

POST ISSUANCE COMPLIANCE PROCEDURES

WELLS COUNTY PUBLIC LIBRARY

August 13, 2019

The following procedures (the "Procedures") are adopted by Wells County Public Library (the "Library") in connection with the issuance of tax advantaged Bonds (the "Bonds") by the Library or by an issuer on behalf of the Library (the "Issuer"). In order to maintain the tax advantaged status of the Bonds under the Internal Revenue Code of 1986, as amended, and the regulations (the "Regulations") promulgated thereunder (collectively, the "Code"), the Library must comply with the provisions of the Code from the date of issuance through final payment or maturity of the Bonds. The Library may have also entered into certain Undertakings, as defined herein, as required by SEC Rule 15c2-12 (the "SEC Rule"). These post-issuance compliance responsibilities are summarized in the transcript of proceedings prepared in connection with each series of Bonds (the "Transcripts").

The purpose of these Procedures is to summarize the post-issuance responsibilities of the Library in connection with the Bonds. The Director or equivalent position ("Compliance Officer") shall be the Library's representative responsible for establishing and coordinating compliance with these Procedures.

These Procedures supplement, but do not replace, any other procedures of the Library. The Procedures may be supplemented or amended at any time by the Board, with the advice of nationally recognized bond counsel, but without any notice to or consent from any trustee, any bondholder or any other person. Noncompliance with the Procedures is permitted, with the advice of nationally recognized bond counsel, but without any notice to or consent from any trustee, any bondholder or any other person, if (i) compliance would impose unreasonable burdens on the Library and (ii) noncompliance would not cause any Bonds to fail to satisfy all requirements of the Code and the SEC Rule.

General

1. The Compliance Officer may designate a designee who may assist with certain responsibilities regarding the oversight and implementation of the Procedures ("Designee").
2. The Compliance Officer shall be primarily responsible for monitoring compliance with the Code and the SEC Rule.
3. The Compliance Officer and Designee, if applicable, shall be provided with training and educational resources necessary to ensure compliance with the Code and the SEC Rule.
4. The tax and arbitrage certificates ("Tax Documents") contained in the Transcripts describe the provisions of the Code that must be followed in order to maintain the tax advantaged status of the Bonds. In addition, the Tax Documents contain the reasonable expectations of the Library or Issuer at the time of issuance of the Bonds with respect to the use of the proceeds and the assets to be financed or refinanced from the Bonds. These Procedures supplement and

support the covenants made by the Library or Issuer in the Tax Documents. In order to comply with the covenants in the Tax Documents, the Library must track and monitor the actual use of the proceeds, the investment and expenditure of the proceeds and the use of the facilities financed with the Bonds over the life of the related Bond issue.

Issuance

1. In preparation for the issuance of any Bonds, the Compliance Officer shall review any offering materials, including an Official Statement or Offering Memorandum, prepared by the Library, its municipal advisor or an underwriter, to ensure that such materials do not contain an untrue statement of a material fact nor are any facts omitted from such materials, the omissions of which would make statements contained in the materials misleading.

2. Upon issuance of any Bonds, the Compliance Officer shall obtain, review and retain a copy of any tax or arbitrage certificates of the Library or Issuer of the Bonds with respect to each Bond issue.

3. The Compliance Officer shall cause an Internal Revenue Service Information Return (e.g., Form 8038-G) for any Bonds (an "Information Return") to be filed with the Internal Revenue Service not later than the 15th day of the second calendar month after the close of the calendar quarter in which the Bonds are issued.

Post Issuance

1. The Compliance Officer shall monitor the yield on the investment of Bond proceeds (including compliance with any yield restrictions or temporary periods).

2. The Compliance Officer shall monitor the timely expenditure of Bond proceeds.

3. The Compliance Officer shall monitor the proper use of Bond proceeds and any facilities financed thereby.

4. The Compliance Officer shall, on or before each anniversary of the date of issuance of any Bonds, determine whether the Library or the Issuer has paid from funds available pursuant to the bond indenture or bond resolution all amounts required to be rebated to the United States under Section 148(f) of the Code and Section 1.148-3 of the Regulations.

5. The Compliance Officer shall, on or before each anniversary of the date of issuance of any Bonds, determine whether the Library or the Issuer has made from funds available pursuant to the bond indenture or bond resolution all yield reduction payments required to be made to the United States under Section 1.148-5(c) of the Regulations.

