

**East Goshen Township
Chester County, Pennsylvania
Resolution 2017-76**

**A RESOLUTION ESTABLISHING A TAX EXEMPT BONDS POST - ISSUANCE
COMPLIANCE POLICY**

WHEREAS, East Goshen Township intends to issue Series 2017 Tax Exempt General Obligation Bonds in order to design and construct various capital improvements; and

WHEREAS, the Securities and Exchange Commission and the Internal Revenue Service encourages tax-exempt bond issuers to have a formal Post-Issuance Compliance Policy to insure that the federal securities law requirements for continuing disclosure of financial and operating information for publicly offered bonds or notes and federal tax law requirements concerning record keeping for bond proceeds, use of proceeds, investment and income from proceeds and use of facilities financed with tax-exempt bonds, be followed to honor the contractual obligations of the Issuer concerning its Township Secretary to monitor the following requirements and take required actions to achieve the foregoing purpose.

BE IT RESOLVED THAT the East Goshen Township Board of Supervisors hereby adopts the following tax-exempt bonds post issuance compliance policy:

1. Appointment of Bond Compliance Officer.

East Goshen Township (the "Issuer") desires to establish policies and procedures (the "Policy") to be followed by it for its outstanding tax-exempt bonds, tax-exempt bank loans or equipment leases, and any federally subsidized taxable interest obligations like Build America Bonds which must follow the same rules, in order to better insure that the federal securities law requirements for continuing disclosure of financial and operating information for publicly offered bonds or notes and federal tax law requirements concerning record keeping for bond proceeds, use of proceeds, investment and income from proceeds and use of facilities financed with tax-exempt bonds, be followed to honor the contractual obligations of the Issuer concerning its Township Secretary to monitor the following requirements and take required actions to achieve the foregoing purpose. The appointee shall be referred to herein as the "Bond Compliance Officer". This policy is intended to be the Issuer's Tax Exempt Bonds Post-Issuance Tax Compliance Policy and can be identified as such in any filing with the Internal Revenue Service, such as form 8038-G.

2. Bond Transcript.

The Bond Compliance Officer shall require that bond counsel for each issue of tax-exempt obligations prepare and provide a transcript (the "Closing Transcript") of all of the issuance documentation, including authorizing resolutions or ordinances,

financing agreements, continuing disclosure agreements required under Securities and Exchange Commission ("SEC") Rule 15c2-12 (the "Rule") as a condition for the public issuance of bonds and a tax compliance certificate or agreement or similar document prepared by bond counsel concerning use and investment of proceeds of the bonds. The Closing Transcript shall be maintained by the Bond Compliance Officer so long as the bonds are outstanding and for a period of not less than six years thereafter in order to provide appropriate information which may be necessary to respond to inquiries from the SEC, the Internal Revenue Service ("IRS") or in connection with refunding of bonds.

3. Secondary Market Disclosure.

The Closing Transcript for each issue of bonds that were publicly offered since 1994 usually contains a continuing disclosure undertaking (the "CDA") either as a separate contract or as part of one of the major documents, like the bond resolution, or trust indenture. (At the time of adoption of this Policy, the Issuer was preparing to issue its General Obligation Bonds, Series of 2017, and recited its CDA obligations in the bond ordinance as well as a Continuing Disclosure Certificate printed as an Appendix to the Official Statement for those bonds). The Rule requires that the underwriter of publicly offered bonds obtain the agreement of the Issuer of the bonds to file annual information (the "Annual Report") with a public depository, now maintained exclusively by the Municipal Services Rulemaking Board and called Electronic Municipal Market Access ("EMMA") and also to post with EMMA electronically a notice if certain "Material Events" occur that have an impact on the financial or operating condition of the Issuer so that a bond purchaser in the secondary market can have relevant current information to help make a decision whether to purchase or hold its bonds.

The Bond Compliance Officer shall retain a copy of that CDA and review its provisions at least quarterly by each October 1, January 1, April 1 and June 30 of each fiscal year to best assure that reportable events or tax developments are determined in a timely manner so that the Issuer will be providing the correct information in the Annual Report and address tax matters and material event notices at the correct time. Attached to this Policy as Appendix A is a general description of that annual information as well as of the "Material Event" types currently required to be disclosed to the marketplace under the Rule. The Bond Compliance Officer will also determine whether to make other officials of the Issuer aware periodically of those Material Events to make it more likely that an event will be identified as requiring such disclosure upon its occurrence.

