

BENTON COUNTY HOUSING AND REDEVELOPMENT AUTHORITY

August 19, 2025, 9:00 AM
Benton County Board Room

AGENDA

1. Commissioner Ed Popp, Housing and Redevelopment Authority President
 - Call to Order
 - Roll Call
2. Consent Agenda
 1. Approve or Amend the Housing and Redevelopment Authority Meeting Minutes of August 5, 2025
3. Regular Agenda
 - Consider a Resolution Authorizing the Issuance of \$22,725,000 Lease-Revenue Bonds, Series 2025A (Benton County, Minnesota Lease with Option to Purchase Project) and the Execution and Delivery of a Ground Lease Agreement, a Lease Agreement and an Indenture of Trust in Connection Therewith
 - Consider Post-Issuance Compliance Policies and Procedures
4. Adjourn

Benton County Board of Commissioners/Benton County Ditch Authority
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Pursuant to MN Statutes §13D.02 and County Policy, the following County Board members may participate from a remote location:

- Commissioner Scott Johnson, District 1
- Commissioner Ed Popp, District 2
- Commissioner Steve Heinen, District 3
- Commissioner Jared Gapinski, District 4
- Commissioner Pam Benoit, District 5

BENTON COUNTY HOUSING AND REDEVELOPMENT AUTHORITY (HRA)
MEETING MINUTES
AUGUST 5, 2025

Housing and Redevelopment Authority (HRA) President Ed Popp called the meeting to order at 11:21 AM. A roll call found HRA Board members Pam Benoit, Steve Heinen, Ed Popp, Jared Gapinski and Scott Johnson present.

Motion by Benoit and seconded by Gapinski to approve the HRA Agenda as written. Motion carried unanimously.

Motion by Benoit and seconded by Heinen to approve the HRA Meeting Minutes of July 15, 2025, and authorize the President and Secretary to sign. Motion carried unanimously.

County Administrator Montgomery Headley requested the HRA Board to consider a Redevelopment Plan for a County Government Center Project. The process to issue HRA Lease-Revenue bonds requires the creation of a Redevelopment Plan for the site and plan approval by the County's Housing and Redevelopment Authority. Prior to today's requested action, the City of Foley on July 8th granted its approval for the County HRA to operate an HRA project within its City limits. Also, on July 10th, the County Planning Commission reviewed the proposed Redevelopment Plan and adopted a resolution signifying its review of the plan. A question was raised about whether issuing bonds now would lock the county into higher interest rates if the Federal Reserve cuts rates later this year. Jessica Green, Managing Director of Public Finance of Northland Securities explained that while Federal rate cuts are likely, they have limited and sometimes inverse effects on long-term multiple bond rates, and most market adjustments occur before the cuts happen. Green noted that even in a favorable scenario, the county would save only about \$18,000 over 20 years, cautioning against trying to time the market. Motion by Heinen and seconded by Benoit to approve a Redevelopment Plan for a County Government Center Project. Motion carried on a 4 to 1 vote with Commissioners Benoit, Heinen, Gapinski and Johnson voting "aye" and Commissioner Popp voting "no".

Next, Headley requested the HRA Board to review the HRA Lease-Revenue Bond Financing Plan and consider a Resolution authorizing the sale of HRA Lease Revenue Bonds. Green presented the financing plan and "set sale" resolution for issuing lease revenue bonds to fund the county government center. The bonds, scheduled for sale on August 18th with an award decision on August 19th will mature from 2027 to 2046, carry an estimated true interest cost of 4.63%, and be callable starting in 2033. They will be backed by county lease payments (not a full faith and credit pledge) and rated AA- by S&P, which affirmed the county's financial position as "rock solid." Green advised against trying to time the market based on possible Federal rate cuts, noting other unpredictable factors affect bond rates. If approved, proceeds would be available September 17th. Motion by Heinen and seconded by Benoit to approve the Set Sale Resolution authorizing the issuance of Benton County HRA Lease-Revenue bonds. Motion carried on a 4-1 roll-call vote, with Commissioners Benoit, Heinen, Johnson and Gapinski voting "aye" and Commissioner Popp voting "no".

The HRA Meeting adjourned at 11:39 AM.

