a regulatory directive made by the federal government (see Regulations §1.141-2(d)(3)(ii)).

2. **Timely Reallocation.** If a Deliberate Action occurs, the District may reallocate the Proceeds that had been allocated to the Project or portion thereof as to which the Deliberate Action occurred to other permitted uses not later than 18 months after the later of (i) the date of the expenditure to which the Proceeds were originally allocated or (ii) the placed in service date of the Project or portion thereof to which such Proceeds were originally allocated, but not later than 60 days after the fifth anniversary of the Issuance Date or the retirement of the Issue, if earlier (see Regulations §§1.141-6(a) and 1.148-6(d)(1)(iii)).

3. **Remedial Action.**

- 3.1. Effect. A “remedial action” cures the use of Proceeds that caused the Private Business Use limit or the Private Loan Limit to be exceeded. A remedial action will not impact the amount of Private Security or Payments.
- 3.2. Ability to Use. In order to achieve either or both of the effects set forth in 3.1, five conditions must be satisfied (see 3.3) and one of three alternative remedial actions must be taken (see 3.4).
- 3.3. Conditions. The District may use a “remedial action” only if the following five conditions are satisfied:
 - 3.3.1. On the Issuance Date, the District did not reasonably expect either the Private Business Limits or the Private Loan Limit to be exceeded at any time while any portion of the Issue was outstanding.
 - 3.3.2. On the Issuance Date, the weighted average maturity of the Issue did not exceed 120% of the weighted average of the reasonably expected economic lives of the assets comprising the Project.
 - 3.3.3. Unless the Project is being used for an alternative use (as described in 3.4.3 below), the new user of all or any portion of the Project must have paid fair market value therefor.
 - 3.3.4. The District must treat any “disposition proceeds,” which are all proceeds received from the sale, transfer or other disposition of all or a portion of the Project, as Gross Proceeds for arbitrage (Section 148) purposes.
 - 3.3.5. Prior to the Deliberate Action, the Proceeds were used for a governmental purpose unless the remedial action to be taken is described in 3.4.1.

3.4 Types of Remedial Action.

- 3.4.1. Redemption of Non-Qualified Bonds. The “non-qualified bonds” are the portion of the Issue allocable to the Deliberate Action that causes the Issue to exceed the Private Business Limits or the Private Loan Limit. In general, within 90 days after the Deliberate Action, either the non-

qualified bonds must be redeemed or an escrow that defeases the non-qualified bonds to their earliest redemption date must be established. A defeasance escrow may not be used, however, if the period between the Issuance Date and the earliest redemption date of the non-qualified bonds is more than 10.5 years; in such case, a closing agreement with the Internal Revenue Service (“IRS”) may be necessary. If a defeasance escrow is established, the District must notify the IRS within 90 days of its establishment. Notwithstanding the general requirement stated above that all non-qualified bonds must be redeemed or defeased, if the disposition proceeds consist exclusively of cash, it is sufficient that the disposition proceeds be used to redeem or defease a pro rata portion of the non-qualified bonds.

3.4.2. *Alternative Use of Disposition Proceeds.* The Issue satisfies the requirements of this remedial action if:

- 3.4.2.1. all disposition proceeds consist exclusively of cash;
- 3.4.2.2. the District reasonably expects to spend the disposition proceeds within two years after the date of the Deliberate Action;
- 3.4.2.3. the disposition proceeds are treated as Proceeds for purposes of the Private Business Limits and the Private Loan Limit, the use of the disposition proceeds does not cause the Issue to exceed these Limits, and the District does not take a subsequent Deliberate Action that causes either of these Limits to be exceeded;
- 3.4.2.4. any unspent disposition proceeds must be used to redeem all or a portion of the Issue; and
- 3.4.2.5. if the disposition proceeds are to be used by a 501(c)(3) Organization, from the date of the Deliberate Action, the non-qualified bonds must constitute Qualified 501(c)(3) Bonds and be treated as reissued for that purpose.

3.4.3. *Alternative Use of Project.* The District satisfies the requirements of this remedial action if:

- 3.4.3.1. the portion of the Project that is transferred or disposed of could have been financed by another type of Tax-Exempt Bond;
- 3.4.3.2. the Deliberate Action taken by the District did not involve a purchase financed by another issue of Tax-Exempt Bonds; and
- 3.4.3.3. any disposition proceeds resulting from the Deliberate Action (other than those related to the provision of services) are used to pay Debt Service on the Issue on the next available payment date or, within 90 days of receipt, are deposited into a Yield-restricted escrow to be used to pay Debt Service on the next available payment date.

