# OFFICE OF THE TREASURER

# STATE OF CONNECTICUT

CONN. GEN. STATUTE 3-20d TAX-EXEMPT OBLIGATION

TREASURER'S CERTIFICATE APPLICATION FORM

Any agency intending to directly or indirectly issue any State of Connecticut tax-exempt obligation (notes, certificates of participation, lease purchases, turnkey contracts, etc.) must complete the attached Treasurer's Certificate Application Form and return it to the following address: Office of the Treasurer, State of Connecticut, Debt Management Division, 6th Floor, 55 Elm Street, Hartford, CT 06106.

Conn. Gen. Statute 3-20d is concerned with state agency compliance with Internal Revenue Service regulations for issuers of tax-exempt obligations. The statute requires that, prior to issuing any tax-exempt obligations, state agencies must make certain filings with and obtain a certificate of approval from the State Treasurer.

Generally, the issuing agency should be alerted to whether a proposed obligation is tax exempt or not by reading the contract language. There is usually a specific clause dealing with tax exemption. Similarly, if the issuing agency is asked to sign a form 8038-G this indicates that the lessor or seller intends to treat the obligation as tax-exempt. While tax-exempt obligations impose IRS regulatory requirements on the State, the State should benefit from lower interest costs. Consequently, issuing agencies should exercise due diligence in obtaining comparatively lower tax-exempt interest costs before entering into any tax exempt obligation.

It is the intent of the Treasurer's Office to issue a tax-exempt obligation approval certificate as soon as possible upon the receipt and review of the information. In the few circumstances where further information or clarifications is required, the filer will be contacted.

Generally, an agency can expect to face extremely intricate and burdensome compliance procedures, unless one hundred percent of the proceeds raised through the tax-exempt transactions are spent immediately on the day of closing.

The Treasurer's Office will check the issuing agency's potential for creating rebate liability for the State. Conn. Gen. Statute 3-20d does not change the other responsibilities of the issuing agencies, or any oversight agencies. Of course, it is the responsibility of the issuing agency to exercise its responsibilities in a diligent manner.

If you have any questions or if we can be of any assistance, please contact Sarah Sanders, Assistant Treasurer at (860) 702-3127.

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**1. Issuing Agency Responsibility for Monitoring and Compliance:**

(a) Issuing Agency Person Responsible for Monitoring/Compliance:

* Name: John D. Sullivan
* Title: Manager of Treasury Services
* Agency/Dept: University of Connecticut
* Address: 343 Mansfield Road, Storrs, CT 06269, Unit 1130
* Phone :(860) 486-5907
* Date Application Submitted: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**(b)** Have you set up procedures to monitor this financing to ensure compliance with any IRS or other requirements, including the maintenance of adequate records? (Yes/No) \_\_\_\_

1. Have you diligently reviewed the financing documents? (Yes/No) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**(d)** Will procedures be set up to ensure the timely filing of required IRS Forms (including the initial Form 8038-G and any subsequent forms should the terms of the obligation change), and provide copies to the Treasurer's Office when filed with the IRS? (Yes/No)

**2. Party Providing Financing:**

**(a)** Contact Person:

Name:

Address:

Contact Person & Title:

Phone:

Email:

**(b)** Is this party willing to assist you in completing and filing a Form 8038-G ? (Yes/No) **3.** **Amortization Schedule:**

Attach a copy of the amortization schedule for the tax-exempt obligation. The amortization schedule is usually provided by the party providing the financing (e.g. the Lessor Bank) and should include columns for the following: the Payment Number; the Payment Date; the Payment Dollar Amount; the Payment Dollar Amount that is Interest; the Payment Dollar Amount that is Principal; and the Final Payment. Each column should be totaled, and the interest rate should be clearly labeled and stated out to 5 decimal places at the top or bottom of the amortization schedule. The interest rate calculation method should be clearly stated (e.g. Annual Net Interest Cost, Annual True Interest Cost, etc.). \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**4. Party Providing Goods or Services to be Financed:**

**(a)** Contact Person:

Firm Name:

Address:

Name of Contact Person: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Title: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Phone:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Fax:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**(b)** Is this party willing to assist you in completing and filing a Form 8038-G? (Yes/No) No\_\_\_

**5. Please List the Following Tax-Exempt Obligation Details:**

1. Type and purpose of tax-exempt obligation (e.g. lease purchase of computer equipment, working capital note, etc): \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
2. Exact Principal amount to be financed: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
3. TAX-EXEMPT INTEREST RATE. Please list the Interest Method and Interest Rate to five decimal places (e.g. Annual Net Interest Cost = 0.00000%).\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
4. Financing Term (e.g. 2 years, 3 months): \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
   1. From: (Expected Closing Date): \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
   2. To: (Expected Maturity Date): \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
5. Is financing assignable to third parties? (e.g. the lessor or financing party is entering into a tax-exempt lease purchase obligation with you but intends to issue certificates of participation backed by the lease to investors) (Yes/No) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
6. Will the State receive any proceeds from this financing? In most lease purchase transactions the State does not receive any proceeds (Yes/No) \_\_\_\_
7. If proceeds are received (e.g. from notes, bonds, etc.) will all of the proceeds be spent upon closing for the tax-exempt purposes intended? (Yes/No) \_\_\_\_
8. Is the financing structured properly to eliminate the possibility of any arbitrage earnings? (Yes/No)\_ \_\_\_\_\_\_\_\_\_\_\_\_\_
9. Does the financing contain any reimbursement component for previously expended funds? (Yes/No)\_\_\_\_\_\_\_\_\_\_\_\_\_\_