ORIGINA F4

ITEMS TO INCLUDE ON AGENDA FOR APRIL 17, 2019

CITY OF HIAWATHA, IOWA

- Resolution Approving Bond Disclosure Policy

NOTICE MUST BE GIVEN PURSUANT TO IOWA CODE CHAPTER 21 AND THE LOCAL RULES OF THE CITY.

April 17, 2019

The City Council of the City of Hiawatha, State of Iowa, met in _____ session, in the Council Chambers, City Hall, 101 Emmons Street, Hiawatha, Iowa, at _____ _____.M., on the above date. There were present Mayor _____, in the chair, and the following named Council Members:

_____

Absent: _____

Vacant: _____

* * * * * * *

Resolution No: _____

RESOLUTION APPROVING BOND DISCLOSURE POLICY

WHEREAS, the City of Hiawatha, Iowa, is a political subdivision, organized and existing under and by virtue of the constitution and laws of the State of Iowa who routinely sells municipal securities to underwriters; and

WHEREAS, Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (the "Rule"), imposes requirements upon the City's municipal securities offerings including providing an official statement and a continuing disclosure agreement with the purchaser or underwriter in connection with each new issuance of obligations which fall within the Rule; and

WHEREAS, to provide a protocol for future compliance with the Rule, the City has prepared a Bond Disclosure Policy outlining procedures related to the preparation of its primary and secondary disclosures for existing and future municipal securities issued by the City.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF HIAWATHA, STATE OF IOWA:

Section 1. The Bond Disclosure Policy attached hereto as Exhibit "A" is hereby adopted and approved.

Section 2. The Finance Clerk identified as the Disclosure Coordinator therein is hereby approved and shall take any and all action necessary to properly implement the Policy.

PASSED AND APPROVED this 17th day of April, 2019.

_____
Mayor

ATTEST:

_____
City Clerk

CERTIFICATE

STATE OF IOWA)
) SS
COUNTY OF JACKSON)

I, the undersigned City Clerk of the City of Hiawatha, State of Iowa, do hereby certify that attached is a true and complete copy of the portion of the records of the City showing proceedings of the Council, and the same is a true and complete copy of the action taken by the Council with respect to the matter at the meeting held on the date indicated in the attachment, which proceedings remain in full force and effect, and have not been amended or rescinded in any way; that meeting and all action thereat was duly and publicly held in accordance with a notice of meeting and tentative agenda, a copy of which was timely served on each member of the Council and posted on a bulletin board or other prominent place easily accessible to the public and clearly designated for that purpose at the principal office of the Council pursuant to the local rules of the Council and the provisions of Chapter 21, Code of Iowa, upon reasonable advance notice to the public and media at least twenty-four hours prior to the commencement of the meeting as required by law and with members of the public present in attendance; I further certify that the individuals named therein were on the date thereof duly and lawfully possessed of their respective City offices as indicated therein, that no Council vacancy existed except as may be stated in the proceedings, and that no controversy or litigation is pending, prayed or threatened involving the incorporation, organization, existence or boundaries of the City or the right of the individuals named therein as officers to their respective positions.

WITNESS my hand and the seal of the Council hereto affixed this _____ day of _____, 2019.

_____
City Clerk, City of Hiawatha, State of Iowa

(SEAL)

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EXHIBIT "A"

BOND DISCLOSURE POLICY
City of Hiawatha, Iowa
Approved: _____, 2019

Article I
General Overview

Section 1.01. Purpose. This Bond Disclosure Policy ("Policy") of the City of Hiawatha, Iowa (the "City") is intended to ensure that the City efficiently carries out its primary (offering) and secondary (continuing) disclosure obligations with respect to Securities it issues or guarantees pursuant to Rule 15c2-12, as amended (the "Rule"), promulgated under the Securities Exchange Act of 1934, as amended.

Section 1.02. Background. The Rule prohibits underwriters from purchasing bonds, notes or other obligations for resale to private investors unless the issuer provides an official statement and contractually promises to provide specified disclosures as required in the Rule. To facilitate compliance with the Rule, each issuer must enter into a continuing disclosure agreement ("Disclosure Agreement(s)") with the purchaser or underwriter in connection with each new issuance of Securities, thereby creating a contractual promise on behalf of the issuer to provide the market with these disclosures. The City is responsible for ensuring that all disclosure documents contain accurate information. The SEC has asserted that, under Rule 10b-5, "disclosure documents used by municipal issuers, such as official statements, are subject to the prohibition against false or misleading statements of material facts, including the omission of material facts necessary to make the statements made, in light of the circumstances in which they were made, not misleading."

