

Post Issuance Compliance Policy Relating to Bonds Issued by the Town

This policy is being adopted by the Town of Windham (the "Town") in order to assure that the Town complies with the requirements of federal and state law and the covenants in its bond documents that apply following the issuance of Bonds by the Town. For purposes of this policy, the term "Bonds" means any obligations of the Town incurred for the purpose of borrowing money, including, without limitation, bonds, notes, and equipment lease-purchase agreements.

1. Responsibility for Post-Issuance Compliance: The Town Treasurer (the "Treasurer") is responsible for monitoring compliance with this Policy. The Treasurer may designate employees to carry out their duties under this Policy.

2. Compliance with Covenants in Bond Documents: The Treasurer shall ensure compliance with all covenants made by the Town in the Bond documents, including, but not limited to, financial reporting, restrictions on the use and disposition of property, restrictions on the use and investment of Bond proceeds, and arbitrage and rebate compliance.

3. Continuing Disclosure Compliance: The Town will comply with any applicable continuing disclosure requirements of Rule 15c2-12 under the Securities and Exchange Act of 1934, as amended, and officially interpreted from time to time and the terms of any continuing disclosure agreement or certificate entered by the Town (each, a "Continuing Disclosure Agreement"), including the following:

(a) The Town will provide the following information to the Municipal Securities Rulemaking Board or any successor thereto ("MSRB") established under the Securities and Exchange Act of 1934, as amended: (x) not later than 270 days after the end of each fiscal year, annual financial information and operating data relating to the Town for the preceding fiscal year of the type presented in any Official Statement prepared in connection with the Bonds regarding: (i) revenues and expenditures of the Town relating to its operating budget, (ii) capital expenditures, (iii) fund balances, (iv) rate information, (v) outstanding indebtedness and overlapping debt of the Town, (vi) pension obligations of the Town, and (vii) such other financial information and operating data as may be required to comply with the Rule; and (y) promptly upon their public release, the audited financial statements of the Town, prepared in accordance with generally accepted accounting principles.

(b) The Town will provide in a timely manner not in excess of nine (9) business days after the occurrence of an event listed in this Section 2 to the MSRB or any successor thereto, notice of the occurrence of any of the following events with respect to the Bonds:

- i. Principal and interest payment delinquencies;
- ii. Non-payment related defaults, if material;
- iii. Unscheduled draws on debt service reserves reflecting financial difficulties;
- iv. Unscheduled draws on credit enhancements reflecting financial difficulties;
- v. Substitution of credit or liquidity providers, or their failure to perform;
- vi. Adverse tax opinions, the issuance by the Internal Revenue Service of Proposed

- Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- vii. Modifications to the rights of securities holders, if material;
 - viii. Bond calls, if material, and tender offers;
 - ix. Defeasances;
 - x. Release, substitution, or sale of property securing repayment of the Bonds, if material;
 - xi. Rating changes;
 - xii. Bankruptcy, insolvency, receivership or similar event of the Town; for the purposes of the event identified in this clause (1), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Town in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Town, 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 Town;
 - xiii. The consummation of a merger, consolidation, or acquisition involving the Town or the sale of all or substantially all of the assets of the Town, 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
 - xiv. Appointment of a successor or additional trustee or the change of name of a trustee, if material; and

from and after February 27, 2019, the following:

- xv. Incurrence of a financial obligation¹ of the Town, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect security holders, if material; and
- xv. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Town, any of which reflect financial difficulties.

4. Federal Tax Law Compliance: The Town will comply with the terms of each arbitrage and use of proceeds certificate or tax compliance certificate (each, an "Arbitrage and Use of Proceeds Certificate") for each issue of Bonds issued by the Town and with the applicable provisions of federal tax law. Without limitation of the foregoing, the Town shall take the

¹ "Financial obligation" (i) 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 planned debt obligation; or (C) guarantee of the foregoing (A) or (B) and (ii) does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

following actions:

(a) Proper Use of Proceeds — The Treasurer shall ensure that bond proceeds are expended and allocated to expenditures in a manner that is consistent with the purpose for which each bond issue is undertaken, as set forth in any Arbitrage and Use of Proceeds Certificate or agreement related to each bond issue.

(b) Investment of Bond Proceeds — The Treasurer shall ensure that bond proceeds are invested in investments that are permissible under the terms of Maine law, the bond documents, and applicable federal tax laws.

(c) Arbitrage and Rebate — The Treasurer shall ensure that the Town complies with the arbitrage, rebate and yield restriction requirements of Section 148 of the Internal Revenue Code and the regulations promulgated pursuant thereto and that the Town completes all necessary arbitrage rebate calculations, payments and filings in a timely manner or confirms that the Bonds are exempt from rebate.

(d) Administration of Direct Pay Bonds — The Treasurer 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.

(e) Use of Bond-Financed Facilities — The Treasurer shall consult with Bond Counsel for the Town before entering into any agreement or other arrangement for the sale, lease, management or use of bond-financed property, including, but not limited to, service, vendor, and management contracts, research agreements, licenses to use bond-financed property, agreements granting special rights or entitlements to private parties or naming rights agreements. The Treasurer shall review such agreements for compliance with federal tax laws.

(f) Post-Issuance Transactions — The Treasurer shall consult with Bond Counsel for the Town 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 or refunding the Bonds.

(g) Remedial Action — In the event that 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 Treasurer shall consult with the Town's Bond Counsel for the purpose of determining the nature and extent of any remedial action necessary or proper for the Town to take with respect to such Bonds or bond-financed facilities. If the Town takes any action after the issuance of Bonds that causes the conditions of the private business tests or the private loan financing test to be met, then the Town shall take timely remedial actions in accordance with the federal Treasury Regulations section 1.141-12 as necessary in order to preserve the tax-exempt

status of the Bonds.

5. Record Retention: The Town shall maintain all records relating to the issuance of Bonds and the requirements of the Internal Revenue Code and the representations, certifications and covenants set forth in the Arbitrage and Use of Proceeds Certificate relating to the issuance of Bonds until the date six years after the last outstanding Bonds have been retired. If any of the Bonds are refunded by tax-exempt obligations, the Town shall maintain all records required to be retained by this section until the later of the date six years after the last outstanding Bonds have been retired or the date three years after the last refunding obligations have been retired. The records that must be retained include, but are not limited to (a) basic records and documents relating to the Bonds (including any loan agreement, Arbitrage and Use of Proceeds Certificate and the opinion of Bond Counsel); (b) documentation evidencing the expenditure of Bond proceeds; (c) documentation evidencing the use of the project(s) financed by the Bonds by public and private sources (i.e., copies of management contracts, research agreements, leases, etc.); (d) documentation evidencing all sources of payment or security for the Bonds; and (e) documentation pertaining to any investment of Bond proceeds (including the purchase and sale of securities, SLGS subscriptions, yield calculations for each class of investments, actual investment income received from the investment of proceeds, guaranteed investment contracts, and rebate calculations).

6. Annual Policy Review and Education: On an annual basis, or sooner if deemed necessary or appropriate by the Treasurer, the Treasurer shall review this ~~policy~~[Policy](#) and assess the Town's compliance with this Policy. The Treasurer 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 law and any other applicable law. The Town will also implement a program, including appropriate instruction and education of personnel, for purposes of ensuring compliance with the terms of this Policy.

Adopted: October 25, 2011 (Order 11-194)

[Amended: January 12, 2021](#)