The Bond Compliance Officer will be primarily responsible for filing the annual report, although the actual filing may have been contracted out to another (usually referred to as the "Dissemination Agent") which is either a company specializing in such dissemination or perhaps the paying agent or trustee for the bond issue. In the event the Bond Compliance Officer is unclear as to some provision of the continuing disclosure undertaking or has a question concerning whether an event should be considered "material", the Bond Compliance Officer should undertake to contact either the bond counsel or underwriter identified in the transcript for its bonds.

4. Investment of Bond Proceeds: Arbitrage and Rebate.

At the time of issuance of each series of tax-exempt bonds, a tax certificate, arbitrage certificate, tax compliance agreement or similar document (the "Tax Certificate") should have been prepared by bond counsel and provided to the Issuer and included in the Closing Transcript. That document should describe whether bond proceeds are subject to a restriction on the return on investment (the "yield") that exists either at the time of issuance or comes into play later if proceeds are not spent within certain periods, and whether certain investment income must be rebated to the U.S. Treasury.

For each bond issue, meticulous records shall be kept regarding investments made with bond proceeds or amounts treated as bond proceeds, including any documentation, such as bids obtained for certain kinds of investments, to establish the fair market value of those investments. The date and amount of expenditures of bond proceeds, together with any investment earnings on them, and the purpose for which the expenditure was made, also need to be maintained with precision.

In connection with investment of bonds proceeds which could (as described in the Tax Certificate) result in rebate liability on the part of the Issuer, the Bond Compliance Officer shall make arrangements to have an experienced person perform the required calculations, unless an exemption from rebates applies. While the IRS regulations do not require that an Issuer obtain the services of a rebate consultant, unless the Issuer determines after careful consideration that it is able to perform those calculations on its own, it will retain an accountant, financial advisor or other consultant. Arbitrage rebate payments are ordinarily due every five years after the date of issue of the bonds. Where investments may be found to have inadvertently violated the arbitrage rebate regulations, it may be available to make a "yield reduction payment" in order to cure the violations.

If the Issuer decides to set aside funds reasonably expected to be used to pay debt service on bonds in the future, it shall consult bond counsel in advance to see whether such funds will need to be invested at a restricted yield because of that intended use.

5. Private Use of Bond Financed Facilities.

During the construction or other expenditure period, the Bond Compliance Officer shall maintain familiarity with what the Tax Certificate said the Issuer "reasonably expected" to spend the proceeds on, and when, and duly record any material variation in actual results from that described in the Tax Certificate at the time of issue. If proceeds are spent on items to be owned or used by private parties, where appropriate, the Bond Compliance Officer should seek advice of bond counsel to determine whether a change gives rise to a tax issue.

After the construction period, the Bond Compliance Officer shall maintain a list of the items financed with the proceeds of bonds so that if the item is sold or leased to, or managed by, a private person (rather than the government) during the period while the bonds are still outstanding, an examination can be made as to whether that change in use presents a tax issue. "Private use" includes use by non-profit corporations and the federal government.

The Bond Compliance Officer shall generate and maintain a complete list of facilities financed with all of the bonds the Issuer has outstanding. A single facility may be financed by more than one bond issue and a bond issue may finance more than one facility. When bonds are refunded or refinanced, their use must be considered to be the use for which the bonds that were refunded were originally issued as carrying forward to the new bonds. The Issuer needs to make a clear allocation of the proceeds of bonds and keep track of it throughout the life of the issue because if bonds are outstanding for a given facility that the Issuer decides to sell, lease or have managed by a private party, a question is raised as to whether the portion of the facility sold, the nature of the management contract, or length of the lease, may cause the bonds to be considered to be for a private use, as opposed to a governmental use for which the bonds were originally issued. In most cases, the Issuer will need to consult with bond counsel in order to determine whether a problem has arisen and how to handle it. Generally, no more than 10% of the proceeds of bonds, or perhaps 5% under certain cases, can be devoted to some private business use. There is also a limit of 5% on the amount of bond proceeds (or, at most, \$5,000,000) which can be loaned to a private person without causing the bonds to be "private activity" bonds. It may be necessary to redeem the bonds within 90 days of the change in use of the facility, so it is important that bond counsel be consulted before the change of use is consummated so that there is sufficient time to design an appropriate remedy for the Issuer. Where bonds cannot yet be redeemed, it may be possible to establish an escrow fund that is invested at no more than the bond yield and call the bonds as early as possible. Another possible remedy would be to find a use of proceeds for the bonds which would qualify as a governmental use, such as in a situation where a bond-financed facility is sold and the sale price would be enough to satisfy the change-in-use rules.