President Edward D. Popp
Benton County Housing/Redevelopment Authority

ATTEST:

Secretary Pamela Benoit
Benton County Housing/Redevelopment Authority

DRAFT

BENTON COUNTY HOUSING AND REDEVELOPMENT AUTHORITY

AGENDA ITEM REQUEST



MEETING DATE August 19, 2025

☒ REGULAR AGENDA

☐ CONSENT AGENDA

REQUESTING DEPARTMENT County Administrator

TITLE OF REQUESTED ITEM AS IT WILL APPEAR ON BOARD AGENDA

Consider a Resolution authorizing the issuance of \$22,725,000 Lease-Revenue bonds, Series 2025A (Benton County, Minnesota lease with option to purchase project) and the execution and delivery of a ground lease agreement, a lease agreement and an indenture of trust in connection therewith

BACKGROUND INFORMATION

Jessica Green, Northland Securities, will present the results of the HRA bond sale held on August 18th, and will review the attached Resolution.

ACTION REQUESTED

A motion to approve a Resolution authorizing the issuance of \$22,725,000 Lease-Revenue bonds, Series 2025A (Benton County, Minnesota lease with option to purchase project) and the execution and delivery of a ground lease agreement, a lease agreement and an indenture of trust in connection therewith

FISCAL IMPACT

ESTIMATED COST (\$) _____

SOURCE OF FUNDS _____

NEW / ADDITIONAL REVENUE (\$) _____

COST BUDGETED IN CURRENT YEAR? ☐ YES ☐ NO

SUBMITTED/APPROVED

SUBMITTER/SUPERVISOR SIGNATURE _____

DATE _____

DEPARTMENT HEAD SIGNATURE _____

DATE 8/13/25

COUNTY ATTORNEY SIGNATURE _____

DATE _____

☐ STATE GRANT CONTRACT/AGREEMENT NOT REVIEWED BY COUNTY ATTORNEY (GRANT RENEWAL WITH NO CHANGES IN TERMS AND CONDITIONS).

DURATION 5 minutes

PREFERRED PLACEMENT ON AGENDA _____

EXTRACT OF MINUTES OF A MEETING OF THE
BOARD OF COMMISSIONERS OF THE
HOUSING AND REDEVELOPMENT AUTHORITY OF BENTON COUNTY, MINNESOTA

HELD: AUGUST 19, 2025

Pursuant to due call and notice thereof, a meeting of the Board of Commissioners of the Housing and Redevelopment Authority of Benton County, Minnesota was duly called and held at the Benton County Board Room, Benton County, Minnesota, on August 19, 2025, at ____ A.M.

The following members were present:

and the following were absent:

Member _____ introduced the following resolution and moved its adoption:

RESOLUTION AUTHORIZING THE ISSUANCE OF \$22,725,000
LEASE REVENUE BONDS, SERIES 2025A (BENTON COUNTY,
MINNESOTA, LEASE WITH OPTION TO PURCHASE PROJECT)
AND THE EXECUTION AND DELIVERY OF A GROUND LEASE
AGREEMENT, A LEASE AGREEMENT AND AN INDENTURE OF
TRUST IN CONNECTION THEREWITH

WHEREAS, Minnesota Statutes, Section 469.001 through 469.041 (collectively, the “Act”) authorizes the Housing and Redevelopment Authority of Benton County, Minnesota (the “Authority”) to issue revenue bonds, in anticipation of the collection of revenues of a project, to finance, in whole or in part, the cost of acquisition, construction, reconstruction, improvement, betterment or extension of a project; and

WHEREAS, the Authority proposes to finance the acquisition and construction of a County government center (the “Project”), an authorized project under the Act to be used by Benton County, Minnesota (the “County”) and to provide funds for such purposes by the issuance of its Lease Revenue Bonds, Series 2025A (Benton County, Minnesota, Lease With Option to Purchase Project) (the “Bonds”) bonds pursuant to an Indenture of Trust between the Authority and U.S. Bank Trust Company, National Association, a national banking association with trust powers, as trustee (the “Trustee”), dated as of September 1, 2025 (the “Indenture”); and

WHEREAS, the Bonds issued under the Indenture will be secured by a pledge and assignment of rental payments and certain rights of the Authority under the Lease Agreement between the Authority and the County (the “Lease”), dated as of September 1, 2025; and

WHEREAS, the Bonds shall be payable primarily from the rental payments paid by the County to the Authority and therefor and shall not constitute a debt of the Authority within the meaning of any constitutional or statutory limitation nor shall they constitute or give rise to a

pecuniary liability of the Authority or a charge against its general credit or taxing powers, nor constitute a charge, lien, or encumbrance, legal or equitable, upon any property of the Authority, other than its interest in the Project; and

WHEREAS, in order to carry out the transaction, (1) the County will lease the land, on which the Project will be constructed (the "Land"), to the Authority pursuant to a Ground Lease Agreement between the County and the Authority (the "Ground Lease Agreement"), dated as of September 1, 2025, and (2) the Authority will lease the Land and the Project to the County pursuant to the Lease; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Housing and Redevelopment Authority of Benton County, Minnesota:

1. Findings. The Board of Commissioners acknowledges, finds, determines and declares that the Project will satisfy the purposes stated in the Act.