Section 1.03. Securities Subject to the Rule. Various offerings of Securities are fully or partially exempt from the continuing disclosure provisions under the Rule. Offerings with an aggregate original principal amount of less than $1 million ("Small Offerings"), offerings sold prior to July 3, 1995 ("Old Offerings") and offerings sold by an issuer directly to investors without using a broker, dealer, or municipal securities dealer as an underwriter or placement agent ("Direct Offerings") are entitled to certain exemptions from all continuing disclosure provisions under the Rule, unless the City voluntarily agrees to provide continuing disclosures for an otherwise exempt offering. Such exempt offerings may constitute a reportable "Financial Obligation" under a Disclosure Agreement entered into after February 27, 2019.

Section 1.04. Definitions. In addition to the terms defined above, the following capitalized terms shall have the following meanings:

(A) "Annual Reports" shall have the meaning set forth in Section 4.01 of this Policy.

(B) "Disclosure Coordinator" means the individual designated in Section 2.01 of this Policy.

(C) "Disclosure Counsel" means legal counsel (which may be bond counsel retained under separate engagement for a series of Securities) engaged for the purpose of assisting the City in meeting its primary and secondary market disclosure obligations.

(D) "EMMA" means the Electronic Municipal Market Access system of the MSRB. Information regarding submissions to EMMA is currently available at http://emma.msrb.org/.

(E) "Employee" means any person who, as part of his or her employment, has regular responsibility for the administration of matters related to Securities and Financial Obligations.

(F) "Financial Advisor" means a municipal advisor engaged for the purpose of assisting with the City's structuring and sale of Securities and incurrence of Financial Obligations.

(G) "Financial Obligation" means a (i) debt obligation[1]; (ii) derivative instrument entered in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii).

By way of further explanation of the definition:

a. The term Financial Obligation is intended to distinguish debt, debt-like, and debt-related obligations (which could impact the City's liquidity, overall creditworthiness, or an existing Securities-holder's rights) from ordinary financial and operating obligations incurred in the normal course of City operations.
b. The term Financial Obligation shall not include Securities as to which an official statement has been provided to the MSRB consistent with the Rule.

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[1] SEC guidance as of the date of the policy indicates the term "debt obligation" includes, but is not limited to: (1) any short-term or long-term debt obligation of the City under the terms of an indenture, loan agreement or similar contract; (2) a direct purchase of municipal securities of the City by an investor; (3) a direct loan to the City by a bank; and (4) generally, lease arrangements entered into by the City that operate as a vehicle to borrow money. The City should analyze each "Financial Obligation" upon the facts and circumstances in accordance with the Rule, and any subsequent guidance thereunder by the SEC.

c. The term Financial Obligation includes lease arrangements entered into by the City that operate as vehicles to borrow money, e.g. create an obligation to repay borrowed money over time under the terms of a lease equivalent to a similar obligation incurred under the terms of an indenture, loan agreement or similar contract, but does not include lease arrangements that are not vehicles to borrow money (e.g. operating leases) which do not represent competing debt of the City.
d. A "derivative instrument" includes a swap, security-based swap, futures contract, forward contract, option, any combination of the foregoing, or any similar instrument to which the City is a counterparty, designed to hedge against the risks of a related debt obligation, as opposed to such vehicles designed to mitigate investment risk.

(H) "Fiscal Year" means the fiscal year of the City, beginning on July 1 and ending on the following June 30.

(I) "Listed Event" means any of the events listed in Exhibit A of this Policy.

(J) "MSRB" means the Municipal Securities Rulemaking Board or any other Municipal Securities Rulemaking Board by the Rule.

(K) "Official Statement" shall have the meaning set forth in Section 3.01 of this Policy.

(L) "SEC" means the United States Securities and Exchange Commission.

(M) "Securities" means any securities issued by, or whose payment is guaranteed by the City, that are subject to the Rule.

Article II
Key Participants and Responsibilities

Section 2.01. Disclosure Coordinator. By adoption of this Policy, the City hereby appoints the Finance Director to act as the Disclosure Coordinator hereunder.