Under these circumstances, the non-qualified bonds are treated as re-issued as of the date of the Deliberate Action, and must remain qualifying Tax-Exempt Bonds throughout their term.

4. **Examples of Deliberate Action.**

- 4.1. Lease to a Private Person. A Deliberate Action generally occurs if the District (i) leases space within the Project to a Private Person and that use, when added to

any other Private Business Use, exceeds 5% or 10%, as applicable, of the Bond-Financed Facilities so that more than 5% or 10%, as applicable, of the Proceeds of the Issue are considered used for a Private Business Use and (ii) receives rent under that lease that, when added to any other Private Security or Payments, exceeds 5% or 10%, as applicable, of the Proceeds.

- 4.2. Service Contract. A Deliberate Action generally occurs if (i) (1) the District enters into a “service contract” (defined below) with a Private Person, (2) that Service Contract will be performed (or will be deemed to be performed) within the Project, (3) that Service Contract does not satisfy the requirements set forth in Revenue Procedure 97 13 (or its successor), and (4) that use, when added to any other Private Business Use of the Project, exceeds 5% or 10%, as applicable, of the Proceeds, and (ii) payments received or deemed received with respect to the Project in which the Service Contract is performed, when added to any other Private Security or Payments, exceed 5% or 10%, as applicable, of the Proceeds. A service contract is an arrangement under which services are to be provided by a Private Person involving the use of all or any portion of, or any function of, the Bond-Financed Facilities (for example, management services for an entire facility or a specific department of a facility).
- 4.3. Sale of Project. A Deliberate Action generally occurs if the District sells all or more than 5% or 10%, as applicable, of the Bond-Financed Facilities to a Private Person, which results in Private Business Use, and receives commensurate disposition proceeds for that sale.
- 4.4. Loan to a Private Person. A Deliberate Action generally occurs if the District loans more than \$5,000,000 of the Proceeds to a Private Person because that loan will cause the Issue to exceed the “private loan” limit.

EXHIBIT G
Toledo City School District
Administrative Policy for Debt Issuance, Management and Post Issuance Compliance

Example of State School District Credit Enhancement Covenants

The following is an extract from the Bond Registrar Agreement dated December 1, 2015, by and between The Huntington National Bank, Columbus, Ohio (the Bond Registrar), the Toledo City School District, Ohio (the School District), and the Ohio Department of Education (the Department), in connection with the issuance and servicing of \$21,920,000 Toledo City School District, Ohio, School Facilities Improvement Refunding Bonds, Series 2015 (the Bonds), dated December 23, 2015, providing an example of the covenants required to participate in the State of Ohio School District Credit Enhancement Program:

The District shall certify to the Department and the Bond Registrar at least 15 business days prior to each date on which debt charges are due on the Bonds (each, an Interest Payment Date as defined in the Bond Legislation) any amount of the debt charges due on that Interest Payment Date that the School District will not be able to pay. Otherwise the School District shall cause same day funds to be on deposit with the Bond Registrar no later than 10:00 a.m. (Ohio time) on the tenth business day prior to each Interest Payment Date while the Bonds are outstanding (each, a Deposit Date) in an amount sufficient and available to pay the debt charges on the Bonds due on the immediately following Interest Payment Date. If the amount on deposit with the Bond Registrar on a Deposit Date is not sufficient to pay in full the debt charges due on the immediately following Interest Payment Date, the Bond Registrar and the District shall notify the Department immediately on that Deposit Date by oral communication (to Shonta Cade, Center for School Options and Finance at (614) 466-9294) and promptly confirm that notice in a writing faxed to the Department at (614) 466-8700 to the attention of Shonta Cade, Center for School Options and Finance. That oral and written notice to the Department shall specify the amount (the Deficiency) by which the funds on deposit with the Bond Registrar on the Deposit Date are less than the required debt charges payment on the immediately following Interest Payment Date, and the Bonds to which that deficiency is applicable. Upon receipt of such notice, the Department shall immediately confirm or determine whether the District is unable to make the payment required to cover the Deficiency by the third business day prior to the Interest Payment Date. If the Department confirms or determines that the District will be unable to make such payment by that third business day prior to the Interest Payment Date, the Department shall deposit with the Bond Registrar by 2:00 p.m. (Ohio time) one business day prior to that Interest Payment Date, in immediately available funds, the lesser of (i) the amount of the Deficiency or (ii) the amount of state education aid, as defined for purposes of Ohio Administrative Code Section 3301-8-01(A), due the School District for the remainder of the State fiscal year. If this amount is insufficient to pay the total debt charges due on the Interest Payment Date, the Department shall pay to the Bond Registrar each fiscal year thereafter, and until the full amount due the Bond Registrar for unpaid debt charges is paid in full, the lesser of the remaining amount due the Bond Registrar or the amount of state education aid due the District for the fiscal year.