2. Authorization of Financing. Pursuant to the Ground Lease Agreement and the Lease Agreement, the financing by the Authority of the Project is hereby authorized.

3. Acceptance of Purchase. The offer of _____ (the "Purchaser"), to purchase the Bonds in accordance with the terms and at the rates of interest set forth in the Indenture, and to pay therefor the sum of \$_____, is hereby accepted. The Bonds shall bear interest at the rates, be in such denominations, be numbered, dated, mature, be subject to redemption, be in such form and have such other details and provisions as are prescribed by the Indenture.

4. Special Obligations; Security; Authorization to Execute and Deliver Indenture and Bonds. The Bonds shall be special obligations of the Authority payable primarily from the rental payments paid by County to the Authority. As security for the payment of the principal of, premium, if any, and interest on the Bonds, pro rata and without preference of any one Bond over any other Bonds, the Board of Commissioners hereby authorizes and directs the President and Executive Director to execute the Indenture in substantially the form on file with the Authority, and to deliver the Indenture to the Trustee, and hereby authorizes and directs the execution of the Bonds, and hereby provides that the Indenture shall provide the terms and conditions, covenants, rights, obligations, duties and agreements of the Holders (as defined in the Indenture and hereinafter referred to as "Holders") of the Bonds, the Authority and the Trustee as set forth therein.

5. Authorization to Execute and Deliver Ground Lease and Lease. The President and the Executive Director are hereby authorized and directed to execute, attest and deliver the Ground Lease and the Lease (together with the Indenture, collectively the "Bond Documents") in substantially the forms on file with the Authority. All of the provisions of the Bond Documents, when executed and delivered as authorized herein, shall be deemed to be part of this resolution as fully and to the same extent as if incorporated herein and shall be in full force and effect according to the terms thereof from the date of execution and delivery thereof.

6. Official Statement. The President or Executive Director, or any authorized designee thereof, is hereby authorized to approve and execute, and Northland is hereby authorized to prepare and distribute, on behalf of the Authority, a Final Official Statement

relating to the Bonds (the "Official Statement"), which Official Statement shall include the offering price, the interest rates, selling compensation, delivery date, and such other information relating to the Lease, Ground Lease, Indenture, and Bonds required to be included in the Official Statement by Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. The officers of the Authority are hereby authorized and directed to execute such certificates as may be appropriate concerning the accuracy, completeness, and sufficiency of the Official Statement.

7. Termination upon Payment or Discharge. Upon payment or discharge of the Bonds, in accordance with the terms of the Bond Documents, the Authority's interest in the Project and real estate on which the Project is located shall terminate.

8. Binding Obligations; No Personal Liability. All covenants, stipulations, obligations and agreements of the Authority contained in this resolution and contained in the Bond Documents shall be deemed to be the covenants, stipulations, obligations and agreements of the Authority to the full extent authorized or permitted by law, and all such covenants, stipulations, obligations and agreements shall be binding upon the Authority. Except as otherwise provided in this resolution, all rights, powers and privileges conferred and duties and liabilities imposed upon the Authority or the Board of Commissioners thereof by the provisions of this resolution or by the Bond Documents, shall be exercised or performed by the Authority by such members of the Board of Commissioners, or such officers, board, body or agency thereof as may be required by law to exercise such powers and to perform such duties.

No covenant, stipulation, obligation or agreement herein contained or contained in the Bond Documents shall be deemed to be a covenant, stipulation, obligation or agreement of any member of the Board of Commissioners, or any officer, agent or employee of the issuer in that person's individual capacity, and neither the Board of Commissioners of the Authority nor any officer executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

9. Sole and Exclusive Benefit. Except as herein otherwise expressly provided, nothing in this resolution or in the Indenture expressed or implied, is intended or shall be construed to confer upon any person or firm or corporation other than the Authority or the Trustee, any right, remedy or claim, legal or equitable, under and by reason of this resolution or any provision hereof or of the Indenture or any provisions thereof, this resolution, the Indenture and all of their provisions being intended to be and being for the sole and exclusive benefit of the Authority and the Holders from time to time of the Bonds issued under the provisions of this resolution and the Indenture.

