



Legislation Details (With Text)

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Title: Resolution Adopting Written Policies and Procedures to Monitor the Requirements of Section 148 of the Internal Revenue Code for Gainesville Regional Utilities Bond Issues (B)

A resolution to adopt written policies and procedures to monitor the requirements of section 148 of the internal revenue code and to ensure that all nonqualified bonds of the issuer are remediated according to the requirements under the internal revenue code and regulations; providing other details with respect thereto; and providing an effective date.

Sponsors:

Indexes:

Code sections:

Attachments: 1. 140597 GRU Resolution and Policy Modifications 20150115, 2. 140597_Resolution_20150115.pdf

Date	Ver.	Action By	Action	Result
1/15/2015	1	City Commission	Adopted (Resolution)	Pass

Resolution Adopting Written Policies and Procedures to Monitor the Requirements of Section 148 of the Internal Revenue Code for Gainesville Regional Utilities Bond Issues (B)

A resolution to adopt written policies and procedures to monitor the requirements of section 148 of the internal revenue code and to ensure that all nonqualified bonds of the issuer are remediated according to the requirements under the internal revenue code and regulations; providing other details with respect thereto; and providing an effective date.

The IRS has modified Form 8038-G, Information Return for Tax-Exempt Governmental Obligations, which is a form governmental entities are required to submit when issuing tax-exempt debt. The modification requires the issuer to answer two questions:

- Has the issuer established written procedures to ensure that all nonqualified bonds of the issue are remediated according to requirements under the IRS Code;
- Has the issuer established written procedures to monitor the requirements of Section 148 of the Code?

The procedures referred to under IRS Code requirements are processes which are already in practice at GRU. They include such steps as:

- Obtaining written certifications from underwriters as to the offering prices of tax-exempt bonds;
- Maintaining accounting procedures for tracking the investment and expenditures of bond proceeds;

- Reviewing proposed contracts with non-governmental organizations with respect to bond-financed facilities which could result in private use of facilities to ensure that limits on private business use are not exceeded;
- Preparing and submitting applicable arbitrage, yield restriction and rebate compliance reports;
- Taking remedial steps if actions cause the interest on tax-exempt bonds to become includable in the gross income of holders of the bonds.

There is no fiscal impact related to the adoption of the policies other than the opportunity to reduce potential penalties.

The City Commission adopt the proposed resolution.