6. The Compliance Officer shall monitor the investment, expenditure and use of Bonds proceeds, to ensure timely identification of any violations of federal tax requirements and timely correction of any identified violations through remedial actions described in Section 1.141-12 of the regulations or other applicable regulation or through the Tax Exempt Bonds Voluntary Closing Agreement Program described in Notice 2008 31.

7. The Compliance Officer shall monitor use of Bond proceeds, and any facilities financed or refinanced thereby, to ensure that (i) no facilities financed or refinanced by the Bonds will be sold prior to the earlier of the (a) the useful life of the facility or (B) the maturity date of the Bonds and (ii) no more than the 10% of the Bond proceeds, considered separately, or any facilities financed thereby, are:

(a) used by any nongovernmental person;

(b) leased to any nongovernmental person;

(c) used by any 501(c)(3) organization in an "unrelated trade or business" within the meaning of Section 513(a) of the Code without regard to whether such activity results in unrelated trade or business income under Section 511 of the Code;

(d) subjected to any management, service or incentive payment contract with any nongovernmental person, under which such nongovernmental person provides services involving all, any portion or any function of such facilities, unless such contract satisfies the conditions under which it would not result in private business use set forth in Revenue Procedure 97 13 (1997 1 C.B. 623), as amended from time to time;

(e) subjected to any agreement by any nongovernmental person to sponsor research, unless such agreement satisfies the conditions under which it would not result in private business use set forth in Revenue Procedure 2007 47 (2007 29 I.R.B. 108), as amended from time to time; or

(f) subjected to any other arrangement that conveys special legal entitlements for beneficial use thereof that are comparable to special legal entitlements described in subparagraph (a), (b), (c), (d) or (e) above.

8. For any Bonds for which a Continuing Disclosure Undertaking or Master Continuing Disclosure Undertaking (the "Undertaking") has been executed by the Library, the Compliance Officer and Designee, if applicable, shall review such Undertaking and be primarily responsible for ongoing compliance with SEC Rule 15c2-12, as amended (the "SEC Rule"), if applicable, and any Undertaking to which the Library is a party. The Compliance Officer agrees to obtain any needed training or professional assistance for himself or staff, in order to meet the Library's responsibility under the Undertakings. (See each Undertaking for exact requirements and timing thereof.)

9. The Compliance Officer or Designee, if applicable, should annually calendar a time to review the Checklist attached hereto as Exhibit C to assist with compliance with obligations under any Undertakings. Responsibility for ensuring such ongoing compliance shall include, but is not limited to, reporting to proper repositories (as of the date of execution of these Procedures, the sole repository is the Electronic Municipal Market Access website of the Municipal Securities Rulemaking Board at <http://www.emma.msrb.org> ("EMMA")) the following information, where applicable:

(a) Operating data for the calendar year ending December 31, by June 30th of the next year, if required, and of the type described in the Undertaking (please check undertakings; if

the Library was a small issuer, under \$10,000,000 at the time of the undertaking, this information may not be required or the information may be required to be posted earlier);

(b) Unaudited financial statements for the annual period ending December 31, which is customarily prepared by or for the Library as required by Indiana law for the calendar year ending December 31, by June 30th of the next calendar year (please check undertakings; information may be required to be posted earlier);

(c) the audited financial statements of the Library as prepared and examined by the Indiana State Board of Accounts on a biennial basis for each period of two fiscal years, together with the opinion of such auditors and all notes thereto, typically required to be posted within 60 days of receipt by the Library, but see Undertakings for timing requirements;

(d) notice of the following reportable events, if determined to be material by the Compliance Officer, within ten (10) business days of occurrence; (see Undertakings for exact list of events, but typically includes the following):

- (i) non-payment related defaults;
- (ii) modifications to rights of Holders;
- (iii) bond calls;
- (iv) release, substitution or sale of property securing repayment of the Obligations;
- (v) the consummation of a merger, consolidation, or acquisition, or certain asset sales, involving the obligated person, or entry into or termination of a definitive agreement relating to the foregoing;
- (vi) appointment of a successor or additional trustee or the change of name of a trustee; and
- (vii) incurrence of a financial obligation (as defined in the SEC Rule) of the obligated person, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Library, any of which affect security holders.

(e) notice of the following reportable events, regardless of materiality, within ten (10) business days of occurrence (see Undertakings for exact list of events, but typically includes the following):

- (i) principal and interest payment delinquencies;
- (ii) unscheduled draws on debt service reserves reflecting financial difficulties;

- (iii) unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv) substitution of credit or liquidity providers, or their failure to perform;
- (v) defeasances;
- (vi) rating changes;
- (vii) adverse tax opinions or events affecting the status of the Obligations, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material events, notices or determinations with respect to the tax status of the Obligations;
- (viii) tender offers;
- (ix) bankruptcy, insolvency, receivership or similar event of the obligated person; and
- (x) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Library, any of which reflect financial difficulties.

