

TOWNSHIP OF PINCONNING

BAY COUNTY, MICHIGAN

Minutes of a regular meeting of the Township Board of the Township of Pinconning, Bay County, Michigan, held at the Pinconning Township Hall, 1751 Cody Estey Road, Pinconning, Michigan, on the 13 day of June, 2012, at 4 P.m. Local Time.

PRESENT: Members: Long, Holbrook, Stalsberg, Lapramoise, French

ABSENT: Members: O

The following preamble and resolution were offered by Member Holbrook and supported by Member Lapramoise:

RESOLUTION NO. 12-01

RESOLUTION TO ADOPT POST-ISSUANCE TAX COMPLIANCE POLICY AND PROCEDURES AND MATTERS RELATED THERETO

WHEREAS, the Township of Pinconning (the "Township") has issued tax exempt debt including, but not limited to, tax-exempt municipal bonds and tax-exempt installment purchase agreements (collectively, the "Bonds") from time to time and currently has Bonds outstanding; and

WHEREAS, under provisions of the Internal Revenue Code of 1986, as amended (the "code"), in order for the interest on the Bonds to remain exempt from taxation under Section 103 of the Code, it is necessary for the Township to monitor the timely expenditure of the proceeds of the Bonds, investment earnings, if any, on the Bonds, the use of facilities financed utilizing the proceeds of the Bonds, and, in certain circumstances, continuing disclosure obligations with respect to the Bonds (collectively referred to as "Post-issuance Tax Compliance Matters"); and

WHEREAS, the Internal Revenue Service encourages issuers of tax-exempt municipal bonds to adopt and adhere to written policies and procedures to address Post-issuance Tax Compliance Matters to retain the exempt status of tax-exempt debt issued by an issuer; and

WHEREAS, a written policy setting forth Post-Issuance Tax Compliance Matters and procedures for the Township has been prepared for the Township and is on file with the Township Clerk (the "Policy").

NOW, THEREFORE, BE IT HEREBY RESOLVED AS FOLLOWS:

1. The Policy, in the form on file with the Township Clerk, is hereby approved.
2. The Township Pinconning hereby designated as the Township official responsible for the implementation of the Policy and monitoring compliance with the Policy (the "Bond Compliance Officer").

3. All resolutions or parts of resolutions in conflict herewith shall be in the same are hereby rescinded.

AYES: Members: Stalberg, Long, Holbrook, Rafterman, Hribek.

NAYS: Members: 0
Beverlene Hribek
Beverlene Hribek, Clerk
Township of Pinconning

STATE OF MICHIGAN)
) ss.
COUNTY OF BAY)

I, Beverlene Hribek, the duly qualified and acting Clerk of the Township of Pinconning, Bay County, Michigan (the "Township") do hereby certify that the foregoing is a true and complete copy of a Resolution adopted by the Township Board of the Township at a regular meeting thereof held on the 13th day of June, 2012, the original of which is on file in my office. Public notice of said meeting was given pursuant to and in compliance with Act 267, Public Acts of Michigan, 1976, as amended, including in the case of a special or rescheduled meeting, notice by publication or posting at least eighteen (18) hours prior to the time set for the meeting.

IN WITNESS WHEREOF, I have affixed by official signature this 13 day of June, 2012.

Beverlene Hribek
Beverlene Hribek, Clerk
Township of Pinconning

4. Post-Issuance Tax Compliance Procedures.

a. Upon the receipt of bond proceeds following the closing on the Bonds, the Bond Compliance Officer, or the Bond Compliance Officer's designee, shall complete the "Post-issuance Bond Tax Compliance Form." The completed form shall be maintained with the Bond transcript for the bond issue. The Post-issuance Bond Tax Compliance Form shall be completed for each of the municipality's outstanding tax-exempt Bonds.

