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Updated TEFRA Approval Process Effective April 1

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The IRS recently modernized the public approval process (“TEFRA approval”) for private activity bonds (“bonds”) for TEFRA approvals given on or after April 1, 2019. States and political subdivisions issuing bonds, or on whose behalf bonds are issued (“issuers”), and states and political subdivisions whose geographic jurisdiction contain the site of a project (“hosts”) may take advantage of these new rules. Below are some of the changes made to the TEFRA approval process by the IRS.

The IRS now permits issuers and hosts to publish notices of public hearings about the issuance of bonds to finance a project (“TEFRA notices”) seven days prior to the public hearing instead of fourteen. Also, TEFRA notices can now be published on the issuer’s, on-behalf-of issuer’s, and host’s primary public website in an area used to inform residents about events affecting them. For governmental entities wishing to publish TEFRA notices on their primary public websites, the homepage should include “Public Hearing” and/or “News and Events” sections, and TEFRA notices should be posted continuously in these sections for at least seven days prior to the public hearing. If a TEFRA notice is published on a website then the issuer of the bonds must maintain records evidencing that a TEFRA notice containing the requisite information was posted to the appropriate website in a timely fashion.

The IRS has modified the information required in TEFRA notices in order to ensure that they convey the scope of the proposed project to be financed by the bonds and that each individual host understands what it is being asked to approve. TEFRA notices must provide:

- ◆ A general functional description of the type and use of the project, such as the type of bond and section of the Internal Revenue Code of 1986, as amended (the “Code”), which authorizes this type, along with a general description of the project. For example, a qualified 501(c)(3) bond as defined in section 145 for a hospital facility and working capital expenditures;

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- ◆ The maximum stated principal amount of bonds to be used for each project, which may include contingencies, such as cost overruns regardless of whether such contingencies are reasonably expected, and which usually, but not always, will require the maximum stated principal amount of bonds to be used for each facility in a separate host jurisdiction;
- ◆ The name of the expected initial legal owner or principal user (as defined in Section 144(a) of the Code), or a significant true beneficial party of interest for such legal owner or principal user (such as a sole member of an LLC or a general partner of a partnership), of each project; and
- ◆ A general description of the prospective location of each project by street address, boundary streets or other geographic boundaries, or other description of the specific geographic location that is reasonably designed to inform the public of the proposed location. The term “project” has replaced the term “facility” and is intended to permit more flexibility. A project is land, capital projects, facilities, equipment, and other property subject to TEFRA approval that are (1) located on the same site, (2) located on adjacent or proximate sites used for similar purposes, or (3) used in an integrated operation. Unless land, capital projects, facilities, equipment, and other property are part of an integrated operation, each of these located in a separate jurisdiction will almost always be a separate project.

The IRS clarified that TEFRA approvals remain effective for one year after the date the TEFRA approval is given. The IRS also clarified that one year between the public hearing and the TEFRA approval is acceptable and a longer period may be acceptable in some circumstances. Finally, the IRS has clarified that the following situations are substantial deviations from the TEFRA approval and therefore may result in taxable bonds unless cured:

- ◆ There is a change in the fundamental nature or type of project;
- ◆ The actual amount of bonds used for a project is more than ten percent greater than the amount authorized in the TEFRA approval; or
- ◆ The actual legal owner or principal user of the project differs from those authorized in the TEFRA approval, unless the actual legal owner or principal user of the project is a related party (as defined in Treas. Reg. §1.150-1(b)) to the authorized legal owner or principal user.

Substantial deviations can be cured to permit bond proceeds to be used outside of the scope of the initial TEFRA approval if (1) the original TEFRA approvals satisfied the regulations, (2) on the issue date of the bonds, the issuer reasonably expected there would be no substantial deviations between the stated use or amount of proceeds of the issue and the actual use or amount of proceeds of the issue, (3) the issuer determines to use proceeds in an amount or manner outside of the scope of the TEFRA approval due to unexpected events or unforeseen changes in circumstances occurring after the issue date of the bonds and (4) the issuer obtains TEFRA approval from both the issuer and the relevant host that satisfies the regulations before the issuer uses proceeds of the bonds outside of the scope of the original TEFRA approval.



VISIT US AT THE GFOA CONFERENCE

OMAC would like to show you all the data available to you on our *ofin* system. Please stop by our booth at September's GFOA conference to see how we can benefit you.

Ofin Updates

Educational Attainment

We have recently added Educational Attainment statistics to *ofin*. In addition to subdivision and state data, we have added County and National data to improve the comparatives. The information is the latest from the U.S. Census Bureau's 2013-2017 American Community Survey 5-year estimates.

Statistics and Ratios

Our new Statistics and Ratios page provides a single page snapshot of information that can be viewed for any subdivision. You'll find information pertaining to a subdivision's debt, tax base, population, financial position and housing and income data.

