

**Board Meeting**

June 18, 2019

**BOARD OF LIBRARY TRUSTEES  
CLEVELAND PUBLIC LIBRARY  
CUYAHOGA COUNTY, OHIO**

The Board of Library Trustees (the “Board”) of the Cleveland Public Library (the “Library”), Cuyahoga County, Ohio, met in regular session on June 18, 2019, at 12:00 p.m., at the Louis Stokes Wing, Main Library, 525 Superior Avenue, 10th Floor, Cleveland, Ohio 44114, with the following members present:

M\_\_\_\_. \_\_\_\_\_ introduced the following resolution and moved its passage:

**A RESOLUTION APPROVING A WRITTEN POST-ISSUANCE  
COMPLIANCE POLICY IN CONNECTION WITH THE ISSUANCE  
OF TAX-EXEMPT AND TAX-PREFERRED OBLIGATIONS BY THE  
LIBRARY**

WHEREAS, the Library has previously issued, or intends to issue in the future, bonds and other obligations for the purpose of financing various capital improvements in the Library (collectively, the “Obligations”); and

WHEREAS, such obligations were issued, or will be issued as, tax-exempt and tax-preferred obligations under the Internal Revenue Code of 1986, as amended; and

WHEREAS, in connection with the issuance of the Obligations, it is advised that the Board have a formal written policy outlining the policies and procedures necessary to promote compliance with federal income tax and securities laws, as well as the requirements set forth in the documents for each issue of Obligations; and

WHEREAS, the Board desires to formally approve a written policy outlining such policies and procedures;

NOW, THEREFORE, BE IT RESOLVED by the Board of Library Trustees of the Cleveland Public Library, Cuyahoga County, Ohio, that:

Section 1. Approval of Written Post-Issuance Compliance Policy. The Board hereby approves a written post issuance compliance policy (the “Policy”) in connection with the issuance of the Obligations of the Library. On behalf of the Board, the Fiscal Officer is hereby authorized to execute the Policy, which Policy shall be in the form attached hereto as **Exhibit A**. The Fiscal Officer is also hereby authorized to execute any other documents necessary in connection with the Policy. The Fiscal Officer’s execution of such documents shall be conclusive evidence of the Board’s approval of such documents.

Section 2. Open Meeting. It is hereby found and determined that all formal actions of the Board concerning and relating to the passage of this Resolution were taken in an open meeting of the Board, and that all deliberations of the Board and of any of its committees that resulted in such formal action were

in meetings open to the public in compliance with all legal requirements, including Ohio Revised Code Section 121.22.

M\_\_\_. \_\_\_\_\_ seconded the motion and, after discussion, a roll call vote was taken and the results were:

Voting Aye: \_\_\_\_\_

Voting Nay: \_\_\_\_\_

Passed: June 18, 2019

BOARD OF LIBRARY TRUSTEES  
CLEVELAND PUBLIC LIBRARY  
CUYAHOGA COUNTY, OHIO

\_\_\_\_\_  
Board President

Attest: \_\_\_\_\_  
Chief Financial Officer

**EXHIBIT A**

*[Copy of Post Issuance Compliance Policy Attached]*

**CERTIFICATE**

The undersigned Chief Financial Officer of the Board of Library Trustees of the Cleveland Public Library, Cuyahoga County, Ohio, hereby certifies that the foregoing is a true copy of a resolution duly passed by said Board on June 18, 2019.

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Chief Financial Officer  
Cleveland Public Library  
Cuyahoga County, Ohio