Section 2.02. Responsibilities. The Disclosure Coordinator is responsible for the following tasks:

(A) reviewing and approving all preliminary and final official statements relating to the City's Securities, together with any supplements, for which a Disclosure Agreement is required (each, an "Official Statement"), before such documents are released, in accordance with Article III below;

(B) moderating City Council (or departmental, if delegated) approval of all Financial Obligations triggering a Listed Event Notice under any new Disclosure Agreement entered into after February 27, 2019;

(C) reviewing the City's status and compliance with Disclosure Agreements, including filings of disclosure documents thereunder and in compliance with this Policy, in accordance with Articles IV and V below;

(D) serving as a "point person" for personnel to communicate issues or information that should be or may need to be included in any disclosure document;

(E) recommending changes to this Policy to the City Council as necessary or appropriate;

(F) communicating with third parties, including coordination with outside consultants assisting the City, in the preparation and dissemination of disclosure documents to make sure that assigned tasks have been completed on a timely basis and making sure that the filings are made on a timely basis and are accurate;

(G) in anticipation of preparing disclosure documents, soliciting "material" information (as defined for purposes of federal securities law) from Employees identified as having knowledge of or likely to have information of Listed Events under Article IV or relevant to Disclosure Agreements;

(H) maintaining records documenting the City's compliance with this Policy; and

(I) ensuring compliance with training procedures as described below.

The responsibilities of the Disclosure Coordinator to make certain filings with the MSRB under Articles IV (Annual Report Filings) and V (Listed Event Filings) may be delegated by contract to a dissemination agent, under terms approved by the City Council.

Article III
Official Statements

Section 3.01. Review and Approval of Official Statements. Whenever the City issues Securities, an Official Statement may be prepared. Each of these Official Statements contains information relating to the City's finances. The Disclosure Coordinator (with advice from Bond Counsel, any retained Disclosure Counsel, and/or Financial Advisor) shall have primary responsibility for ensuring that all such

information is accurate and not misleading in any material aspect. The Official Statement may also include a certification that the information contained in the Official Statement regarding the City, as of the date of each Official Statement, does not contain any untrue statement of material fact or omit to state any material fact necessary to make the information contained in the Official Statement, in light of the circumstances under which it was provided, not misleading. When undertaking review of a final or preliminary Official Statement, the Disclosure Coordinator shall:

(A) review the Official Statement to ensure: (i) that there are no material misstatements or omissions of material information in any sections, (ii) that the information relating to the City that is included in the Official Statement is accurate, and (iii) that when necessary the information relating to the City has been reviewed by a knowledgeable Employee or other appropriate person;

(B) draft, or cause to be drafted, for the Official Statement descriptions of (i) any material current, pending or threatened litigation, (ii) any material settlements or court orders and (iii) any other legal issues that are material information for purposes of the Official Statement; and

(C) report any significant disclosure issues and concerns to the City Council (with advice, as necessary, from Bond Counsel, retained Disclosure Counsel, if any, and/or Financial Advisor).

Section 3.02. Submission of Official Statements to City Council for Approval. The Disclosure Coordinator shall submit all Official Statements to the City Council for review and approval. The City Council shall undertake such review it deems necessary, following consultation with the Disclosure Coordinator, Bond Counsel, retained Disclosure Counsel, if any, and/or the Financial Advisor to fulfill the City Council's responsibilities under applicable federal and state securities laws.

Article IV
Annual Report Filings

Section 4.01. Overview. Under the Disclosure Agreements the City has entered into in connection with certain of its Securities, the City is required each year to file Annual Reports with the EMMA system. Such Annual Reports are generally required to include: (1) certain updated financial and operating information as outlined in each Disclosure Agreement, and (2) the City's audited financial statements. The documents, reports and notices required to be submitted to the MSRB pursuant to this Policy shall be submitted through EMMA in an electronic format (searchable PDF), and shall be accompanied by identifying information, in the manner prescribed by the MSRB, or in such other manner as is consistent with the Rule. A description of the format and

information presently prescribed to be filed with EMMA is included in Exhibit B. To facilitate the City's Disclosure Agreements the Disclosure Coordinator shall:

(A) maintain a record of all Disclosure Agreements of the City using a chart substantially in the form attached as Exhibit C, which shall identify and docket all deadlines;

(B) schedule email reminders on the EMMA website for each issue of Securities to help ensure timely filing of financial disclosures;

(C) ensure that preparation of the Annual Reports commences as required under each specific Disclosure Agreement; and

(D) comply with the City's obligation to file Annual Reports by submitting or causing the required (i) annual financial information and operating data and (ii) audited financial statements to be submitted to the MSRB through EMMA.

