

BLX GROUP LLC

POST-ISSUANCE COMPLIANCE

Since 2007, BLX Group LLC ("BLX") has been offering customized post-issuance compliance services to issuers and nonprofit borrowers of tax-exempt bonds. As part of the Orrick family, BLX benefits from Orrick's legal expertise, allowing us to deliver services that ensure compliance with IRS Treasury Regulations. This partnership also provides the reassurance of working with a comprehensive firm backed by longevity and extensive resources.

What is Post-Issuance Compliance?

Post-issuance compliance is a process that involves monitoring how tax-exempt bond proceeds were invested prior to being expended, and how the assets or facilities funded with such tax-exempt bond proceeds are being used after they were placed in service. Active monitoring is vital to ensure that an organization is complying with the applicable tax laws under which tax-exempt proceeds were borrowed and that excess private business use ("PBU") is not occurring.

IRS Focus and Schedule K Reporting Requirements

The IRS continues to make post-issuance compliance a priority and has sharpened its focus and efforts to gather detailed information regarding the use of property financed with tax-exempt bonds. Such efforts include annual reporting requirements **for 501(c)(3) borrowers** of tax-exempt bonds on *IRS Form 990 Schedule K – Supplemental Information on Tax-Exempt Bonds* which requires detailed information regarding outstanding tax-exempt bonds and accurate private business use calculations. In addition, audits of tax-exempt bonds regularly include questions regarding the private use of bond financed facilities for both nonprofit organization and governmental issuers.

Frequently, organizations may lack the time, effort and the knowledge of the Federal tax rules required to accurately and efficiently meet the IRS requirements and support the level of PBU occurring in their facilities.

BLX Can Help

To assist organizations in meeting their ongoing post-issuance compliance responsibilities, BLX offers a wide range of services including:

- Comprehensive review of expenditure and allocation of bond proceeds
- Preparation of final allocations
- Development of annual questionnaires regarding facility use
- Review contracts and agreements for "safe harbor" compliance
- Calculation of PBU% of bond financed facilities
- Application of "floating equity" to minimize PBU, when applicable
- Assistance with and completion of IRS Schedule K for nonprofit organizations
- Preparation of individualized checklists to support compliance with bond document requirements
- Preparation of tailored onsite training sessions relating to post-issuance compliance
- Review and preparation of post-issuance compliance policies

Having prepared close to 1,500 private use analyses, BLX has a deep understanding of the rules and regulations governing post-issuance compliance. In addition to strictly documenting compliance, BLX PBU reports can be used as a planning and forecasting tool, allowing organizations to maximize the allowable private use in their facilities.

Education and Outreach

BLX is a national authority and leader on post-issuance compliance education. Each year we host a 1 ½ day post-issuance compliance workshop and a webinar to keep clients apprised of regulatory developments and best practices on a variety of post-issuance compliance topics.

Contact Information

To discuss how BLX can support your post-issuance compliance needs, please contact **Alan Bond** at **212-506-5275** or via email at abond@blxgroup.com.