10. Provisions Held Separate and Apart; Binding Contracts. In case any one or more of the provisions of the Bonds, this resolution, or the Bond Documents shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this resolution, the Bond Documents, or the Bonds, but this resolution, the Bond Documents and the Bonds shall be construed and endorsed as if such illegal or invalid provision had not been contained therein. The terms and conditions set forth in the Bond Documents, the pledge of revenues derived from the Project, the creation of the funds provided for in the Indenture, the provisions relating to the handling of the proceeds derived from the sale of Bonds pursuant to the

Indenture and the handling of said revenues and other monies are all commitments, obligations and agreements on the part of the Authority contained in the Indenture, or the invalidity of the Bond Documents, shall not affect the commitments, obligations and agreements on the part of the Authority to create such funds and to handle said revenues, other monies and proceeds of the Bonds for the purposes, in the manner and according to the terms and conditions fixed in the Indenture, it being the intention hereof that such commitments on the part of the Authority are as binding as if contained in this resolution separate and apart from the Indenture or the Lease.

11. Bond Recital. The Bonds shall contain a recital that they are issued pursuant to the Act, and such recital shall be conclusive evidence of the validity of the Bonds and the regularity of the issuance thereof, and that all acts, conditions and things required by the laws of the State of Minnesota relating to the adoption of this resolution, to the issuance of the Bonds and to the execution of the Bond Documents to happen, exist and be performed precedent to and in the enactment of this resolution, and precedent to the Bonds, the execution of the Bond Documents have happened, exist and have been performed as so required by law.

12. Performance. The officers, attorneys, engineers and other agents or employees of the Authority are hereby authorized to do all acts and things required of them by or in connection with this resolution, the Bond Documents, for the full, punctual and complete performance of all the terms, covenants and agreements contained in the Bonds, the Bond Documents and this resolution.

13. Furnishing of Certificates and Proceedings. The President and the Executive Director and other officers of the Authority are authorized and directed to prepare and furnish to the Purchaser certified copies of all proceedings and records of the Authority relating to the Bonds, and such other affidavits and certificates as may be required to show the facts relating to the legality of the Bonds as such facts appear from the books and records in the officers' custody and control or as otherwise known to them; and all such certified copies, certificates and affidavits, including any heretofore furnished, shall constitute representations of the Authority as to the truth of all statements contained therein.

14. Negative Covenant as to Use of Proceeds and Project. The Authority hereby covenants not to use the proceeds of the Bonds or to use the Project, or to cause or permit them to be used, in such a manner as to cause the Bonds to be "private activity bonds" within the meaning of Sections 103 and 141 through 150 of the Code.

15. Continuing Disclosure. The Authority is the issuer of the Bonds. However it is not an "obligated person" subject to the disclosure requirements under the SEC Rule 15c2-12(b)(5) (the "Rule") because (i) the bonds are limited obligations of the Authority and are payable from lease payments to the Authority from the County and (ii) financial information and operating data set forth in the Official Statement relates only to the County. The County has agreed, in accordance with the provisions of the Rule, promulgated by the Securities and Exchange Commission (the "Commission") pursuant to the Securities Exchange Act of 1934, as amended, and a Continuing Disclosure Undertaking (the "Undertaking") to provide certain information to the Municipal Securities Rulemaking Board (the "MSRB") by filing at www.emma.msrb.org in accordance with the Rule.

16. Tax-Exempt Status of the Bonds; Rebate. The Authority shall comply with requirements necessary under the Code to establish and maintain the exclusion from gross income under Section 103 of the Code of the interest on the Bonds, including without limitation (i) requirements relating to temporary periods for investments, (ii) limitations on amounts invested at a yield greater than the yield on the Bonds, and (iii) the rebate of excess investment earnings to the United States. The Authority expects to satisfy the twenty-four-month exemption for gross proceeds of the Bonds as provided in Section 1.148-7(e) of the Regulations. The President and/or the Executive Director are hereby authorized and directed to make such elections as to arbitrage and rebate matters relating to the Bonds as they deem necessary, appropriate or desirable in connection with the Bonds, and all such elections shall be, and shall be deemed and treated as, elections of the Authority.