6. Record Keeping and other Duties of the Bond Compliance Officer.

Since a Material Event or a change in use of a facility can occur at any time, the only preparation a Bond Compliance Officer can have for those matters is to review this Policy at least quarterly, as provided above, so that it is likely that the Bond Compliance Officer would identify such an event if it occurs. The Bond Compliance Officer shall decide whether it is appropriate to have at least one other member of the Issuer's administration also review this policy to increase the likelihood of identification of an issue.


A matter that will always require attention on a continuing basis is record keeping concerning the use of proceeds of the bonds – how they were invested, the yield on the investment and the amount earned, the date when proceeds were spent on facilities,

identification of the facility on which they were spent, the necessity for an arbitrage rebate calculation to be made at the fifth anniversary after the bonds are issued and, perhaps, every five years thereafter and at the final maturity of the bonds, or otherwise as required by the original Tax Certificate generated at the time the bonds were issued. The Bond Compliance Officer shall maintain the copy of the Closing Transcript for the bond issue as well as all the records related to investment and use of proceeds. Those records may sometimes be voluminous, particularly where the Issuer has obtained bids for investments in order to meet the fair pricing requirements of the Internal Revenue Code and regulations and also depending on the complexity of the project financed with the bond proceeds, such as construction records and the like so that a final allocation can be made in each case of the use of proceeds.


RESOLVED AND ADOPTED, this 6th day of June 2017.


ATTEST:

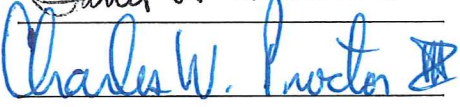
EAST GOSHEN TOWNSHIP
BOARD OF SUPERVISORS

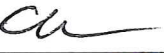



Secretary











Appendix A

Continuing Disclosure Filings Required under Federal Securities Law For Publicly Offered Municipal Bonds

The following is intended as a general description of the kinds of matters an Issuer should appoint one of its officers or administrators to be aware of so that the Issuer complies with its continuing disclosure responsibilities. In all cases, the actual Continuing Disclosure Agreement (typically either a separate instrument or an article or section of an authorizing resolution, ordinance or bond indenture) should be referred to for precise requirements.

Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission (the "Commission") requires, generally, annual filing (the "Annual Report") of certain operating and financial information relating to an "Issuer" (usually a municipality, school district or authority or, sometimes, the beneficiary of the financing) of publicly offered securities, typically in the form of tax-exempt municipal bonds, as well as filing of information concerning certain "Material Events." The Annual Report and notices of Material Events are to be filed electronically with the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access ("EMMA") system. The general nature of the information to be contained in the Annual Report or the notices of Material Events can be summarized as follows:

Annual Report: The Issuer's annual audited financial statements and budget for the current fiscal year are virtually always part of the Annual Report. The Continuing Disclosure Agreement that the Issuer signed at the time the Bonds were issued may also require updating of certain information contained in the Official Statement but not contained in the audit, like a list of largest taxpayers or student enrollment trends. Such information must be filed by the Issuer within the number of days after the end of each fiscal year specified in the Continuing Disclosure Agreement.

Material Events: In a timely manner, not to exceed 10 business days after the occurrence of the event (your agreement may read differently; the Rule was moderately amended in 2010) to the Municipal Securities Rulemaking Board, electronically as aforesaid, notice of the occurrences of any of the following events with respect to the Bonds:

- (a) Principal and interest payment delinquencies;
- (b) Non-payment related defaults, if material;
- (c) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) Substitution of credit or liquidity providers or their failure to perform;

- (f) 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;
- (g) Modifications to the rights of holders of the Bonds, if material;
- (h) Calls of the Bonds, if material, and tender offers;
- (i) Defeasances;
- (j) Release, substitution or sale of property securing repayment of the Bonds, if material;
- (k) Rating changes;
- (l) Bankruptcy, insolvency, receivership or similar event of the Issuer (this event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer);
- (m) The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of its assets, 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
- (n) Appointment of a successor or additional Paying Agent or the change of name of a Paying Agent, if material.

The way the Rule is written, underwriters are prohibited from buying an Issuer's Bonds unless it agrees to an undertaking like that summarized above.