

Upper Dauphin County Industrial Development Authority

Post-Issuance Tax Compliance Procedures for Tax-Exempt Bonds

I. Objective of Policy.

The Upper Dauphin County Industrial Development Authority (the "Authority") is a public body corporate and politic organized and existing under the Pennsylvania Economic Development Financing Law, Act of August 23, 1967, P.L. 251, as amended (the "Act"), for the purposes of alleviating unemployment, maintaining employment at a high level and creating and developing business opportunities in the Commonwealth of Pennsylvania. The Authority serves as a conduit issuer for tax-exempt bonds or notes (collectively, the "Bonds") for borrowers (collectively, the "Borrowers") with respect to projects eligible for financing under the Act. The purpose of this Post – Issuance Tax Compliance Procedure is to establish a policy and procedures for Borrowers in connection with tax-exempt Bonds issued by this Authority to increase the likelihood that all applicable requirements of the federal income tax laws established under the Internal Revenue Code of 1986, as amended (the "Code") are continuously met so as to preserve the tax-exempt status of interest on the Authority's Bonds.

This policy delegates post-issuance federal income tax compliance to the conduit Borrowers for all the actions and conditions that must be undertaken or maintained concerning the Bond proceeds for Bonds issued for their benefit, and for the facilities financed for them, after the issuance of the Bonds.

II. Procedures.

- A. Borrower Responsible. The Authority will require that each Borrower acknowledge that at all times it will have the responsibility to monitor compliance with respect to provisions of the Code, and that the Authority shall have no such responsibility.
- B. Compliance Officer. This policy requires that each Borrower shall agree in its loan agreement, loan and trust agreement or other financing agreement with the Authority pursuant to which the Authority agrees to lend the proceeds of the Bonds to the Borrower and the Borrower agrees to pay the debt service on the Bonds as it comes due, to appoint an officer, employee or independent contractor ("Compliance Officer") to be responsible for monitoring applicable post-issuance compliance obligations as may be required from time to time by the Code.
- C. Closing Transcript. The Authority shall require that the Borrower cause bond counsel for each transaction to provide a closing transcript to the Authority, which may be in electronic form, comprising all of the closing documents, including the tax certificate or similar document covering topics such as investment of Bond proceeds and rebate liability, the maintenance of records of purposes for which the Bond proceeds were expended, and the appropriate uses to which the facilities financed with the proceeds of the Bonds can be put so as to avoid or remedy any "private use" that may arise under the Code that would cause interest on the Bonds to be potentially taxable in whole or in part.

III. Borrower Written Procedures and Records.

The Authority strongly encourages each Borrower to adopt its own written procedures and to cause its Compliance Officer to continually monitor the use and investment of the Bond proceeds, the use of the facilities financed with the Bonds and the maintenance of proper records that would allow a timely response to any inquiry from the Internal Revenue Service as to those and other post issuance matters that might arise.

Adopted: November 22, 2015

UPPER DAUPHIN INDUSTRIAL
DEVELOPMENT AUTHORITY

ATTEST: _____
(Assistant) Secretary

BY: _____
(Vice) Chairman