

State of Colorado
Building Excellent Schools Today
Post Issuance Compliance Questionnaire
For Participating K-12 Institutions

Federal and State laws governing tax exempt financing such as the BEST Certificates of Participation require the State of Colorado, acting by and through the State Treasurer, to confirm compliance with certain tax and legal requirements on a periodic basis. These requirements can be found in your Tax Certificate and Sublease. Please answer the following questions about your public school facility. The State will contact you if additional information is necessary.

Name of Participating K-12 Institution: _____

Date and Title of BEST Financing: _____

Description of Leased Property [collateral]: _____

Note: in most cases the collateral property and financed project are the same. If separate collateral was posted, separately identify the collateral and building being renovated with finance proceeds.

Description of Financed Project: _____

Leased Property Questions:

1. Insurance. The Sublease requires each Participating K-12 Institution maintain the following types of insurance on the Leased Property:
 - a. Casualty and Liability Insurance at Current Replacement Value. Provide a copy of your insurance certificate naming the Trustee and State as additional insureds.
 - b. Construction Period Insurance - During construction the policy provides general liability for the vacant land or building being renovated. Upon completion of the project and prior to occupancy, the Leased Property must be insured at the CRV (as described in a. above). After completion of the project, provide an annual certificate of insurance to the BEST staff.
 - c. Insurance and performance bonds are also required of your contractors during the construction of the financed project.

2. Private Use. IRS regulations generally limit use of the Leased Property to a state or local government purpose, i.e. public school. A small amount of “private use” is permitted, however, the State is required to ask about government versus private use and confirm that any private use falls under regulatory exceptions.
 - a. Does the Participating K-12 Institution allow any “private use” of the Leased Property? _____
 - b. “Private use includes any leases, uses or rentals of the Leased Property to nongovernmental persons, such as renting any portion of the Leased Property to a not-for-profit corporation or nongovernmental entity. Examples are rental of the parking lot to a private entity, vending machine rentals, leasing space to a corporation to provide food service to students, leasing space to a nongovernmental entity for a nongovernmental purpose.
 - c. If you answered yes to item 2.a. above, provide information on the amount of space in the Leased Property that is privately used, amount of rental payment received by the Participating K-12 Institution and date the private use began.

3. Record Retention. The Trustee maintains accounting records for all expenditures of BEST proceeds, however, the Participating K-12 Institution is responsible for retaining copies of all vendor contracts, Requisition Forms including backup documentation such as W-9.
 - a. Confirm the Participating K-12 Institution has a process to retain records of all construction expenditures under the BEST financing. Records relating to your BEST project must be retained for the term of your Sublease, plus six years.
 - b. Confirm the title insurance policy for the Leased Property was delivered to the Participating K-12 Institution and will be retained in BEST permanent files. This information is needed to release the Sublease and clear title to the Leased Property at the end of the term of the Sublease.

4. Lease Renewal. The Sublease and COP financing require the Participating K-12 Institution to annually renew its lease each fiscal year.
 - a. Provide a copy of the written annual renewal of the Lease by the Participating K-12 Institution, or
 - b. If applicable, provide notice of intent not to appropriate by no later than June 30 each year.

5. Financial Covenants. The Sublease prohibits a Participating K-12 Institution from agreeing to any easements, liens or encumbrances on the Leased Property.
 - a. Confirm no easements, liens, or encumbrances have been filed against the Leased Property.
 - b. If any easements are contemplated, the Trustee, Bond Counsel and the finance team must approve any encumbrances on the Leased Property in advance.

The undersigned has completed this BEST Post Issuance Questionnaire after reasonable inquiry and in good faith and understands the State is relying upon this information to comply with state and federal laws.

Participating K-12 Institution

By: _____

Its: _____

Date: _____