The Department shall make payments under this Agreement to the Bond Registrar only from and to the extent that money is appropriated by the General Assembly for distribution to the District as state education aid. The Bonds, and the Department's responsibilities described under the preceding paragraph, shall not constitute obligations or debts or pledges of the faith, credit or taxing power of the State of Ohio, and the holders or owners of the Bonds have no right to have taxes levied or appropriations made by the General Assembly of the State of Ohio for

the payment of debt charges on the Bonds, and this Agreement does not constitute the assumption by the State of Ohio of any debt of the School District.

Moneys deposited with the Bond Registrar pursuant to this Section shall be invested or reinvested by the Bond Registrar in lawful investments of the School District as directed in writing by the Treasurer. If the Treasurer does not provide the Bond Registrar with written investment directions, such moneys shall be held by the Bond Registrar uninvested. As to the suitability and legality of such directed investments, the Bond Registrar shall be entitled to rely on the written investment direction of the Treasurer. Investments of such moneys shall mature or be redeemable at the option of the Bond Registrar at the times and in the amounts necessary to provide moneys to pay the debt charges on the Bonds as they become due on the Interest Payment Dates. The Bond Registrar shall sell or redeem investments described in this paragraph to produce sufficient moneys at the times required for the purpose of paying debt charges on the Bonds when due, and shall do so without necessity for any order on behalf of the District and without restriction by reason of any order. Any income from the investments described in this paragraph shall be credited and transferred to the District.

The School District covenants and agrees that it will not pledge its state education aid as primary security for other obligations on a parity with the Bonds, unless the projected amount of state education to be distributed to the District in the then current fiscal year exceeds the aggregate maximum annual debt service due in that current or any future fiscal year on all outstanding and proposed obligations of the District to which state education aid is pledged as primary security by a ratio of at least 2.5 to 1; provided that this covenant shall not prevent the District from issuing obligations having a claim on state education aid subordinate to that of the Bonds.

If a transfer of state education aid by the Department to the Bond Registrar is required under the terms of this Agreement, the School District, in conjunction with the Department, will evaluate the District's inability to pay the debt charges and will develop and implement corrective actions to ensure full and timely payment by the District of future debt charges. The District shall present to the Department a written copy of its plan of such corrective actions.

EXHIBIT H
Toledo City School District
Administrative Policy for Debt Issuance, Management and Post Issuance Compliance
CROSS REFERENCES

Legal References

- ✦ Chapter 133 of the Ohio Revised Code : Uniform Public Securities Law
- ✦ Section 133.01 of the Ohio Revised Code
- ✦ Section 133.01(F) of the Ohio Revised Code
- ✦ Section 133.03(A)(1) of the Ohio Revised Code
- ✦ Section 133.25(B)(4)(b) or (C)(1) of the Revised Code
- ✦ Section 133.29 of the Ohio Revised Code
- ✦ Section 133.34 and 133.34(D) of the Revised Code
- ✦ Section 133.36 of the Ohio Revised Code
- ✦ Section 319.301 of the Revised Code
- ✦ Section 323.11 of the Revised Code
- ✦ Section 323.251 of the Revised Code
- ✦ Chapter 3318 of the Revised Code
- ✦ Section 5705.41 and 5705.44 of the Revised Code
- ✦ Ohio Constitution Article XII Section 11
- ✦ Ohio Administrative Code Section 3301-8-01(A)
- ✦ Chapter 9 of the U.S. Bankruptcy Code
- ✦ Internal Revenue Service Code of 1986
- ✦ Sections 57, 103, 141 and 148 of the Internal Revenue Code of 1986
- ✦ Security Exchange Act of 1934
- ✦ SEC Rule 15c2-12(b)(3)
- ✦ SEC Rule 15c2-12
- ✦ Social Security Act
- ✦ Employee Retirement Income Security Act of 1974