In regards to reportable event (d)(vii) above, an example of a material financial obligation could be an obligation payable from the Debt Service Fund, the Operations Fund or any other Fund of the Library. In some instances, the entrance into an equipment lease may trigger a reporting obligation. As a result, the Library should follow the process and procedures described on Exhibit A attached hereto in order to analyze whether a reportable event notice should be filed regarding the incurrence of a certain financial obligation.

In regards to reportable event (e)(x) above, it is important for the Library to understand the legal terms contained in each of its financial obligations in order to analyze whether a reportable event has occurred. In order to monitor all obligations, each time any financial obligation is incurred, regardless of whether it is payable from the Library's Debt Service Fund, Operations Fund or any other Fund of the Library, the Compliance Officer or Designee, if applicable, shall complete and/or update a chart in a form similar to the chart attached hereto as Exhibit B.

10. If the Library employs another person or entity to assist with its obligations under any Undertakings, the Compliance Officer should annually review such agreement with that party in order to determine any and all responsibilities of the Library under that agreement.

Record Retention

1. Records related to Bond-financed assets must be kept for as long as the Bonds which financed the assets are outstanding, plus three (3) years after the final redemption date of those Bonds. In the case of a refunding, records relating to the original new money issue and all

records relating to the refunding issue must be maintained until three (3) years after the final redemption date of both bond issues.

The following documents shall be maintained, on paper or by electronic means (e.g., CD, disks, tapes) as indicated above:

- Tax Certificate and Arbitrage Certificate
- Information Return
- Audited Financial statements
- Bond transcripts, official statements and other offering documents
- Minutes and resolutions authorizing the issuance of the Bonds
- Certifications of the issue price of the Bonds
- Any formal elections for the Bonds (e.g., election to employ an accounting methodology other than specific tracing)
- Appraisals, demand surveys or feasibility studies for Bond financed property, if any
- Documents related to government grants associated with construction, renovation or purchase of Bond financed facilities, if any
- Trustee statements for the Bonds, if any
- Reports of any IRS examinations of the Library, Issuer or Corporation Bonds
- Documentation of allocations of investments and investment earnings to the Bonds
- Documentation for investments of the Bond proceeds related to:
 - o Investment contracts (e.g., guaranteed investment contracts)
 - o Credit enhancement transactions (e.g., bond insurance contracts)
 - o Financial derivatives (swaps, caps, etc.)
 - o Bidding of financial products
- The following arbitrage related documents for the Bonds:
 - o Computations of Bond yield
 - o Computation of rebate and yield reduction payments
 - o Form 8038 T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate
 - o Form 8038 R, Request for Recovery of Overpayments Under Arbitrage Rebate Provisions

- Documentation of any allocations of Bond proceeds to expenditures (e.g., allocation of Bond proceeds to expenditures for the construction, renovation or purchase of facilities)
- Documentation of any allocations of Bond proceeds to issuance costs
- Copies of requisitions, draw schedules, draw requests, invoices, bills and cancelled checks related to Bond proceeds spent during the construction period
- Copies of all contracts entered into for the construction, renovation or purchase of Bond financed facilities
- Records of expenditure reimbursements incurred prior to issuing the Bonds for facilities financed with Bond proceeds
- A list or schedule of all Bond financed facilities or equipment
- Documentation that tracks the purchase and sale of Bond financed assets
- Records of trade or business activities by third parties allocated to Bond financed facilities, if any
- Copies of the following agreements when entered into with respect to Bond financed property:
 - o Management and other service agreements
 - o Research contracts
 - o Naming rights contracts
 - o Ownership documentation (e.g., deeds, mortgages)
 - o Leases
 - o Subleases
 - o Leasehold improvement contracts
 - o Joint venture arrangements
 - o Limited liability corporation arrangements
 - o Partnership arrangements
 - o Take contracts, take or pay contracts, or requirements contracts

WELLS COUNTY PUBLIC LIBRARY

President, Board of Trustees

Secretary, Board of Trustees

Sarah MacNeill, Compliance Officer

ICE MILLER LLP

Bond Counsel Contact Information

If the Library, the Issuer or the Compliance Officer has any questions and/or would like further guidance on the above-referenced Post-Issuance Compliance Procedures, please contact any of the following attorneys at Ice Miller LLP, One American Square, Suite 2900, Indianapolis, Indiana 46282:

