

AMITY TOWNSHIP
RESOLUTION NO. 17-12

A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE TOWNSHIP OF AMITY, BERKS COUNTY, PENNSYLVANIA ESTABLISHING PROCEDURES AND POLICIES TO MAINTAIN COMPLIANCE WITH ITS CONTINUING DISCLOSURE AGREEMENTS IN ACCORDANCE WITH THE REQUIREMENTS OF THE RULE 15c2-12 PROMULGATED BY THE SECURITIES AND EXCHANGE COMMISSION

WHEREAS, the Township of Amity ("Township") desires to establish procedures and policies to maintain compliance with its Continuing Disclosure Agreements in accordance with the requirements of the Rule 15c2-12 promulgated by the Securities and Exchange Commission ("SEC"); and

WHEREAS, the Township desires to formally adopt these procedures and policies to maintain future compliance.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Supervisors of the Township of Amity, Berks County, Pennsylvania, that the Township hereby adopts the following Continuing Disclosure Compliances Procedures and Policies.

Continuing Disclosure Compliances Procedures and Policies

Purpose

To provide the Township with an established written process by which it will monitor the Township's use of bond proceeds and bond financed facilities to ensure compliance with the terms of such bonds, with applicable tax requirements and with Securities and Exchange Commission Rule 15c2-12.

Standard

The Township shall maintain the tax exempt status of tax exempt bonds or notes issued for its benefit and insure compliance with 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (Rule 15c2-12).

Authority

The Board of Supervisors of Amity Township ("Board") may adopt and enforce reasonable rules and regulations regarding the management of its affairs and the conduct of all appointees and employees during the time that they are engaged in their duties to the Township.

The Board may only use and pay out Township bond proceeds in accordance with the Second Class Township Code.

Definitions

Bond Counsel - legal counsel retained by the Township for the provision of legal advice related to the issuance and/or repayment of a bond. Bond Counsel may be either the Solicitor or special counsel.

Township Treasurer - The individual appointed by the Board to, among other things, be responsible for the tracking of expenditures and receipts of bond proceeds and the keeping of applicable records thereof.

EMMA - Electronic Municipal Market Access System, an electronic database maintained by the Municipal Securities Rulemaking Board.

Listed Event - Any event occurring in relation to a bond issue for which the Township incurs an obligation to disclose its occurrence on EMMA, including but not limited to:

- (1) Principal and interest payment delinquencies
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;

- (7) Modifications to rights of security holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the securities, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the Township;
- (13) The consummation of a merger, consolidation, or other acquisition involving the Township or the sale of all or substantially all of the assets of the Township, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) Appointment of a successor or additional trustee of the change of name of a trustee, if material.

Person – Any separate legal entity including, but not limited to, a corporation, partnership, limited liability company, business trust, other association, government unit, estate, trust, foundation or natural person.

Policy - Continuing Disclosure Compliances Procedures and Policies adopted by the Township.

Private Business Use – The use of a bond financed facility (directly or indirectly) in a trade or business carried on by any Person other than a governmental unit, except as a member of the general public.

Private Use Agreement – Any agreement under which the Township:

- (1) Rents bond financed property, including, but not limited to, the sale of naming rights for a bond financed property;
- (2) Retains the services of a contractor for the purposes of managing or providing a service with respect to any function at a bond financed facility (e.g., food services); or

- (3) Conveys rights to a third party that are different from the rights granted to members of the general public.

Rebate - That portion of the earnings on investments of a bond issue that must be remitted to the Internal Revenue Service and which equals the difference between the amount that the Township earned from the investment of bond proceeds and the amount that the Township would have earned had those same funds been invested at an interest rate equal to the yield on the bond issue.

SEC Rule - Securities and Exchange Commission Rule 15c2-12, as amended, modified or superseded.

Delegation of Responsibility

The Township Treasurer shall be responsible for reviewing and monitoring the following activities to ensure compliance with applicable laws and regulations:

- (1) The tracking of expenditures and receipts of bond proceeds and keeping applicable records thereof; and
- (2) The private use of any tax exempt facilities owned by the Township, including uses of such facilities pursuant to a management or service provider contract. Lease or other contractual agreement to determine compliance with Rev. Proc. 97-12 and 2016-44.

As part of this responsibility, the Township Treasurer shall keep any records deemed necessary to track the receipt and expenditure of any bond proceeds and the investment of proceeds in relation thereto.