17. No Designation as Qualified Tax-Exempt Obligations. The Authority will not designate the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

18. Modifications to Documents. The approval hereby given to the various documents referred to herein includes approval of such additional details therein as may be necessary and appropriate and such modifications thereof, deletions therefrom and additions thereto as may be necessary and appropriate and approved by Bond Counsel and the Authority officials authorized herein to execute said documents prior to their execution; and said Authority officials are hereby authorized to approve said changes on behalf of the Authority. The execution of any instrument by the appropriate officer or officers of the Authority herein authorized shall be conclusive evidence of the approval of such documents in accordance with the terms hereof. In the absence of the President or Executive Director any of the documents authorized by this resolution to be executed by the Acting President or the Acting Executive Director, respectively.

19. Governmental Bonds Post-Issuance Compliance Policies and Procedures. The Authority hereby approves and agrees to be governed by the Governmental Bonds Post-Issuance Compliance Policies and Procedures of the County in substantially the form presented to the Authority and separately adopted by the County.

The motion for the adoption of the foregoing resolution was duly seconded by member _____, and upon vote being taken thereon the following voted in favor thereof:

and the following voted against the same:

whereupon the resolution was declared duly passed and adopted.

Passed: August 19, 2025.

President

Attest: _____
Executive Director

STATE OF MINNESOTA)
COUNTY OF BENTON) SS.
CITY OF FOLEY)

I, the undersigned, being the duly qualified and acting Executive Director of the Housing and Redevelopment Authority of Benton County, Minnesota, hereby certify that I have carefully compared and attached the foregoing extract of minutes of a special meeting of the Board of Commissioners held August 19, 2025, with the original thereof on file and of record in my office and the same is a full, true and complete transcript therefrom insofar as the same relates to a Resolution Authorizing Issuance of Bonds.

WITNESS my hand on August 19, 2025.

Executive Director

BENTON COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
AGENDA ITEM REQUEST



MEETING DATE August 19, 2025

☒ REGULAR AGENDA

☐ CONSENT AGENDA

REQUESTING DEPARTMENT County Administrator

TITLE OF REQUESTED ITEM AS IT WILL APPEAR ON BOARD AGENDA

Consider post-issuance compliance policies and procedures

BACKGROUND INFORMATION

Please see attached memo from our bond legal counsel on the purpose of the attached post-issuance policies.

ACTION REQUESTED

A motion to adopt post-issuance compliance policies and procedures

FISCAL IMPACT

ESTIMATED COST (\$) _____

SOURCE OF FUNDS _____

NEW / ADDITIONAL REVENUE (\$) _____

COST BUDGETED IN CURRENT YEAR? ☐ YES ☐ NO

SUBMITTED/APPROVED

SUBMITTER/SUPERVISOR SIGNATURE _____ DATE _____

DEPARTMENT HEAD SIGNATURE *Montgomery Headly* DATE 8-13-25

COUNTY ATTORNEY SIGNATURE _____ DATE _____

☐ STATE GRANT CONTRACT/AGREEMENT NOT REVIEWED BY COUNTY ATTORNEY (GRANT RENEWAL WITH NO CHANGES IN TERMS AND CONDITIONS).

DURATION 2 minutes PREFERRED PLACEMENT ON AGENDA Second item

MEMORANDUM

TO: Monty Headley, County Administrator
FROM: Rhonda Skoby, Partner
DATE: August 12, 2025
RE: **Post Issuance Compliance Policies and Procedures**

Following issuance of tax-exempt governmental bonds, Benton County and the Benton County Housing and Redevelopment Authority (together, the "County") must continue to take certain actions with respect to the bonds in order that they retain their tax-exempt status. In particular, the County must be sure that the project financed with the bonds continues to be used for public purposes and that the proceeds of the bonds are applied in a manner that complies with the arbitrage rules on the Internal Revenue Code of 1986, as amended (the "Code"), and its related regulations.

Over the last couple of years, the IRS has increased its scrutiny of tax-exempt bonds and has strongly expressed an expectation that issuers of tax-exempt bonds have written procedures in place to ensure compliance with these rules. The IRS Form 8038-G, which is the form that issuers file upon the issuance of each tax-exempt bond issue, specifically asks the issuer to check a box that it has established written procedures "to ensure that all nonqualified bonds of this issue are remediated according to the requirements under the Code and Regulations." There is a second box asking if the issuer has written procedures "to monitor the requirements of Section 148," which is the Code section governing arbitrage.

There is no statutory or rule requirement that the County have such written procedures. By including these questions on Form 8038-G, however, the IRS is strongly emphasizing its view of the importance of having such procedures in place. Informally, the IRS has also indicated that having such procedures in place may result in a lower penalty in the event of any audit or voluntary compliance agreement related to an issuer's bonds. Therefore, we strongly recommend that the County adopt the proposed Post-Issuance Compliance Policies and Procedures.