Debt Covenants / Transcripts:

- ✦ \$72,500,000 General Obligation (Unlimited Tax) School Facilities Improvement Bonds, Series 2003
- ✦ \$106,600,000 General Obligation (Unlimited Tax) School Facilities Improvement Bonds, Series 2003B
- ✦ \$31,999,995.20 General Obligation (Unlimited Tax) School Facilities Improvement Bonds, Series 2009
- ✦ \$52,555,0000 General Obligation (Unlimited Tax) School Facilities Improvement Refunding Bonds, Series 2012
- ✦ \$34,265,000 General Obligation (Unlimited Tax) School Facilities Improvement Refunding Bonds, Series 2012B
- ✦ \$32,335,000 General Obligation (Unlimited Tax) School Facilities Improvement Refunding Bonds, Series 2014
- ✦ \$21,920,000 General Obligation (Unlimited Tax) School Facilities Improvement Refunding Bonds, Series 2015

Board Policies:

- ✦ BCC: Duties of the Treasurer
- ✦ BDDC: Agenda Preparation and Dissemination
- ✦ DA: Fiscal Management Goals

- ✚ DCA: Tax Anticipation Notes
- ✚ DCB: Debt Issuance
- ✚ DFA: Use of Surplus Funds
- ✚ DFAA: Revenue From Investments
- ✚ DH: Bonded Employees and Officers
- ✚ DI: Fiscal Accounting and Reporting
- ✚ DIE: Audits
- ✚ EBCE: Disclosure of Wrongful Conduct
- ✚ EHA: Data and Records Retention
- ✚ EHA-R: Data and Records Retention (Electronic Mail)
- ✚ Administrative Policy for Investment and Cash Management Activity

Board Resolutions:

- ✚ **Bond Resolutions**
 - Series 2003 : Resolution 79-2003 & 80-2003
 - Series 2003B: Resolution 18-2004 & 19-2004
 - Series 2009: Resolution 264-2009 & 265-2009
 - Series 2012: Resolution 126-2012 & 127-2012 & 128-2012 & 129-2012
 - Series 2012B: Resolution 37-2013 & 38-2013 & 39-2013 & 40-2013
 - Series 2014: Resolution 186-2014 & 187-2014 & 188-2014 & 189-2014
 - Series 2015: Resolution 524-2016
- ✚ **Note Resolutions**
 - 129-2007 \$10,000,000 CTRAN
 - 263-2009 \$ 5,000,000 BAN
 - 271-2011 \$20,000,000 CTRAN
- ✚ **Tax Levy Resolutions**
 - 4-2003
 - 5-2003
 - 182-2009
- ✚ **Debt Team Resolutions**
 - 99-2008 (Bond Counsel, Financial Advisor, Lead Underwriter)
 - 107-2012 (Co-Managing Underwriter)

Auditor of State of Ohio Bulletins:

- ✚ Bulletin 1995-018: Local Government Securities and SEC RULE 15c2-12
- ✚ Bulletin 1999-004: Accounting for School Facilities Commission Grants/Loans
- ✚ Bulletin 2001-012: Filing of Annual Reports
- ✚ Bulletin 2001-007: Changes in School Facilities Commission Grants/Loans
- ✚ Bulletin 2007-006: Additional Guidance on the Use of the New Account Codes for Debt Refunding Transactions
- ✚ Bulletin 2010-003: Tax Increment Financing (TIF) & TIF Service Payments
- ✚ Bulletin 2014-001: Allocating Premiums from Local Government Bond and Note Sales

Reporting Requirements:

- ✚ **Official Statements:**
 - Series 2003
 - Series 2003B
 - Series 2009
 - Series 2012
 - Series 2012B
 - Series 2014
 - Series 2015
- ✚ Annual Information Filings – All Outstanding Issues
- ✚ IRS Form 8038 Filings – All Issues

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- ✦ Arbitrage Rebate Monitoring and Filings
 - ✦ Rating Agency Presentations and Annual Surveillance Call

Associated Transcript Documents:

