



CITY OF PITTSBURG, KANSAS DEBT ISSUANCE COMPLIANCE POLICY

GENERAL

The City of Pittsburg, Kansas, (the "City") a body corporate and politic, duly incorporated and existing under the constitution and laws of the State of Kansas (the "State") which from time to time issues bonds, notes, or other obligations to accomplish the purposes for which the City was incorporated, hereby states its official policy that it shall comply fully (or to the greatest extent possible) with all applicable requirements of State and Federal law pertaining to issuance and existence of governmental bonds, including, but not limited to, provisions of the Federal Internal Revenue Code of 1986, as amended, (with attendant rules and regulations, the "Code"), provisions of Federal securities laws, including those statutes, rules and regulations pertaining to the Securities and Exchange Commission ("SEC"), and requirements of other State and Federal administrative and regulatory agencies pertaining to the issuance, sale, delivery, existence and payment of government bonds.

This policy, which to the best knowledge and belief of the City has heretofore been followed, although not set forth in a formal written form (except for effective and existing Federal Tax Certificates relating to specific bond issues, which are hereby referenced and incorporated herein).

ADMINISTRATION

The day-to-day actions to maintain compliance with those State and Federal laws applicable to the City's issuance of government bonds and obligations, shall be conducted by the **Director of Finance**, or his/her designee (the "Bond Compliance Officer"). Provided, the Bond Compliance Officer shall be responsible to, and under the direction of, the **City Manager** of the City.

The Bond Compliance Officer shall have and exercise the duty of assuring compliance with applicable State and Federal laws relating to bonds and financial obligations issued by the City. This duty shall include the keeping of books and records of the City in a full and accurate manner, and the reporting of activities of the City to appropriate State and Federal authorities which may include, but not be limited to, the United States Internal Revenue Service ("IRS"), the United States Securities and Exchange Commission ("SEC") and such other boards and agencies with jurisdiction over the process of issuing bonds by the City. Such activities shall include actions to assure compliance with laws, rules and regulations relating to the City or other governmental bonds after the time such bonds are issued ("post-issuance compliance"). Thus, the Bond Compliance Officer shall be responsible for post-issuance compliance.

BOND ISSUANCE

The Bond Compliance Officer shall maintain (or cause to be maintained), in either paper or electronic format, full and correct copies of all proceedings relating to the approval, sale, issuance, delivery and use of City bonds and other financial obligations. Such proceedings shall include:

1. A complete transcript of proceedings relating to each City bond issue, including all City governing body ordinances, resolutions, and all documents relating to any such bond issue, and related approvals.
2. A complete accounting of all costs of issuance of each City bond issue, including, but not limited to, fees and expenses, as applicable, of:
 - a. Bond Counsel;
 - b. Underwriter's Counsel;
 - c. Special Tax Counsel;
 - d. Accountants or providers of bond financial analysis;
 - e. Bond transcript approval by the Attorney General;
 - f. Rating Agencies;
 - g. Providers of bond insurance, letters of credit or other forms of credit enhancement;
 - h. Trustee bank(s) or the State Treasurer, including acceptance fees;
 - i. Providers of investment services, including investment of bond proceeds;
 - j. CUSIP or similar bond registration services;
 - k. Providers of printing services for bonds, or official statements; and
 - l. Services of any and all other providers related to the City's bond issues.
3. Any leases, subleases or use agreements relating to bond financed property.
4. A complete accounting of all receipts, including but not limited to, rental or lease revenues, administrative and other fees, and investment earnings in relation to City bonds.
5. A complete accounting of all payments of principal of, and interest or premiums on City bonds.
6. Computation on the arbitrage yield, net interest cost and true interest cost of the bonds, any and all Form 8038's or similar IRS reports reflecting bond issuance and costs, and evidence of timely filing of such reports.
7. Computation, in accordance with Code requirements, of arbitrage yield restriction and rebate, if any, due the United States, and evidence of timely payment of any such liability.
8. A detailed accounting of the purposes or projects for which bond proceeds are used, and any change in such purpose or project during the course of its acquisition or construction.
9. A detailed accounting of the expenditure of bond proceeds for project purposes, copies of requisitions, invoices and bills together with contracts for construction, renovation or acquisition of bond-financed facilities, including a time line or draw schedule indicating the date of such expenditure, and a detailed list of assets acquired.