b. At the end of each fiscal year, the Bond Compliance Officer, or the Bond Compliance Officer's designee, shall review the Post-issuance Bond Tax Compliance Form and shall update the form with current information regarding the expenditure of the bond proceeds, use of the property financed using the bond proceeds (the "Project"), status of the accounts established for the expenditure of the bond proceeds and receipt of funds for the payment of debt service on the Bonds, and interest earnings, if any on those accounts. An updated Post-issuance Bond Tax Compliance Form shall be maintained with the transcript of proceedings for each bond issue.

i. Expenditure of bond proceeds. From the date of the issuance of the Bonds through and including the date that the final payments for the Project financed with the Bonds is made (i.e., close out of the Project's "construction fund"), the Bond Compliance Officer shall monitor the expenditure of the proceeds of the Bonds to insure that the proceeds of the Bonds are spent for allowable Project costs and in accordance with the ordinance or resolution authorizing the issuance of the Bonds. Costs unrelated to the Project shall not be paid using bond proceeds. Further and to the extent that the municipality has issued more than \$5,000,000 in tax exempt Bonds in that particular fiscal year, the Bond Compliance Officer shall ascertain and verify that the bond proceeds are spent in accordance with the spending schedule set forth in the Certificate as to Arbitrage included in the Bond Transcript. The Bond Compliance Officer shall consult with Bond Counsel to ascertain the applicable spending schedule for that particular bond issue and Project.

ii. Interest earnings on bond proceeds. The Bond Compliance Officer shall identify, on an annual basis, the amount of all interest earnings on bond proceeds prior to expenditure of bond proceeds for the Project. The Bond Compliance Officer shall calculate the interest rate as a percentage and compare such rate to the average rate of interest borne on the Bonds and as stated in the Certificate as to Arbitrage included in the Bond Transcript. In the event that the percentage of interest earned on bond proceeds exceeds the average rate of interest borne on the Bonds, as stated in the Certificate as to Arbitrage, the Bond Compliance Officer shall consult with Bond Counsel as to whether the municipality is within the Code's arbitrage provisions and regulations and whether rebate is required.

iii. Use of the project funded with tax-exempt bond proceeds. The Bond Compliance Officer shall annually determine whether there has been any private business use of the project financed using the proceeds of the Bonds (other than governmental use or use of the Project as a member of the general public). The Bond Compliance Officer shall consult with Bond Counsel in the determination of "private business use" of the Project.

5. Records Retention. Notwithstanding any other municipal policy to the contrary, the Bond Compliance Officer shall maintain copies of the following documents for a period of

**Post-issuance Tax Compliance Policy and Procedures
for Tax-Exempt Bonds**

1. Purpose. The purpose of this policy is to ensure that the municipality takes necessary steps to continually monitor the expenditure of, and investment earnings on, the proceeds of Tax-exempt Bonds issued by the municipality, and the use of the Project financed by the issuance of the Bonds so that the Bonds will continue to be deemed "tax exempt" pursuant to the Code and to further specify records retention requirements for documents relating to the issuance of the Bonds and post-issuance tax compliance monitoring of the Bonds.

2. Definitions. The terms, as used in this policy, have the following meanings:

a. "Bond Compliance Officer" shall mean the person designated by the municipality for overseeing compliance with this Policy.

b. "Bond Counsel" shall mean the law firm primarily responsible for providing bond counsel services for the municipality with respect to the issuance of the municipality's Bonds.

c. "Bond Transcript" shall mean the resolution or ordinance authorizing the issuance of the Bonds, all certificates issued as of the date of closing on the Bonds, and all other documents, resolutions, agreements, etc., evidencing the issuance of the Bonds.

d. "Code" shall mean the Internal Revenue Code, as amended, and any regulations promulgated thereunder.

e. "Financial Advisor" shall mean the organization primarily responsible for providing financial advisor services to the municipality.

f. "Paying Agent" shall mean the person, organization, or municipal officer primarily responsible for providing paying agent services for the municipality.

g. "Tax-exempt Bonds" or "Bonds" shall mean any debt obligation issued by the municipality, the interest on which is exempt from taxation pursuant to the Code. The term bond includes installment purchase agreements.

h. "Private Business Use" shall mean use of the Project financed using bond proceeds other than governmental use or use of the Project as a member of the general public.