**POLICY AND PROCEDURES  
CONCERNING POST ISSUANCE COMPLIANCE FOR THE  
*CLEVELAND PUBLIC LIBRARY, OHIO***

- I. Purpose.** The Cleveland Public Library, Ohio (the “Issuer”) uses bonds as one means of financing capital projects in support of its mission. This Post-Issuance Compliance Policy (the “Policy”) outlines the policies and procedures to promote compliance with federal income tax and securities laws, as well as the requirements set forth in the bond documents for each bond issue. The policy is to strictly follow the U.S. Constitution and laws, the Ohio Constitution and laws, and all applicable Federal and state regulations. For purposes of this policy, the terms “bonds” or “bond issue” means any obligation of the Issuer incurred for the purpose of borrowing money, including, without limitation, bonds, notes and certificates of participation in capital leases.
- II. Outside Counsel.** The Chief Financial Officer of the Issuer (the “Fiscal Officer”) may, upon attaining any necessary approvals, engage an attorney or firm of attorneys of national reputation on the subject of the federal tax and securities law of public finance to serve as “Outside Counsel” for the purpose of assisting the Issuer in the pursuit of its duties under this Policy. Outside Counsel may be bond counsel for the Issuer. Any such engagement shall be evidenced by the execution of an engagement letter or other written agreement between the Issuer and such Outside Counsel.
- III. Securities Law Matters – Continuing Disclosure**
- A. Continuing Disclosure Working Group.** The Fiscal Officer and certain staff as designated by the Fiscal Officer (collectively, the “Disclosure Officers”) shall have primary responsibility for preparing the annual financial information and operating data to be filed with the Municipal Securities Rulemaking Board (“MSRB”) via its Electronic Municipal Market Access (“EMMA”) system pursuant to Continuing Disclosure Undertakings (the “Annual Filing”). Such Disclosure Officers, together with any Outside Counsel retained by the Issuer, shall constitute the “Continuing Disclosure Working Group.”
- B. Annual Financial Information and Operating Data**
1. **Assembling Current Information.** The Disclosure Officers shall compile, maintain and update a list of all financial information and operating data required to be filed with the MSRB pursuant to each of the Continuing Disclosure Undertakings; and establish a schedule for producing the data (and the Annual Filing document) that will afford sufficient time for final review by the Continuing Disclosure Working Group and approval in accordance with this Policy.
  2. **Review for Process, Accuracy, and Completeness.** The members of the Continuing Disclosure Working Group shall review the Annual Filing drafts to determine whether, based on information known or reported to them, (a) this Policy was followed, (b) the material facts in the Annual Filing appear to be consistent with those known to the members of the Continuing Disclosure Working Group, (c) the Annual Filing contains all information required by the Continuing Disclosure Undertakings, and (d) the Annual Filing omits any material fact that is necessary to be included to prevent the Annual Filing from being misleading to investors. The Disclosure Officers shall take such action as may be necessary, based on feedback from the Continuing Disclosure Working Group, to enable the Continuing Disclosure Working Group to conclude that this Policy was followed and that the Annual Filing is accurate and complete in all material respects.

3. **Final Approval.** The Continuing Disclosure Working Group shall approve the final draft of the Annual Filing.
4. **Posting.** The Disclosure Officers shall file, or direct Outside Counsel to file, the Annual Filing with the MSRB through EMMA by the deadline established by the Continuing Disclosure Undertakings. The Disclosure Officers shall exercise reasonable care to ensure that the Annual Filing is filed in the format and with the identifying information required by the Continuing Disclosure Undertakings, including applicable CUSIP numbers, in accordance with the rules and requirements of the MSRB's EMMA system.
5. **Documentation of Procedures.** The Disclosure Officers shall compile and retain a file of the actions taken to prepare, check, and approve the Annual Filing, including the sources of the information included, and the comments and actions of the Continuing Disclosure Working Group.

### C. Event Notices

1. **Identification of Reportable Events.** The Disclosure Officers shall maintain a list of events of which the Issuer is required to provide notice to the MSRB pursuant to the Continuing Disclosure Undertakings. The Continuing Disclosure Working Group shall (a) identify the officers and employees of the Issuer who are most likely to first obtain knowledge of the occurrence of such events and (b) request in writing that they notify the Disclosure Officers immediately after learning of any such event, regardless of materiality, and repeat such request in a quarterly reminder.
2. **Identification of Financial Obligations; Materiality**
  - a. The Disclosure Officers shall undertake to identify any financial obligations, as defined in Municipal Securities Disclosure Rule 15c2-12 (the "Rule"), to which the Issuer is a party and under the terms of which a default, event of acceleration, termination event, modification of terms or other similar event could reflect financial difficulties on the part of the Issuer.
  - b. The Disclosure Officers shall prepare a summary sheet with respect to the financial obligations, as defined in the Rule, to which the Issuer in substantially the form attached hereto as Exhibit A for the purpose of evaluating whether such financial obligation must be disclosed under the terms of any Continuing Disclosure Undertaking or whether such financial obligation contains covenants, events of default, remedies priority rights, or other similar terms, any of which affect the security holders of the Issuer's securities.
  - c. The Disclosure Working Group shall establish standards for assessing the materiality of any financial obligation as well as whether a default, an acceleration or termination event, modification of terms or similar events under a financial obligation reflects financial difficulties.
3. **Preparation of Event Notice.** The Disclosure Officers shall (a) assess the materiality of any reported event with the assistance of Outside Counsel (reportable under the Continuing Disclosure Undertakings only if material) and, if notice of the event must be given (or if no materiality standard applies to that particular event); (b) prepare or cause to be prepared an Event Notice giving notice of the event; and (c) except for notices of a rating change, bond call, or defeasance, forward the draft Event Notice to the Chief Financial Officer, and the Chief Legal Officer for their review.
4. **Review and Approval of Event Notice.** The Disclosure Officers shall not file the Event Notice Statement until it is approved by the Continuing Disclosure Working Group, unless the Event Notice (a) gives notice of a rating change, bond call, or defeasance or (b)