(i) In the event audited financial statements are not available by the filing deadline imposed by the Disclosure Agreement, the Disclosure Coordinator shall instead timely submit unaudited financial statements, with a notice to the effect that the unaudited financial statements are being provided pending the completion of audited financial statements and that the audited financial statements will be submitted to EMMA when they have been prepared. In the event neither audited nor unaudited financial statements are timely posted, the City shall file a "failure to file notice" in accordance with the Rule. The failure to file notice for audited financial statements shall include information describing the nature and/or cause of the failure to meet the contractual deadline and, if available, an approximate timeframe for when the completed audited financial statement is expected to be submitted. Audited financial statements shall be filed as soon as available. If updated financial and operating information is not posted by the filing deadline, the Disclosure Coordinator shall cause a "failure to file notice" to be posted to EMMA in accordance with the Rule.

(ii) All documents submitted to the MSRB through EMMA that are identified by specific reference to documents already available to the public on the MSRB's Internet website or

filed with the SEC shall be clearly identified by cross reference.

Article V
Listed Event Filings

Section 5.01. Disclosure of Listed Events. Pursuant to Rule 15c2-12(b)(5)(i)(C), the City is obligated to disclose to the MSRB notice of certain specified events with respect to the Securities (a "Listed Event"). Employees shall be instructed to notify the Disclosure Coordinator upon becoming aware of any of the Listed Events in the City's Disclosure Agreements. The Disclosure Coordinator may consult with Bond Counsel, retained Disclosure Counsel, if any, or the Financial Advisor, to determine if an occurrence is a Listed Event, and whether a filing is required or is otherwise desirable. If such a filing is deemed necessary, the Disclosure Coordinator shall cause a notice of the Listed Event (a "Listed Event Notice") that complies with the Rule to be prepared, and the Disclosure Coordinator shall file the Listed Event Notice as required by the Rule as follows:

(A) Prior to issuance of new Securities after February 27, 2019, a complete list of current Financial Obligations shall be compiled in accordance with Exhibit D hereof, and submitted to the Disclosure Coordinator for continuous monitoring with regard to compliance with all Disclosure Agreements entered into on or after February 27, 2019.

(B) The Disclosure Coordinator shall monitor and periodically review the Listed Events identified on Exhibit A, in connection with the Disclosure Agreements identified on the chart in Exhibit C to determine whether any event has occurred that may require a filing with EMMA. To the extent Disclosure Coordinator determines notice for an event is not required based on the event not achieving a level of materiality, Disclosure Coordinator shall document the basis for the determination.

(C) Securities to which the Listed Event or Events are applicable, in a timely manner not in excess of ten (10) business days after the occurrence of the Listed Event.

(D) The Disclosure Coordinator shall monitor Securities data on EMMA regarding rating agency reports for rated Securities, and may subscribe to any available ratings agency alert service regarding the ratings of any Securities.

Article VI
Miscellaneous

Section 6.01. Documents to be Retained. The Disclosure Coordinator shall be responsible for retaining records demonstrating compliance with this Policy. The Disclosure Coordinator shall retain an electronic or paper file ("Transcript") for each Annual Report the City completes. Each Transcript shall include final versions of documents submitted to the MSRB through EMMA, and any documentation related to determinations of materiality (or immateriality) of Listed Events. The Transcript shall be maintained for the period that the applicable Securities are outstanding, and for a minimum of five [5] years after the date the final Annual Report for an issue of Securities is posted on EMMA.

Section 6.02. Education and Training. The City shall conduct periodic training to assist the Disclosure Coordinator, Employees and the City Council, as necessary and appropriate, in understanding and performing their responsibilities under this Policy. Such training sessions may include a review of this Policy, the disclosure obligations under the Disclosure Agreement(s), applicable federal and state securities laws, including the Listed Events in Exhibit A, and the disclosure responsibilities and potential liabilities of members of City staff and members of the City Council. Training sessions may include meetings with Bond Counsel, retained Disclosure Counsel, if any, Dissemination Agent, if any, or Financial Advisor, and teleconferences, attendance at seminars or conferences where disclosure responsibilities are discussed, and/or recorded presentations. Disclosure Coordinator shall maintain a record of training activities in furtherance of this Policy.