3. Designated Official. The Clerk is hereby designated as the municipality's Bond Compliance Officer who is responsible for monitoring post-issuance tax compliance for the municipality's outstanding Bonds. The Bond Compliance Officer will also be assisted in carrying out post-issuance compliance requirements by the following:

- a. Bond Counsel;
- b. Financial Advisor, if any; and
- c. Paying Agent.

not less than three years following the date that the principal and interest on the Bonds is paid in full and the Bonds are no longer outstanding:

- a. all documents relating to the issuance of the Bonds included in the transcript of proceedings for the Bonds;
- b. records regarding interest earnings, if any, on bond proceeds;
- c. records regarding any payment of rebate to the United States Government, if any; and
- d. copies of the completed annual Post-issuance Bond Tax Compliance Forms;
- e. copies of Paying Agent statements regarding payment of principal and interest on the Bonds;
- f. copies of invoices, bills, draw schedules, cancelled checks with respect to expenditures of proceeds of the Bonds for the Project;
- g. description of the Project and property acquired using proceeds of the Bonds;
- h. records of any sales or leases of the Project (or any portion thereof);
- i. records of private business use of the Project (including copies of leases or subleases, licenses, management contracts or other arrangements that provide special legal entitlements to nongovernmental persons).

6. Violations of Policy. In the event that the Bond Compliance Officer identifies a violation of this Policy and the procedures set forth herein, the Bond Compliance Officer shall notify the municipality's legislative body in writing. Violations of this policy shall be remedied within 30 days of a determination of such violation.

7. Remedies. In consultation with Bond Counsel, the Bond Compliance Officer shall become acquainted with remedial actions under the Code to be utilized with respect to arbitrage, rebate and private business use of the Project. Further, in consultation with Bond Counsel, the Bond Compliance Officer shall become acquainted with the Tax Exempt Bonds Voluntary Closing Agreement Program described in Internal Revenue Service Notice 2008-31, 2008-11 and I.R.B. 592, which can be utilized as a means for an issuer to correct any post-issuance violations of the Code with respect to outstanding tax-exempt Bonds.

This policy was adopted by the legislative body of the municipality on

June 13th, 2012.

Beverlene Aridick
Pinconning, Clerk

Fill out
2013

ANNUAL POST-ISSUANCE TAX-EXEMPT BOND COMPLIANCE CHECKLIST

Section 1 – General Information on Tax-exempt Bond		
a.	Name of tax-exempt bonds (“Bonds”) (See Bond Transcript)	
b.	Issue Date of Bonds:	
c.	Financed Asset (“Project”):	
d.	Date that the Project was occupied/used/placed in service:	
e.	Name of Post-issuance Compliance Officer:	
f.	Dates covered by this checklist (“Annual Period”):	
g.	Principal amount of bonds outstanding (if bonds have been paid off, indicate date of final payment):	
h.	Interest rate on bonds (the “yield”) (See Certificate as to Arbitrage in Bond Transcript for “yield”):	
i.	Name of Bond Counsel:	
j.	Has the municipality issued any other tax-exempt bonds (including installment purchase agreements) during the Annual Period? If yes, list a description of bonds.	