The Township Treasurer shall be responsible for monitoring the Rebate obligations of the Township to ensure that the Township makes timely payment of any and all Rebates owed to the U.S. Treasury.

In furtherance of these responsibilities, the Township Treasurer may, in his or her discretion, consult with Bond Counsel or the Township's financial advisor and/or appoint other tax-exempt financing professionals to assist or advise the Township Treasurer in the performance of the foregoing responsibilities. The Board, Township Treasurer and the Solicitor may consult with Bond Counsel, the Township's Financial Advisor and/or other professional experts in tax-exempt finance to provide advice or guidance on compliance with IRS or SEC rules and regulations.

In support of this Policy, the Board shall allocate sufficient expenditures in its annual budget to allow for compliance with this Policy.

Expenditure of Proceeds

- (1) For expenditures from the applicable project fund, the Township Treasurer will review the applicable authorizing Ordinance to confirm that each expenditure is within the scope of the project described in the authorizing Ordinance. In addition, the useful life of each asset acquired and its placed in service date shall be recorded.
- (2) For any funds deposited in a sinking fund, and any earnings thereon, the Township Treasurer shall review and monitor all expenditures and receipts for each sinking fund and shall not less than annually confirm that such fund is not funded in excess of the amount necessary.

Tracking of Bond Proceeds

- (1) The Township Treasurer shall create and maintain spreadsheets for each bond issue which will track the date, amount and purpose of each receipt of and expenditure of bond proceeds. Back up documentation (either hard copy or in electronic form (if compliant with Rev. Proc. 97-22)) for each receipt or expenditure shall be retained.
- (2) The Township Treasurer and the Township Manager shall review the applicable tax certificates (including the Nonarbitrage Certificate, the Township's tax certificate and the Form 8038G) for each issue and acquaint himself or herself with the Township's expectations with respect to the bonds as expressed therein to ensure that the proceeds are expended consistently with such expectations. Any discrepancies will be brought to the attention of the Township Treasurer who shall communicate with Bond Counsel regarding such matters.

Guidelines

Compliance Monitoring - Investment of Bond Proceeds

The Township Treasurer will review and monitor the investment of any bond proceeds to ensure that such investment complies with the safe harbors established by the Internal Revenue Service for determining fair market value.

The Township Treasurer shall maintain a Microsoft Excel spreadsheet for each bond issue which shall track the date, amount and purpose of each receipt of and expenditure of bond proceeds. Moreover, the Township Treasurer shall maintain the following additional information for expenditures made in the following categories:

- (1) Capital Assets
 - (a) Useful life; and
 - (b) Date on which such capital asset was placed into service.
- (2) Sinking Funds
 - (a) Receipts and expenditures for each sinking fund.

Investment of Bond Proceeds

The Township Treasurer shall determine what proceeds are available for investment and what yield restrictions apply to the proposed investment. In the event that a yield restriction applies to the proposed investment, the Township Treasurer shall cause the proceeds to be invested at or below the applicable yield restriction in such investments as shall be permitted under the applicable bond documents and the Township's investment guidelines, if any. In the event that investments cannot be obtained at fair market value because investment yields are in excess of the applicable bond yield, the Township shall invest such proceeds in tax exempt obligations that are not subject to the alternative minimum tax under the Internal Revenue Code.

Rebate Analysis

The Township shall engage a Rebate consultant for the purposes of conducting a Rebate analysis and the preparation of a written report at least every five (5) years during which the bond is outstanding if no Rebate exception is applicable to such issue of bonds. Such consultant shall determine:

- (1) Whether a Rebate exception is applicable and; if not
- (2) whether any Rebate liability is owed to the U.S. Treasury.

If any liability is determined, the Township shall remit such Rebate to the U.S. Treasury promptly, along with any forms required by the Internal Revenue Service. In no event

shall the Rebate be made later than sixty (60) days after the applicable fifth (5th) year anniversary.

Compliance – Private Business Use of Bond Financial Facilities

Prior to the execution of a Private Use Agreement, the Township Treasurer shall determine whether such arrangement constitutes a Private Business Use. If the proposed use constitutes a Private Business Use, the Township Treasurer shall determine how much Private Business Use already exists and whether the proposed Private Business Use will be within the permitted limitation.