August 12, 2025
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The proposed Policies and Procedures have been drafted to cover the concerns and expectations that have been expressed by the IRS. Yet, at the same time, we recognize that the County, along with its bond counsel and municipal advisor, are already doing many of the tasks set forth in the document. It simply demonstrates that the County is, in fact, taking the appropriate actions to ensure that its bonds remain tax-exempt.

We recommend that the proposed Policies and Procedures be approved and adopted by the Board of Commissioners of the County and the Board of Commissioners of the Housing and Redevelopment Authority of the County on August 19th as part of the resolutions providing for the issuance of bonds on that same date. Please feel free to contact us if you have any further questions or comments.

**HOUSING AND REDEVELOPMENT AUTHORITY
OF
BENTON COUNTY, MINNESOTA**

**GOVERNMENTAL BONDS
POST-ISSUANCE COMPLIANCE
POLICIES AND PROCEDURES**

The following policies and procedures were adopted by the Housing and Redevelopment Authority of Benton County, Minnesota (the "Authority") as of the date indicated below with respect to the governmental bonds of the Authority, to require, and further ensure, the ongoing compliance of governmental bonds issued by the Authority with the Internal Revenue Code of 1986, as amended (the "Code"), and the Treasury Regulations promulgated thereunder (the "Regulations"), including the record retention requirements of Code Section 6001 and Section 1.6001(a) of the Treasury Regulations. Such policy and procedures were adopted after consultation with Taft Stettinius & Hollister LLP, bond counsel ("Bond Counsel"), and Northland Securities, Inc., the municipal advisor to the Authority, and are internal operating procedures to be used by the Authority's management in connection with the issuance and sale of all issues of governmental bonds. These procedures are intended to apply to the Authority, the Housing and Redevelopment Authority of Benton County, the Benton County Economic Development Authority, and any other entity of the County.

The Board of Commissioners of the Authority has the overall, final responsibility for monitoring whether the Authority is in compliance with post-issuance federal tax requirements for the Authority's governmental bonds. However, the Board of Commissioners assigns to the Executive Director of the Authority the primary operating responsibility to monitor the Authority's compliance with post-issuance federal tax requirements for the Authority's governmental bonds. The Authority Executive Director may further assign post-issuance

compliance responsibilities to other staff of the Authority, Bond Counsel, the paying agent for the bonds, and a rebate analyst. The Authority Executive Director shall provide training and educational resources to Authority staff who are responsible for ensuring compliance with any portion of these policies and procedures.

1. Appropriate Application of Proceeds.

- (a) The Authority Executive Director shall ensure the timely expenditure of the proceeds of governmental bonds by monitoring the application of all bond proceeds in accordance with the source of funds used and in accordance with the documents related to the issuance of the governmental bonds, including the reimbursement of pre-issuance expenses.
- (b) The Authority Executive Director shall ensure the correct calculation and application of bond proceeds pursuant to the Code by:
 - (i) confirming that any closing and/or allocation memorandum for the issuance of the bonds is accurate in the deposits directed thereunder, including ensuring that bond proceeds are used only for public purposes; and
 - (ii) through the draw request process, identifying requested expenditures that are not eligible expenditures.
- (c) The Authority Executive Director shall monitor the use of all bond-financed facilities in order to:

- (i) determine whether private business uses of bond-financed facilities have exceeded de minimus limits set forth in Section 141(b) of the Code, and
- (ii) determine whether private security or payments have exceeded the de minimus limits set forth in Section 141(b) of the Code.

2. Arbitrage Yield Restriction and Rebate Requirements.

The Authority Executive Director shall monitor and calculate arbitrage, and shall coordinate and maintain, or cause to be maintained, records of:

- (a) Computations of the yield on the bonds by the Authority's financial advisor, and purchases and sales of investments made with bond proceeds (including amounts treated as "gross proceeds" of bonds under section 148 of the Code) and receipts of earnings in those investments;
- (b) Expenditures made with bond proceeds (including investment earnings on bond proceeds) for the governmental purposes of the bonds;
- (c) Calculations that will be sufficient to demonstrate to the Internal Revenue Service ("IRS") upon an audit of a bond issue that, where applicable, the Authority has complied with any available exception to the arbitrage rebate requirement in respect of that bond issue;
- (d) Calculations that will be sufficient to demonstrate to the IRS upon an audit of a bond issue for which no exception to the arbitrage rebate requirement was applicable, that the rebate amount, if any, was payable to the United

States of America in respect of investments made with gross proceeds of that bond issue, was calculated and timely paid with Form 8038-T timely filed with the IRS; and

- (e) Information and records showing that investments held in yield-restricted advance refunding or defeasance escrows for bonds, and investments made with unspent bond proceeds after the expiration of the applicable temporary period, were not invested in higher yielding investments.

