



Bond & Disclosure Counsel Services for Municipalities & School Districts

Brief Description of Services

Bond Counsel

- Q&B analyzes the proposed legal structure of bonds, prepares authorizing resolutions and closing documents, and performs a review of the proposed project or refinancing for compliance with applicable state law and applicable federal tax law and regulations.
- We deliver a legal opinion stating that the bonds have been validly issued under State law in compliance with all legal requirements, and that the interest on the bonds is tax-exempt under federal tax law (if applicable). We also deliver a legal transcript of proceedings with all related documentation.

Disclosure Counsel

- Q&B reviews the “offering document” used to sell bonds to investors, to help ensure it is accurate and complete. We also assist local government officials in conducting required “due diligence,” through questionnaires and diligence conference call(s).
- We deliver an assurance letter stating that the offering document is free of material misstatements or material omissions, in support of the governmental entity’s due diligence requirements under federal securities law. We also deliver a due diligence file to evidence the diligence that was performed.

Legal Background

- State statutes have many nuanced and complex rules regarding what sorts of obligations (bonds, notes, etc.) may be issued, as well as for what purposes and under what conditions including procedural requirements such as referendum, notices, publications, etc. Federal tax law similarly includes complicated rules regarding when bonds may be issued on a tax-exempt or tax-advantaged basis, including arbitrage and private activity restrictions.
- Bond issues may be challenged for non-compliance with State law, and may also be audited by the Internal Revenue Service (IRS) for compliance with all federal tax law requirements—through random or targeted audits, and through other regulatory compliance initiatives such as questionnaires. **Successful challenges can threaten the validity or tax-exemption of bonds, which in some cases can result in liability to the issuer.**
- Under federal securities law, it is illegal for an offering document to contain materially misleading statements or omissions. Governmental entities that issue bonds must review the offering document and perform related due diligence. **This diligence requirement applies even when a financial advisor or underwriter prepares the offering document.**
- Bonds may be challenged for non-compliance with federal securities law by investors or, more likely, by the Securities and Exchange Commission (SEC)—through random and targeted audits and other SEC initiatives such as 2014’s “MCDC” initiative. With the creation of the Office of Municipal Securities within the SEC, these enforcement activities are expected to increase. Enforcement actions can result in liability both to the governmental issuer as well as individual officials responsible for bond financing matters.

Q&B Is Your Trusted, Experienced Partner in Municipal Finance

- Q&B has rendered opinions on municipal financings for over 75 years. We have a deep and long-standing commitment to public finance and our governmental entity clients.
- In 2019, Q&B ranked **1st in Wisconsin** and **7th in the Midwest** as bond counsel in terms of number of issues and principal amount, as reported to and tabulated by *The Bond Buyer*.
- In the past three years, Q&B has served as bond counsel and disclosure counsel on more than 2,000 bond issues with an aggregate par amount exceeding \$14.6 billion.
- Our firm and our lawyers are members of the National Association of Bond Lawyers (NABL), the Securities Industry and Financial Market Association (SIFMA), and the Bond Dealers Association (BDA).

For more information on Q&B’s public finance practice, please visit us at quarles.com.



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