Jane Neuhauser Herndon, Esq.
(317) 236-2437
jane.herndon@icemiller.com

Kristin McNulty McClellan, Esq.
(317) 236-5943
kristin.mcclellan@icemiller.com

Erik B. Long, Esq.
(317) 236-2395
erik.long@icemiller.com

Whitney Rogers, Esq.
(317) 236-2336
whitney.rogers@icemiller.com

EXHIBIT A

PROCESS AND PROCEDURES TO DETERMINE WHETHER THE INCURRENCE OF A FINANCIAL OBLIGATION SHOULD BE POSTED TO EMMA

The Library's Compliance Officer will proceed through the following questions to determine if a transaction may rise to the level of a "material financial obligation" which should be posted to EMMA within ten (10) business days of incurrence.

In determining materiality of a financial obligation, the Compliance Officer shall consider whether the debt or debt-like transaction and related documents would be important to the total mix of information made available to a reasonable investor. This would include, but is not limited to, the following questions below. The Compliance Officer may consult with counsel on this determination.

If the answer is yes to any question below, the transaction could likely be deemed a "material financial obligation," the incurrence of which should be posted as a reportable event notice on EMMA. Contact your dissemination agent immediately to arrange for posting. If the answers to all of these questions are "no," consider contacting your bond counsel or dissemination agent for further discussion.

If you have any questions, or if an answer is not clear, contact your bond counsel as soon as possible to discuss.

1. **Is the repayment of the obligation payable from the Library's Debt Service Fund?**

- If yes, treat as a financial obligation, which must be posted within ten (10) business days of incurrence.

2. **Will the transaction be entered into Gateway?**

- If yes, treat as a financial obligation which must be posted within ten (10) business days of incurrence.

3. **Will a representative from the Library be asked to sign an IRS Form 8038-G as part of the transaction?**

- If yes, discuss with bond counsel whether the amount, term and provisions would deem it a "material financial obligation" for which a notice must be posted within ten (10) business days of incurrence.

4. **Will bond counsel or local counsel be asked to give a validity or tax opinion to the vendor as part of the transaction?**

- If yes, discuss with bond counsel whether the amount, term and provisions would deem it a "material financial obligation" for which a notice must be posted within ten (10) business days of incurrence.

5. **When entering into an agreement, will the accumulation of payments over time be more than the purchase price?**

- If yes, discuss with bond counsel whether the amount, term and provisions would deem it a "material financial obligation" for which a notice must be posted within ten (10) business days of incurrence.

In determining materiality for items described in questions 3, 4 and 5 above, the Library will consider the following factors in analyzing whether a particular obligation is material. Please contact Bond Counsel with any questions.

- Term of repayment
- Amount to be borrowed
- Method of interest rate calculation
- Risks or concerns regarding repayment (such as construction risk)
- Result of the failure to make a payment (repossession, acceleration, etc.)
- At the conclusion of the term of the obligation is the Library the owner of the equipment or facility
- Amount or type which required approval/action of the Library Board
- Total revenues and expenditures of the Library in relationship to total fund balances
- Any other financing terms or provisions in the documentation of the obligation, especially as they may relate to other reportable events which need to be posted pursuant to SEC Rule 15c2-12, liquidity, overall credit worthiness or any potential impact to the rights of holders of existing obligations

EXHIBIT B

As described on page 5 of the Library's Post Issuance Compliance Procedures, each time any financial obligation is incurred, the compliance officer shall complete and or update this Exhibit B.

Table of Contents

- I. General Obligation Bonds (including pension bonds)
- II. Lease Bonds
- III. Capital Leases
- IV. Short Term Financial Obligations, including warrants (term is less than one year)
- V. Other

EXHIBIT C

CONTINUING DISCLOSURE COMPLIANCE CHECKLIST
TO BE COMPLETED ANNUALLY & PLACED IN COMPLIANCE FILE

I. CONTRACTING WITH OUTSIDE ENTITY ON COMPLIANCE

Do you have a written contract with that entity and have your reviewed it? Have you provided the financial and operating information, audit and events, as described below, to the contracting party and reviewed what they plan to post on EMMA on your behalf? _____

You do not need to complete sections II, IV & V of this checklist in detail, if you have contracted with another party to post for you. However, it is important to post Audits when they are available (during the timeframe outlined in the Undertaking) & occurrence of material events within ten (10) business days of occurrence. Forward these to your posting party immediately upon receipt.