The Authority Executive Director shall also:

- (a) Ensure that any third-party entity tasked with investment responsibility for governmental bonds is provided with a copy of the tax compliance or arbitrage certificate for each bond issue and is advised as to all investment restrictions with respect to the proceeds of and funds related to any governmental bonds issued by the Authority;
- (b) Cause any funds subject to yield restriction to be segregated;
- (c) If necessary, hire an independent contractor annually or every five years, as the case may be and as required by any arbitrage certificate, to perform all arbitrage and rebate calculations and to review the Authority's investment process to ensure that it is in compliance; and
- (d) If necessary, consult with Bond Counsel prior to engaging in post-issuance credit enhancement transactions.

3. Record Retention Requirements.

It is the policy of the Authority that, unless otherwise permitted by future IRS regulations or other guidance, written records (which may be in electronic form) will be maintained with respect to each bond issue for as long as those bonds remain outstanding, plus three years. For this purpose, the bonds include refunding bonds that refund the original bonds and thereby refinance the property that was financed by the original bonds.

In maintaining electronic storage, the Authority Executive Director will comply with applicable IRS requirements, such as those contained in Revenue Procedure 97-22.

The records to be obtained and maintained are to include:

- (a) The official transcript of proceedings for the original issuance of the bonds (including ensuring that all applicable documents are included in such transcript);
- (b) Records showing how the bond proceeds were invested, as described in 2 above;
- (c) Records showing how the bond proceeds were spent, as described in 1 above, including, but not limited to, loan documents, construction contracts, draw requests, invoices, payment of bond issuance costs, and records of "allocations" of bond proceeds to make reimbursement for project expenditures made before the bonds were actually issued;
- (d) Information, records, and calculations showing that, with respect to each bond issue, the Authority was eligible for an exception to the arbitrage rebate requirement or, if not, that the rebate amount, if any, that was payable to the United States of America in respect of investments made

with gross proceeds of that bond issue, was calculated and timely paid with Form 8038-T timely filed with the IRS, as described in 2 above;

- (e) Schedules of all bond-financed facilities, including whether such facilities are land, buildings, or equipment, economic life calculations, and information regarding depreciation;
- (f) Records and agreements related to any trade or business activities by or with non-governmental entities or persons with respect to any facilities financed with the proceeds of governmental bonds, including, but not limited to, management agreements and leases; and
- (g) Documentations of all sources of payment or security for the issue.

The basic purpose of the foregoing record retention procedure for the Authority's governmental bonds is to enable the Authority to readily demonstrate to the IRS upon a questionnaire or an audit of any bond issue that the Authority has fully complied with all federal tax requirements that must be satisfied after the issue date of the bonds.

4. Reissuance.

The following policies relate to compliance with rules and regulations regarding the reissuance of bonds for federal law purposes.

The Authority Executive Director will:

- (a) Identify and consult with Bond Counsel regarding any post-issuance change to any terms of an issue of bonds which could potentially be treated as a reissuance for federal tax purposes; and

- (b) Confirm with Bond Counsel whether any "remedial action" in connection with a "change in use" (as such terms are defined in the Code and Treasury Regulations) would be treated as a reissuance for tax purposes and, if so, confirm the filing of any new Form 8038-G.

5. Direct Pay Bonds.

- (a) In addition to the other requirements herein, should the Authority issue direct pay bonds pursuant to Sections 54A through 54F of the Code, the Authority Executive Director shall also be responsible for:

- (i) determining the amount of interest payable on each interest payment date and the proper amount of refundable credit reported on Form 8038-CP;

- (A) as appropriate, the Authority Executive Director shall compare the interest payment calculations to any independently-verified report prepared at closing for the bond issue; and

- (B) the Authority Executive Director shall approve all disbursements.

- (ii) preparing and timely filing all Forms 8038-CP;

- (A) timely filing of Form 8038-CP shall be made to insure that payments are timely made on the interest payment date and

such timely filing is ensured by the use of a third-party filing agent; and

(B) in the case of bond issues with multiple maturities, a separate Form 8038-CP shall be filed for each maturity;

(iii) ensuring all credit payments shall be requested to be made by wire.

