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FROM: John D. Sullivan, CFA  
Manager of Treasury Services 

DATE: June 26, 2015

RE: **COMPLIANCE: UCONN 2000 Tax-Exempt Debt Records Retention and Electronic Requirements**

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Below please find the record retention policy advice for the UCONN 2000 tax-exempt debt records retention and electronic requirements (please note nothing has changed from previous year's advice).

**(A) How long should documents be retention for the UCONN 2000 tax-exempt financing?**

Pursuant to the Tax Regulatory Certificate and Agreement UCONN will retain records of the determination made in regards to the Rebate Requirement until six years after the retirement of the last obligation of the issue.

Additionally please note Section 1.6001-1(e) of the Regulations provides that records should be retained for so long as the contents thereof are material in the administration of any internal revenue law. Generally speaking the IRS holds that material records should generally be kept for as long as the bonds are outstanding, plus 3 years after the final redemption date of the bonds.

The terms of the UCONN 2000 tax-exempt debt (new money) to date is: about 20 years for each UCONN 2000 General Obligation Bond issue (so plus 3 would be a minimum retention period of about 23 years) and about 30 Years for the UCONN 2000 Special Obligation Bonds (so plus 3 would be a minimum retention period of about 33 years). The Government lease Purchase Agreement is also a UCONN 2000 financing (so plus 3 would be a minimum retention period of about 23 years). Certain federal, state, or local record retention requirements may also apply.

**(B) You might also wish to know what are the basic records that should be retained?**

Although the required records to be retained depend on the transaction and the requirements imposed by the Code and the regulations, records common to most tax-exempt bond transactions include:

\* Basic records relating to the bond transaction (including the trust indenture, loan agreements, and bond counsel opinion);

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- \* Documentation evidencing expenditure of bond proceeds;
  - \* Documentation evidencing use of bond-financed property by public and private sources (i.e., copies of management contracts and research agreements);
  - \* Documentation evidencing all sources of payment or security for the bonds;
  - \* Documentation pertaining to any investment of bond proceeds (including the purchase and sale of securities, SLGs subscriptions, yield calculations for each class of investments, actual investment income received the investment of proceeds, guaranteed investment contracts, and rebate calculations).
- \*Are these the only records that need to be maintained?

No, the list above is very general and only highlights the basic records that are typically material to many types of tax-exempt bond financings. Each transaction is unique and may, accordingly, have other records that are material to the requirements applicable to that financing. The decision as to whether any particular record is material must be made on a case-by-case basis and could take into account a number of factors, including, for instance, the various expenditure exceptions. Moreover, certain records may be necessary to support information related to certain requirements applicable to specific types of qualified private activity bonds.

**(C) You might also wish to know if the records can be stored electronically?**

The answer is yes subject to the following.

Rev. Proc. 97-22, 1997-1 C.B. 652 provides guidance to taxpayers that maintain books and records by using an electronic storage system that either images their hardcopy (paper) books and records, or transfers their computerized books and records, to an electronic storage media. Such a system may also include reasonable data compression or formatting technologies so long as the requirements of the revenue procedure are satisfied. The general requirements for an electronic storage system of taxpayer records are provided in section 4.01 of Rev. Proc. 97-22. A summary of these requirements is as follows:

1. The system must ensure an accurate and complete transfer of the hardcopy books and records to the electronic storage system and contain a retrieval system that indexes, stores, preserves, retrieves, and reproduces all transferred information.
2. The system must include reasonable controls and quality assurance programs that (a) ensure the integrity, accuracy, and reliability of the system; (b) prevent and detect the unauthorized creation of, addition to, alteration of, deletion of, or deterioration of electronically stored books and records; (c) institute regular inspections and evaluations; and (d) reproduce hardcopies of electronically stored books and records that exhibit a high degree of legibility and readability.
3. The information maintained in the system must be cross-referenced with the taxpayer's books and records in a manner that provides an audit trail to the source document(s).
4. The taxpayer must maintain, and provide to the Service upon request, a complete description of the electronic storage system including all procedures relating to its use and the indexing system.
5. During an examination, the taxpayer must retrieve and reproduce hardcopies of all electronically stored books and records requested by the Service and provide the Service with the resources necessary to locate, retrieve, read and reproduce any electronically stored books and records.

6. The system must not be subject, in whole or in part, to any agreement that would limit the Service's access to and use of the system.

7. The taxpayer must retain electronically stored books and records so long as their contents may become material in the administration of federal tax law.

Please let me know if you have a question or suggestion or if I may be of further assistance.

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