II. OUTSTANDING BONDS & UNDERTAKING AGREEMENTS:

<u>Name of Bond</u>	<u>Year</u>	<u>CUSIP #s</u>	<u>Final Maturity or Refunded</u>	<u>Disclosure Required</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

III. SBA AUDITS

- Do we receive our Financial Statement and Federal Single Audit Report from the State Board of Accounts in **even-numbered years** or **odd-numbered years**?
- Have we checked our Continuing Disclosure Undertaking Agreement(s) to determine the deadline for filing audited information?

- o **Filing Deadline Confirmed:** **Within _____ days of receipt**
OR
_____ / _____ / _____

- Have we marked our calendars for the date by which we expect to receive and file the audited information and have we determined who is responsible for posting on EMMA?

- **Internal Deadline Confirmed:** ____/____/____

IV. UNAUDITED FINANCIAL INFORMATION (FORMS 9)

- Have we checked our Continuing Disclosure Undertaking Agreement(s) to determine the deadline for filing Forms 9?

- **Filing Deadline Confirmed:** ____/____/____

- Have we marked our calendars for the date by which we will file the Forms 9 and have we determined who is responsible for posting on EMMA?

- **Internal Deadline Confirmed:** ____/____/____

V. OPERATING DATA (CHECK UNDERTAKINGS; IF A SMALL ISSUER AT TIME OF UNDERTAKING, MAY NOT BE REQUIRED)

- Have we checked our Continuing Disclosure Undertaking Agreement(s) to determine the deadline for filing Operating Data?

- **Filing Deadline Confirmed:** ____/____/____

- Have we marked our calendars for the date by which we will file the Operating Data and have we determined who is responsible for posting on EMMA?

- **Internal Deadline Confirmed:** ____/____/____

- Have we drafted a written list of Operating Data categories for each outstanding issue?

- **Operating Data Categories:**

- 1)
 - 2)
 - 3)
 - 4)
 - 5)
 - 6)
 - 7)
 - 8)
 - 9)
 - 10)

- Do we have procedures in place to obtain and update the Operating Data, if any?
 - **Responsible party/parties for updating Operating Data:** _____
- Have we contacted any other entities on whom we may have to rely in order to obtain any Operating Data?

VI. REPORTABLE EVENTS

Ask yourself and your staff the following questions on a periodic basis, and at least quarterly (*note that under the Rule you should be reporting these events within ten (10) business days of occurrence*):

- Are we in danger of missing a bond payment?
- Are we in danger of defaulting on any other large covenants with respect to our bonds?
- Has the IRS (or any other federal agency) contacted us about our bond issues?
- Have we approved any new documents which substantially change the rights of bond holders?
- Have any of our outstanding bonds been refunded or otherwise called for redemption?
- Have any properties which are mortgaged as part of bond issues been sold, replaced, substituted, or had any other significant changes in title?
- Has a rating agency, such as S&P Global Rating Agency, contacted us about ongoing surveillance? Have we received any notifications from a rating agency? Do we have any reason to believe the rating on our outstanding bonds is about to change?
- Is our entity about to file bankruptcy or any other similar financial duress protection?
- Is our entity about to merge, consolidate, or change in a similar fashion?
- Has our trustee bank merged, consolidated, or changed its name in a similar fashion? Have we appointed a new and/or additional trustee?
- Are any of our outstanding bonds insured? If so, have you checked with our municipal advisor or underwriter about any change in rating of the bond insurer?
- Does the Library or any entity on behalf of the Library, expect to incur a "material" debt (this would be any debt payable from the Debt Service Fund, Operations Fund or Education Fund, including equipment loans or leases and tax warrants in addition to notes or bonds)? Please contact Bond Counsel with any questions.
- Has the Library defaulted on any debt payable from any fund, including equipment loans or leases, notes or bonds, or experienced any event which could reflect that the Library is having financial difficulties? Please contact Bond Counsel with any questions.

If you answered "yes" to any of these questions, consider drafting a Notice of Reportable Event to be posted onto EMMA and/or consulting with your bond counsel

or dissemination agent as soon as possible to discuss. The SEC requires a Notice of Reportable Event to be posted within ten (10) business days of the occurrence of the event.

VII. NOTICE OF FAILURE TO FILE

Have any of your audits, Forms 9 or operating data been posted on EMMA materially late? If so, have you posted a Notice of Failure to File? Discuss this with your dissemination agent, municipal advisor and bond counsel. _____

COMPLIANCE OFFICER

DATE COMPLETED