Tax Estimator

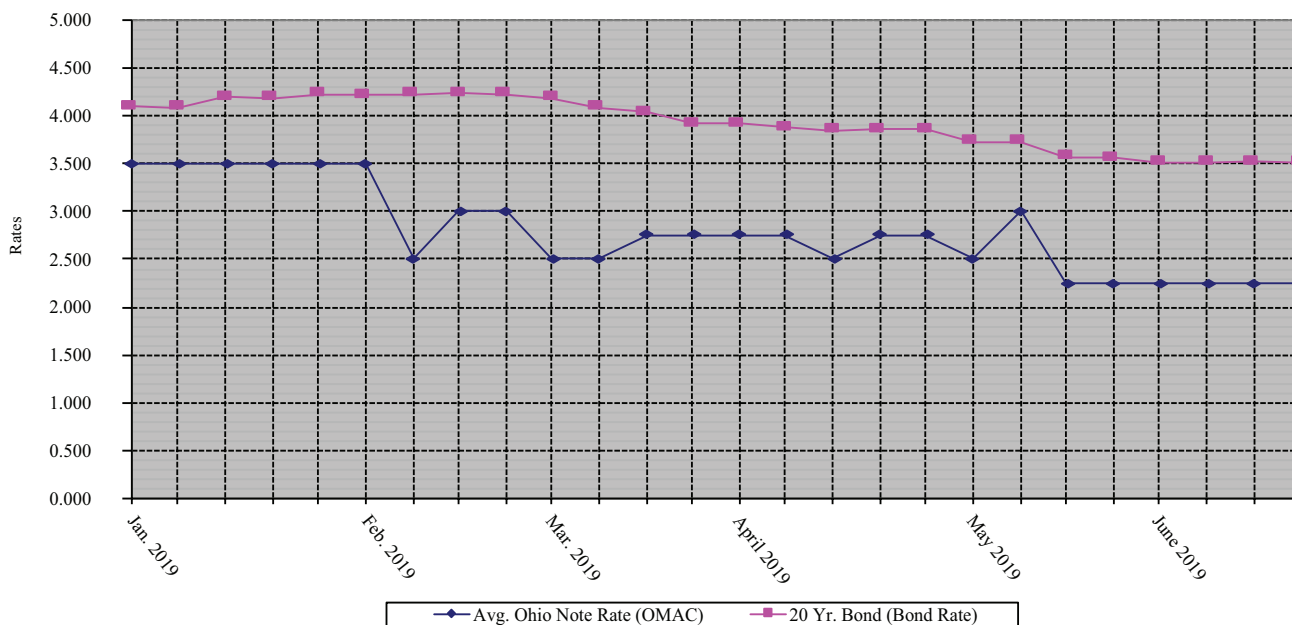
Our Tax Estimator calculates estimated annual taxes for various property market values. Overall and effective tax rates as well as tax credits are shown. There is also an option section to add proposed additional levies.

MARKET UPDATE

GENERAL OBLIGATION

Note and Bond Interest Rates for January thru June

The following graph compares Ohio short-term note rates with the Bond Buyer's 20 year bond index. The short-term rates represent actual rates reported to OMAC by Ohio purchasers and reported on OMAC's weekly calendar.



CALENDAR

Calendar of Issuer Conferences & Outings for 2019

NAME	EVENT	DATE	LOCATION
CAAO	Winter Conference	Nov. 20 - 22	Renaissance Westerville-Polaris Hotel- Westerville, Ohio
CTAO	Fall Meeting	November 13 - 15	Columbus Marriott Northwest – Columbus, Ohio
GFOA	GFOA Training Annual Fall Conference	July 22 - 25 September 18 - 20	DoubleTree Suites Downtown - Columbus, Ohio Hilton Columbus at Easton - Columbus, Ohio
MFOA (OML)	Northeast Ohio Golf Outing MFOA Annual Conference OML Annual Conference	July 19 Oct. 23 – Oct. 24 Oct. 23 – Oct. 25	Gleneagles Golf Club – Twinsburg, Ohio Renaissance Hotel – Columbus, Ohio Renaissance Hotel – Columbus, Ohio
NACO	National Conference	July 12 - 15	Paris Las Vegas Hotel – Las Vegas, NV
OAPT	National Conference Annual Conference	July 14 - 17 October 2 – 4	Renaissance Oklahoma City Conv. Cntr – Oklahoma City, OK Niagara Event Center – Put-in -Bay, Ohio
OMCA	Annual Conference One Day Academy -Anti- Harassment One Day Academy – Heart of a Clerk	July 15 - 18 September 19 Nov. 14	Millennium Hotel - Cincinnati, Ohio Fairfield Inn & Suites– Cambridge City, Ohio Norwalk Fire Dept. Conf. Rm – Norwalk, Ohio
OSBA	Capital Conference	November 10 – 12	Columbus Convention Center – Columbus, Ohio

(T) - means date or place is tentative.

Red lettering means revised or updated events.

CAAO – County Auditor’s Association of Ohio(614) 228-2226 www.caaao.org
 CTAO – County Treasures Association of Ohio(614) 517-5072 www.ohiocountytreasurers.org
 GFOA – Government Finance Officers Association(614) 221-1900 www.ohgfoa.com
 MFOA – Municipal Finance Officers Association of Ohio.....(614) 221-4349 www.omlohio.org
 NACO – National Association of Counties(614) 221-5627 www.naco.org
 OAPT – Ohio Association of Public Treasurers(440) 576-3944 www.ohioapt.org
 OASBO – Ohio Association of School Business Officials(614) 431-9116 www.oasbo-ohio.org
 OMCA – Ohio Municipal Clerks Association(614) 221-4349 www.omca.us
 OSBA – Ohio School Boards Association(614) 540-4000 www.ohioschoolboards.org

If your organization has other events scheduled that you would like to see listed here, please contact OMAC at 800-969-6622 or email us at chris@Ohiomac.com.