The Township Treasurer shall in his or her sole discretion approve such Private Use Agreement, but only if either:

- (1) the Township is compliant with the Private Business Use limitations applicable to the respective bonds after giving effect to the proposed arrangement; or
- (2) the Township Treasurer has determined that remedial actions can be taken, or another remedy exists, that will permit the applicable bonds to remain compliant with the Private Business Use limitation.

The Township Treasurer shall maintain a Microsoft Excel spreadsheet for each bond financed facility to track the following:

- (1) The amount of tax-exempt bond proceeds used to finance such facility; and
- (2) The use of such facility by any Person other than the Township.

Continuing Disclosure and Securities & Exchange Commission Regulatory Filings

The Township Treasurer shall be responsible for filing any annual or Listed Event notice documentation required to comply with the SEC Rule.

The Township Treasurer shall post, or cause to be posted, on EMMA, the Township's Annual Report which shall be compliant with the applicable Continuing Disclosure Certificate. Such posting shall occur no later than two hundred seventy (270) days after the end of the fiscal year for which such Annual Report is prepared.

The Township Treasurer shall post, or cause to be posted, on EMMA, a summary budget for the current fiscal year no later than thirty (30) days after the final approval of the Board, if applicable under a Continuing Disclosure Certificate of the Township.

Whenever the Township obtains knowledge of the occurrence of a Listed Event, as defined in the applicable Continuing Disclosure Certificate, the Township Treasurer shall promptly post, or cause to be posted, notice of such occurrence on EMMA, no later than ten (10) business days after the occurrence of the Listed Event, if:

- (1) Such Listed Event would constitute material information for holders of bonds under applicable Federal securities laws; or
- (2) The determination of materiality by the Township is not relevant to the obligation to give notice of the Listed Event.

Review of Reporting

The Township Treasurer and the Township Manager shall review the expenditure of bond proceeds and the use of bond financed facilities to ensure that such expenditures and uses are consistent with the purposes outlined in the applicable tax certificates (e.g., the Non-Arbitrage Certificate, the Township's tax certificate, and the I.R.S. Form 8038-G) and that such expenditures and uses have been authorized by duly enacted resolutions of the Board. Such review shall be conducted at least annually.

The Township Treasurer shall review all bond compliance data and reporting with Bond Counsel in order to ensure compliance with the policies and procedures set forth by this Policy. Such review shall be conducted at least annually.

The Township Treasurer shall provide to the Board reports regarding the Township's compliance with the SEC Rule, certifications in writing that such Township Treasurer has filed the Annual Report and the summary of the budget in a timely manner and notification of the occurrence of any Listed Events which were reported on EMMA. These disclosures shall be submitted to the Board at least annually.

Recordkeeping

The Township Treasurer shall maintain and retain all bond compliance records in accordance with this Policy at all times. The Township shall retain all such records for a period not shorter than six (6) calendar years after the year in which the applicable bond issue matures, or if such issue is refunded, six (6) calendar years after the refunded bond issue matures.

Training

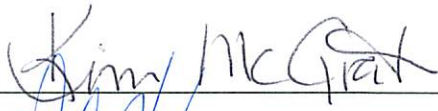
The Township Treasurer shall annually review:


- (1) The IRS website for materials and teleconferences or webinars relating to tax exempt bonds and compliance by issuers. The Township Treasurer shall determine whom, if anyone, should review such materials and attend such teleconferences or webinars; and
- (2) The SEC website for materials and updates on the continuing disclosure obligations to maintain compliance with the SEC Rule.


Professional Advisors

The Board, the Township Treasurer, the Township Manager and the Solicitor may consult with Bond Counsel, the Township's financial advisor and/or other professional experts in tax-exempt finance to provide advice and guidance on compliance with IRS and SEC rules and regulations as necessary to assist the Township with compliance with these policies and procedures.

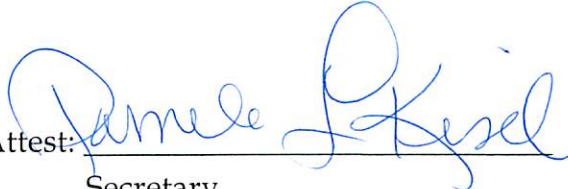
TOWNSHIP OF AMITY







I certify that this is a true and correct copy of a Resolution adopted by the Board of Supervisors of the Township of Amity, Berks County, Pennsylvania on September 20, 2017.

Attest: 
Secretary