- ✦ Bond Resolution
- ✦ Certificate of Award
- ✦ General Certificate of the Treasurer
- ✦ Supplemental Fiscal Officer Certificate
- ✦ County Auditor Certificate
- ✦ General Financial Statement
- ✦ Tax Compliance Certificate
- ✦ Form 8038-G
- ✦ Continuing Disclosure Agreement
- ✦ Concluding Certificate
- ✦ Signature and No-Litigation Certificate
- ✦ Request to Deliver and Authenticate
- ✦ Certificate of Authentication
- ✦ Receipt for Payment
- ✦ Specimen of Bond Form
- ✦ Bond Registrar Agreement
- ✦ DTC Blanket Letter of Representation
- ✦ Bond Purchase Agreement
- ✦ Preliminary Official Statement
- ✦ Official Statement
- ✦ Opinion of Bond Counsel
- ✦ Department of Education Approval for Participation in Credit Enhancement Program
- ✦ Rating Agency Letters
- ✦ Escrow Agreement
- ✦ Final Subscription for purchase of U.S. Treasury Obligations – SLGS
- ✦ Verification Report
- ✦ Certificate of Escrow Trustee
- ✦ Notice to Bond Registrar of Call for Redemption
- ✦ Opinion of Bond Counsel concerning Defeasance of the Refunded Bonds
- ✦ Certificate of Treasurer
- ✦ Underwriter Closing Letter
- ✦ Engagement Letters

Organizations:

- ✦ Government Finance Officers Association – Best Practices and Model Debt Policy
- ✦ Ohio Association of School Business Officials
- ✦ Ohio School Board Association
- ✦ Association of Public Treasurers of the United States and Canada – Model Debt Policy and Certificate of Excellence standards
- ✦ Hilliard City Schools – Debt Policy DC
- ✦ PFM Asset Management, LLC
- ✦ Squire Patton Boggs (US) LLP, Attorneys at Law

EXHIBIT I
Toledo City School District
Administrative Policy for Debt Issuance, Management and Post Issuance Compliance
BOARD POLICY DCB

Book	BOARD POLICY MANUAL
Section	Section D: Fiscal Management
Title	Debt Issuance
Number	DCB
Status	Active
Legal	ORC Chapter 133 (Uniform Public Securities Law) ORC Chapter 3318 ORC Chapter 5705
Adopted	March 22, 2016

Consistently with the District's Administrative Policy for Debt Issuance, Management and Post-Issuance Compliance, the District may issue voted and unvoted general obligation bonds and bond anticipation notes for proper school district public purposes (including refunding prior such bonds or BANs), current tax revenue notes and tax anticipation notes and may enter into other borrowing transactions, including lease purchase financings, in accordance with applicable provisions of ORC Chapters 133, 3318, 3313 and 5705 and in compliance with applicable provisions of federal securities and tax law and related regulations and rules.

All borrowings, regardless of type, require approval of an authorizing resolution by the Board.

New issues may be sold through competitive sale, negotiated sale or private placement sale as may be recommended by the Treasurer in accordance with the District's Administrative Policy for Debt Issuance, Management and Post-Issuance Compliance and approved by the Board in the related authorizing resolution.

After the terms of the borrowing are established, the Treasurer, Superintendent and the Board President and Vice President and other named District officials are to execute the necessary documents for the borrowing transcript and to complete the borrowing in accordance with related authorizing resolutions adopted by the Board.

The Treasurer will utilize the legal services of bond counsel in connection with all new borrowings and post issuance compliance and reporting on borrowings outstanding from time to time. The Treasurer may in connection with any borrowing, and shall in connection with a refunding transaction, also utilize the services of a municipal advisor. The Treasurer may utilize the services of an underwriter or underwriting team for public offerings of District securities and other obligations and the services of a placement agent for private placements of such securities and obligations.

Post issuance compliance and management of all outstanding borrowings will be the responsibility of the Treasurer and his staff.

All borrowing transcripts are to be retained three (3) years after the issue is retired and in accordance with record retention guidelines established by the Ohio Historical Society.

CROSS REF.:

BOARD POLICY MANUAL: Section DE: Revenue from Tax Sources.

BOARD POLICY MANUAL: Section DCA: Tax Anticipation Notes.

Toledo City School District Administrative Policy for Debt Issuance, Management and Post-Issuance Compliance.

Toledo City School District Administrative Policy for Investment and Cash Management Activity.