10. Evidence of the retirement, redemption, refunding, reissuance or restructuring of such bonds, including dates of such occurrences
11. A complete accounting of administrative or other fees or expenses charged or incurred in connection with any bond issue.
12. Newspaper articles, brochures or other publications relating to City bond issues
13. Accounting for any federal or state government grants received related to City bond-financed projects.
14. Periodic statements of bond trustees for City bond issues.
15. Audited financial statements of the City relating to its bond issues.
16. Correspondence (letters, e-mails, faxes, etc.) related to the City's bond issues and/or bond-financed projects.
17. Reports of any prior IRS examinations of the City or any of its bond issues.
18. Any guaranteed investment contracts or other investment instruments for the proceeds of any City bond issues.
19. Any agreements for swaps or financial derivatives, and an accounting for the income and expenses related to such financial instruments relating to City bond issues.
20. Contracts, agreements or other evidence relating to the bidding and cost of financial products in connection with City bond issues.
21. Any documents, agreements or instruments of whatsoever kind or character (including, but not limited to, leases, subleases, naming rights, management agreements, etc.) relating to use of any part of the bond-financed property or project for private business use (including 501(c) corporations), and accounting of any revenues received in relation thereto.
22. Agreements with underwriters or other persons regarding the obligation of the City to provide continuing disclosure of information pertinent to the issuance of any City bonds after closing of the issuance thereof.

POSTBOND ISSUANCE REQUIREMENTS

The Bond Compliance Officer (who may act on advice of bond counsel or other qualified tax or securities counsel, as appropriate) shall maintain (or cause to be maintained), in either paper or electronic format, full and correct copies of all materials or proceedings required by applicable State or Federal tax and securities laws or rules to be kept in relation to substantial changes in the project or the bonds after the closing of the bond issue, and to timely disclose (or cause to be disclosed) such materials and changes, so as to fully comply with applicable tax and securities laws, rules and regulations of the SEC, IRS and other regulatory agencies, and with provisions of any continuing disclosure agreements of the City related to the bonds.

Such records, and disclosures in connection therewith, shall be kept or made in such a manner as to allow the City to fully comply with applicable laws, rules and regulations including, but not limited to, the following:

1. Change in use of the project or bond-financed property. The Bond Compliance Officer shall, upon advice of qualified bond counsel or tax counsel experienced in such matters, report a change in use of the bond financed project or facilities to the IRS in a timely fashion, and shall undertake (or cause to be undertaken) any remedial actions recommended by such counsel and approved by the City's governing body.
2. Occurrence of a 'Material Event' as defined in Rule 1502-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12) including any official interpretations thereof (the "Rule"), as in effect on the date of the closing of the issuance of the City's bonds. Such Material Events shall include, but not be limited to:
 - a. Principal and interest payment delinquencies;
 - b. non-payment related defaults;
 - c. modifications to rights of Bond Owners;
 - d. optional, contingent or unscheduled Bond calls;
 - e. defeasances;
 - f. rating changes;
 - g. adverse tax opinions or events affecting the tax-exempt status of the Bonds;
 - h. unscheduled draws on debt service reserves reflecting financial difficulties;
 - i. unscheduled draws on credit enhancements reflecting financial difficulties;
 - j. substitution of credit or liquidity providers, or their failure to perform;
 - k. release substitution or sale of property securing repayment of the Bonds;
 - l. tender offers;
 - m. bankruptcy, insolvency, receivership, or similar proceeding of the obligated person;
 - n. the consummation of a merger, consolidation, or acquisition involving an obligated person, other than in the ordinary course of business, or the entry into a definitive agreement to undertake any such actions; or
 - o. the appointment of a successor or additional trustee, or the change of the name of trustee, if material.

Notwithstanding any provisions of State law relating to document retention to the contrary, the above post-bond closing records, in either paper or electronic format, shall be retained for a period of not less than the term of the bonds plus three (3) years, or such longer time as recommended by qualified bond or tax counsel so as to allow the City to comply with all applicable tax and securities law requirements.

In all activities related to bonds issued by the City, staff will exercise due diligence to comply with the Code governing issuance of the City's bonds. The City is aware of (a) the Voluntary Closing Agreement Program (known as "VCAP") operated by the Internal Revenue Service which allows issuers to voluntarily enter into a closing agreement in the event of certain non-compliance with Federal tax requirements and (b) the remedial actions available under Section 1.141-12 of the Income Tax Regulations for private use of bond financed property which was not expected at the time the bonds were issued.

The Bond Compliance Officer and his or her designated staff are responsible for staying current with any changes in the rules for tax-exempt and Direct Pay bonds. The City recognizes that such education and training is vital as a means of helping to ensure compliance with federal tax requirements in respect of its bonds. The City may rely upon outside advisors for assistance and guidance with these matters.

The Director of Finance will periodically monitor compliance with the guidelines contained in this policy statement as well as any other covenants herein referred to.
Adopted (as of) April 24, 2012.