such approval has not been received by the applicable Disclosure Agreement filing deadline.

5. **Posting.** The Disclosure Officers shall file or cause to be filed the Event Notice with the MSRB through EMMA by the deadline established by the Continuing Disclosure Undertakings or, if the facts cannot be correctly and fairly described by the deadline, then as soon thereafter as possible. The Disclosure Officers shall exercise reasonable care to file the Event Notice in the format and with the identifying information required by the Continuing Disclosure Undertakings, including CUSIP numbers, in accordance with the rules and requirements of the MSRB's EMMA system.
6. **Documentation of Procedures.** The Disclosure Officers shall compile and retain a file of the actions taken to report each event and prepare, check, and approve the notice of the event, including the approvals of the Continuing Disclosure Working Group, if obtained.

#### **IV. Federal Tax Law Compliance**

- A. **Tax Compliance Working Group.** The Fiscal Officer (the "Tax Compliance Officer") shall have primary responsibility for complying with the requirement of federal tax law with respect to the bonds of the Issuer. Such Tax Compliance Officer, together with any Outside Counsel retained by the Issuer shall constitute the Tax Compliance Working Group.
- B. **Procedures.** The Tax Compliance Officer shall implement the following procedures in preparing, checking, or issuing the documentation described herein.
  1. **Proper Use of Proceeds.** The Tax Compliance Officer shall ensure that bond proceeds are allocated to expenditures in a manner that is consistent with the purpose for which each bond issue is undertaken, as set forth in any tax compliance certificate or agreement related to each bond issue. The Tax Compliance Officer shall undertake to make final allocations for federal income tax purposes of the of bond proceeds within 18 months after a financed facility is placed in service but in no event later than 60 days following the fifth anniversary of the issuance of the bonds.
  2. **Investment of Bond Proceeds and Rebate.** The Tax Compliance Officer shall ensure that bond proceeds are invested in investments that are permissible under the terms of the Ohio Revised Code, the bond documents, and any applicable federal tax laws. The Tax Compliance Officer shall determine whether it is appropriate to undertake rebate calculations with respect to the investment of proceeds of the bonds shall ensure the timely completion of arbitrage rebate calculations and filings.
  3. **Administration of Direct Pay Bonds.** The Tax Compliance Officer shall ensure the proper administration of each issue of bonds qualifying for the payment by the Federal government of a credit equal to a percentage of interest on such bonds, including the timely completion and filing of any forms required by the Internal Revenue Service to maintain or establish the applicable status of the bonds for purposes of federal income taxation.
  4. **Use of Bond-Financed Facilities.** The Tax Compliance Officer shall consult with Outside Counsel before entering into any agreement or other arrangement for the sale, lease, or use of bond-financed property, including, but not limited to, service, vendor, and management contracts, research agreements, licenses to use bond-financed property, or naming rights agreements. The Tax Compliance Officer or the designee of the Tax Compliance Officer shall review such agreements for compliance with federal tax laws and complete a Private Business Use Contract Review Worksheet (attached as Exhibit B) to document that such review has been completed.