Section 2 – Account Information – “Construction Fund” (or “Acquisition Fund”)		
a.	Name of account in which proceeds of Bonds were deposited:	
b.	Account number:	
c.	Name of Bank where account is held:	
d.	Date that the account was opened:	
e.	Date that the account was closed:	
f.	Date of first disbursement from account:	
g.	Date of last and final disbursement from account (if construction or acquisition is on-going, state):	
h.	Dollar amount of interest earned on funds on deposit in account during the Annual Period:	
i.	Percentage rate of interest earned on funds on deposit in account during the Annual Period:	

Section 3 – Use of Project		Response	
		Yes	No
a.	Was the entire Project owned by the municipality during the entire Annual Period?		
b.	If answer to 3.a. above was “No,” was an Opinion of Bond Counsel obtained prior to the transfer? (If Yes, include a copy of the Opinion in the Bond Transcript. If No, contact Bond Counsel and include description of resolution in the Bond Transcript.)		
c.	During the Annual Period, was any part of the Project leased at any time pursuant to a lease or similar agreement for more than 50 days?		
d.	If answer to 3.c. above was “Yes,” was an Opinion of Bond Counsel obtained prior to entering into the lease or other arrangement? (If Yes, include a copy of the Opinion in the Bond Transcript. If No, contact Bond Counsel and include description of resolution in the Bond Transcript.)		
e.	During the Annual Period, has the management of all or any part of the operations of the Project (e.g., cafeteria, gift shop, etc.) been assumed by or transferred to entity other than the municipality?		

f.	If answer to 3.e. above was "Yes," was an Opinion of Bond Counsel obtained prior to entering into the management agreement? (If Yes, include a copy of the Opinion in the Bond Transcript. If No, contact Bond Counsel and include description of resolution in the Bond Transcript.)		
g.	Was any other agreement entered into with an individual or entity that grants special legal rights to the Project?		
	If answer to 3.g. above was "Yes," was an Opinion of Bond Counsel obtained prior to entering into the agreement? (If Yes, include a copy of the Opinion in the Bond Transcript. If No, contact Bond Counsel and include description of resolution in the Bond Transcript.)		

Section 4 – Arbitrage and Rebate		Response	
		Yes	No
a.	Is the interest rate entered in response to question 2.i., above, greater than the amount entered in response to question 2.h., above?		
b.	If your response to 4.a., above, is "Yes," have you contacted Bond Counsel to determine if rebate to the United States Government is required? (If No, contact Bond Counsel, rebate may be required.)		
c.	If your response to 4.b., above, is "Yes," have all required rebate and yield reduction calculations mandated in the Certificate as to Arbitrage and the Code been prepared for the Annual Period? (If No, contact Bond Counsel.)		

Section 5 - Continuing Disclosure Filings		Response	
		Yes	No
a.	Did the municipality enter into a Continuing Disclosure Agreement with respect to the bonds (check the Bond Transcript)? (If No, you do not need to answer questions 5.b.-d.)		
b.	If your response to 5.a., above, is "Yes," did the municipality file its annual report (including audited financial statements and any other financial information and operating data required for the bonds) with the MSRB on EMMA by within six months of the end of the municipality's fiscal year?		
c.	If No, file the appropriate failure to file notice required for the Bonds with the MSRB on EMMA. In addition, contact Bond Counsel and file the deficient material with the MSRB on EMMA and include a description of the reason for the delay in the Bond Transcript.		
d.	Did any of the following events occur with respect to the Bonds?		
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 Bonds, or other material events affecting the tax status of the Bonds		
7	modifications to rights of bondholders, if material		
8	bond calls, if material, and tender offers		
9	defeasances		
10	release, substitution or sale of property securing repayment of the Bonds, if material		
11	rating changes		
12	bankruptcy, insolvency, receivership or similar event of the obligated person		
13	the consummation of a merger, consolidation, or acquisition involving the obligated person or the sale of all or substantially all of the assets of the obligated person, 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		
14	appointment of a successor or additional trustee or the change of name of the trustee, if material		

e.	If any answer to 5.d.1-14 was "Yes," was Bond Counsel contacted and notice of the material event filed with the MSRB on EMMA? (If your response is "No," contact Bond Counsel immediately and prepare and file any required notice with the MSRB on EMMA.)		
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Bond Compliance Officer: _____

Date Completed: _____