The Authority Executive Director is familiar with the wire payment procedures for the Authority and will ensure that the Form 8038-CP includes the proper information for payment of the credit to the proper person; and

(iv) alternatively, hiring a third party (the "Filing Agent") who shall be responsible for the matters in this Section 5 and any other responsibilities set forth in a filing agent agreement between the Authority and the Filing Agent.

(b) In addition to the records retained pursuant to Section 3, the records to be obtained and maintained with respect to direct pay bonds are to include:

(i) information, records, and calculations showing that Forms 8038-CP were properly prepared and timely filed, as described in (a) above;

(ii) all contracts that are subject to the federal Davis-Bacon prevailing wage rules; and

(iii) with respect to Qualified Energy Conservation Bonds, such documents, test results, audits, and reports obtained by the Authority that demonstrate that the final project has achieved a reduction in energy consumption in publicly-owned buildings by at least 20%.

(c) The Authority Executive Director shall ensure that all contracts let for projects financed with direct pay bonds shall comply with the federal Davis-Bacon prevailing wage rules.

6. Taxable Governmental Bonds.

Most of the provisions of these policies and procedures are not applicable to governmental bonds the interest on which is includable in gross income for federal income tax purposes. However, if an issue of taxable governmental bonds is later refunded with the proceeds of an issue of tax-exempt governmental refunding bonds, then the uses of the proceeds of the taxable governmental bonds and the uses of the facilities financed with the proceeds of the taxable governmental bonds will be relevant to the tax-exempt status of the governmental refunding bonds. Therefore, if there is any reasonable possibility that an issue of taxable governmental bonds may be refunded, in whole or in part, with the proceeds of an issue of tax-exempt governmental bonds then, for purposes of these policies and procedures, the Authority Executive Director shall treat the issue of taxable governmental bonds as if such issue were an issue of tax-exempt governmental bonds and shall carry out and comply with the requirements of these policies and procedures with respect to such taxable governmental bonds. The Authority Executive Director shall seek the advice of Bond Counsel as to whether there is any reasonable

possibility of issuing tax-exempt governmental bonds to refund an issue of taxable governmental bonds.

7. Qualified 501(c)(3) Bonds.

If the Authority issues bonds to finance a facility to be owned by the Authority but which may be used, in whole or in substantial part, by a nongovernmental organization that is exempt from federal income taxation under Section 501(a) of the Code as a result of the application of Section 501(c)(3) of the Code (a "501(c)(3) Organization"), the Authority may elect to issue the bonds as "qualified 501(c)(3) bonds" the interest on which is exempt from federal income taxation under Sections 103 and 145 of the Code and applicable Treasury Regulations. Although such qualified 501(c)(3) bonds are not governmental bonds, at the election of the Authority Executive Director, for purposes of these policies and procedures, the Authority Executive Director may treat such issue of qualified 501(c)(3) bonds as if such issue were an issue of tax-exempt governmental bonds and shall carry out and comply with the requirements of these policies and procedures with respect to such qualified 501(c)(3) bonds. Alternatively, in cases where compliance activities are reasonably within the control of the relevant 501(c)(3) Organization, the Authority Executive Director may determine that all or some portion of the compliance responsibilities described herein shall be assigned to organization.

8. Conduit Bonds.

The provisions of these policies and procedures are primarily intended to be applicable to governmental bonds. However, the Authority may from time to time issue qualified 501(c)(3) bonds or other qualified private activity bonds that are not governmental bonds and loan the proceeds thereof to a nongovernmental organization that is the obligor on such conduit bonds. Although such conduit bonds are not governmental bonds, at the election of the Authority

Executive Director, for purposes of these policies and procedures, the Authority Executive Director may treat such issue of conduit bonds as if such issue were an issue of tax-exempt governmental bonds and shall carry out and comply with the requirements of these policies and procedures with respect to such conduit bonds. Alternatively, in cases where compliance activities are reasonably within the control of the relevant obligor, the Authority Executive Director may determine that all or some portion of the compliance responsibilities described herein shall be assigned to or required of such obligor.

9. General Requirements.

- (a) Periodically, the Authority Executive Director shall consult with Bond Counsel, general counsel, and municipal advisors to the Authority to determine if any changes to these procedures are advisable and shall amend these procedures accordingly.
- (b) These procedures may be amended or withdrawn from time to time and constitute internal management procedures for compliance with certain provisions of the Code and do not constitute and are not intended to be, rules of the Authority.

Adopted this 19th day of August, 2025 on behalf of the Authority.

Housing and Redevelopment Authority of Benton County

By: _____
HRA President

Attest:

HRA Secretary