5. **Post-Issuance Transactions.** The Tax Compliance Officer shall consult with the Outside Counsel for the Issuer before making any modifications or amendments to the bond documents for a bond issue, including, but not limited to, entering or modifying investment agreements; making any change in security for the bonds; engaging in post-issuance credit enhancement transactions (*e.g.*, bond insurance, letter of credit) or hedging transactions (*e.g.*, interest rate swap, cap); terminating or appointing successor trustees; releasing any liens; or reissuing the bonds.
6. **Remedial Action.** In the event that it is determined that any use of bond proceeds or bond-financed facilities is inconsistent with the character of the status for federal income tax purposes of the bonds, the Tax Compliance Officer shall consult with the Issuer's Outside Counsel for the purpose of determining the nature and extent of any remedial action necessary or proper for the Issuer to take with respect to such bonds or bond-financed facilities according to Treasury Regulations Section 1.141-12 or other remedial actions authorized by the Commissioner of Internal Revenue under 1.141.12(h).

**C. Recordkeeping - Responsibility for Records Maintenance**

1. The Tax Compliance Officer shall be responsible for maintaining records related to bonds of the Issuer.
2. The Tax Compliance Officer shall maintain a central list of records related to each issue of bonds of the Issuer. The list shall identify:
  - a. The name and date of the document related to the issue,
  - b. The person or office responsible for the document, and
  - c. The physical or electronic location of the document.

**D. Bond Records to be Maintained**

1. The following records shall be maintained for each outstanding bond issue for the term of the outstanding bond issue plus three years:
  - a. Basic records relating to the bond transaction, including the trust indenture, loan, lease, or other financing agreement, the relevant IRS Form 8038 (including Forms 8038-G, 8038-B, or 8038-TC, as applicable) with proof of filing, and bond counsel opinion shall be maintained by the Tax Compliance Officer;
  - b. Documentation evidencing the expenditure of bond proceeds, such as construction or contractor invoices and receipts for equipment and furnishings, as well as records of any special allocation made for tax purposes shall be maintained by the Tax Compliance Officer;
  - c. Documentation evidencing the lease or use of bond-financed property by public and private sources, including, but not limited to, service, vendor, and management contracts, research agreements, licenses to use bond-financed property, or naming rights agreements shall be maintained by the Issuer office executing such agreement for use of bond-financed property; and
  - d. Documentation pertaining to investment of bond proceeds, including the yield calculations for each class of investments, actual investment income received from the investment of proceeds, and rebate calculations shall be maintained by the Tax Compliance Officer's Office.
2. The Tax Compliance Officer shall maintain the Issuer's audited financial statements for not less than seven years.



**V. Training Requirements, Policy Review and Miscellaneous Matters**

**A. Training.** Within six months of becoming the adoption of this Policy, and on an as-needed basis thereafter, the Tax Compliance Officer, the Disclosure Officers and the respective designees of either of them, if any, shall undergo training regarding basic federal securities law and tax concepts relating to bonds and records required to be maintained under this Policy.

**B. Annual Review.** On an annual basis, or sooner if deemed necessary by the Continuing Disclosure Working Group and the Tax Compliance Working Group, shall review this policy and assess the Issuer's compliance with this Policy and shall make changes to this Policy as appropriate to ensure compliance with any covenants in the bond documents or the requirements of federal tax and securities laws and any other applicable law.

**C. Miscellaneous**

1. **Internal Use Only.** This Policy is intended for the internal use of the Issuer only and is not intended to establish any duties in favor of or rights of any person other than the Issuer.
2. **Waiver of Procedures.** The officers and employees charged by this Policy with performing or refraining from any action may depart from this Policy when they in good faith determine that such departure is in the best interests of the Issuer and consistent with the duties of the Issuer under applicable laws. If a Disclosure Officer or Tax Compliance Officer is charged by this Policy with taking or refraining from such action, any such departure shall require approval review of Outside Counsel.

EXHIBIT A

**FINANCIAL OBLIGATION SUMMARY SHEET**

This form may be used to evaluate whether a financial obligation must be disclosed to via the Municipal Securities Rulemaking Board's EMMA system. The information requested should be inserted below. In some cases, it may be appropriate to attach a schedule or copy the applicable section from the relevant documents.

The term *financial obligation* means a:

(A) Debt obligation; (B) Derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) Guarantee of either of the foregoing.

Such term does not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with this Rule 15c2-12.

Generally speaking, any obligation that is essentially a vehicle to borrow money (e.g., a lease-purchase agreement) should be considered a *financial obligation*.

<b>1. Loan amount and date incurred</b>	
<b>2. Final maturity date of the loan</b>	
<b>3. Debt service schedule, if including principal amortization, interest rate(s), interest calculations</b> ( <i>attach separate sheet if necessary</i> )	
<b>4. Legal security and/ source of payment</b>	
<b>5. Interest rate method of calculation, if variable</b>	
<b>6. Use of loan proceeds</b>	
<b>7. Covenants, events of defaults and remedies</b>	
<b>8. Amortization modification provisions, or information about payment acceleration or other non-standard payment considerations</b>	
<b>9. Any other information that an issuer believes to be important to lenders or investors in the obligations of the issuer</b>	

EXHIBIT B

**PRIVATE BUSINESS USE CONTRACT REVIEW WORKSHEET**

Department: \_\_\_\_\_

Contracting Parties: \_\_\_\_\_

Type/Title of Agreement: \_\_\_\_\_

**Agreement Not Subject to Private Use Limitation**

- \_\_\_\_\_ Relates solely to construction of bond-financed facility
- \_\_\_\_\_ Relates to property that was not financed with proceeds of a bond issue
- \_\_\_\_\_ Does not relate to use or function of property
- \_\_\_\_\_ Includes incidental services only (janitorial, office equipment repair, or similar services)
- \_\_\_\_\_ Compensation consists solely of reimbursement of actual and direct expenses incurred by the service provider while providing services under the agreement

**Agreement Satisfies Safe Harbors for Management/Service Contracts with Outside Service Providers**

If the arrangement with an outside service provider is not either an “Eligible Expense Reimbursement Arrangement” or an “Other Permissible Arrangement” (both as described below), then Bond Counsel should be consulted.

Eligible Expense Reimbursement Arrangement

\_\_\_\_\_ To be an Eligible Expense Reimbursement Arrangement, the compensation paid to the outside service provider must consist solely of reasonable overhead and the reimbursement of actual and direct expenses paid by the outside service provider to unrelated parties.

Other Permissible Arrangement

To be an Other Permissible Arrangement, all six of the following elements must be present:

1. Financial Requirements

\_\_\_\_\_ Compensation payments to the service provider (including any reimbursement for actual and direct expenses paid by the service provider and related administrative overhead expenses) are reasonable compensation for services rendered during the term of the contract; and

\_\_\_\_\_ The outside service provider does not share in the net profits of the managed facility; and

\_\_\_\_\_ The outside service provider is not forced to share net losses from the operation of the managed facility.

2. Term of the Contract

\_\_\_\_\_ The term of the contract is no longer than the lesser of (i) 30 years, or (ii) 80% of the weighted economic life of the managed property, which term is retested as of the date of any material modification of the contract.

3. Control of the Managed Property

\_\_\_\_\_ The approval of the Issuer is required for each of the following:

\_\_\_\_\_ the annual budget of the managed property

\_\_\_\_\_ capital expenditures with respect to the managed property

\_\_\_\_\_ any disposition of the managed property or any portion thereof

\_\_\_\_\_ rates charged for use of managed property (or methodology for setting such rates)

\_\_\_\_\_ the general nature and type of use of the managed property (for example, the type of services).

4. Risk of Loss

\_\_\_\_\_ The Issuer bears the risk of loss upon damage or destruction of the managed property.

5. Tax Position of Outside Service Provider

\_\_\_\_\_ The outside service provider expressly agrees that it is not entitled to and will not take any tax position that is inconsistent with being an outside service provider to the Issuer with respect to the managed property.

6. Rights of the Issuer

\_\_\_\_\_ The outside service provider does not have any role or relationship with the Issuer that might limit the ability of the Issuer to exercise its rights under the contract.

**Agreement Requires Further Review by Bond Counsel**

- \_\_\_\_\_ Ownership (including agreement that transfers title at end of the term)
- \_\_\_\_\_ Lease, license, or any other agreement which creates exclusive or priority rights to use any portion of a bond-financed property or which creates an economic benefit for the third-party user
- \_\_\_\_\_ Agreement with governmental entity or 501(c)(3) organization
- \_\_\_\_\_ Research agreement
- \_\_\_\_\_ Management or service contract falling outside safe harbors listed above (provide explanation)

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Reviewer: \_\_\_\_\_

Date: \_\_\_\_\_