Section 6.03. Public Statements Regarding Financial Information. Whenever the City makes statements or releases information relating to its finances to the public that is reasonably expected to reach investors and the trading markets (including, without limitation, all Listed Event notices, statements in the annual financial reports, and other financial reports and statements of the City), the City is obligated to ensure that such statements and information are accurate and complete in all material aspects. The Disclosure Coordinator shall assist the Mayor, Clerk's Office, City Attorney, and City Council in ensuring that such statements and information are accurate and not misleading in any material aspect. Investment information published on the City's website shall include a cautionary statement referring investors to EMMA as the official repository for the City's Securities-related data.

EXHIBIT A

LISTED EVENTS

The following events automatically trigger a requirement to file on EMMA within ten (10) business days of their occurrence (listed events are subject to change by the SEC):

(1) Principal and interest payment delinquencies;

(2) Non-payment related defaults, *if material*;

(3) Unscheduled draws on debt service reserves reflecting financial difficulties;

(4) Unscheduled draws on credit enhancements reflecting financial difficulties;

(5) Substitution of credit or liquidity providers, or their failure to perform;

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;

(7) Modifications to rights of security holders, *if material*;

(8) Bond calls, *if material*, and tender offers;

(9) Defeasances;

(10) Release, substitution, or sale of property securing repayment of the securities, *if material*;

(11) Rating changes;

(12) Bankruptcy, insolvency, receivership or similar event of the obligated person[2];

Note to paragraph (b)(5)(i)(C)(12):
For the purposes of the event identified in paragraph (b)(5)(i)(C)(12) of this section, the event is considered to occur when any of the following occur:

[2] The term "obligated person" for purposes of the Rule shall mean the party, if other than the City, responsible for the Securities, e.g. in a conduit issue sold through the City, the conduit party would be the "obligated person" under the Disclosure Agreement.

The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, 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 obligated person.

(13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, 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*;

(14) Appointment of a successor or additional trustee or the change of name of a trustee, *if material*;

Additionally, the following events apply to Disclosure Agreements entered into by the City on or after February 27, 2019:

(15) Incurrence of a Financial Obligation of the obligated person, *if material**, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, *if material**; and

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

*Materiality is determined upon the incurrence of each distinct Financial Obligation, taking into account all relevant facts and circumstances. A Financial Obligation is considered to be incurred when it is enforceable against the City. Event notices for Financial Obligations (e.g. under 15 and 16 above) should generally include a description of the material terms of the Financial Obligation, including: (i) date of the incurrence, (ii) principal amount, (iii) maturity and amortization; (iv) interest rate(s), if fixed, or method of computation, if variable, (v) other appropriate terms, based on the circumstances. In addition to a summary of material terms, the City may alternatively, or in addition, submit related materials, such as transaction documents (which may require some

redaction), terms sheets prepared in connection with the Financial Obligation, or continuing covenant agreements or financial covenant reports.

EXHIBIT B

Suggested Practices in Submitting Annual Financial Information to EMMA*

Annual Financial Information is to be submitted to EMMA as follows:

- through the EMMA Dataport;
- in one or more electronic word-searchable portable document format files configured to permit documents to be saved, viewed, printed and retransmitted by electronic means ("properly formatted pdf file"); and
- indexed by the submitter as "Annual Financial Information and Operating Data" – this EMMA indexing category should be used for all submissions consisting of one or both parts of an annual financial information submission. A submission should be indexed in EMMA by the submitter as "Annual Financial Information and Operating Data" if it consists of complete annual financial information (including audited financial statements and/or the CAFR).

If the audited financial statements have not been prepared in time to meet the deadline:

- file unaudited financial statements with a notice to the effect that the unaudited financial statements are being provided pending completion of audited financial statements and that the audited financial statements will be submitted to EMMA when they have been prepared.

If annual financial information is provided by reference to other submitted documents file:

- a notice that includes specific reference to a document available on the EMMA website or the SEC (such as, but not limited to, an official statement), to the extent that such document in fact includes the information required to be include in the annual financial information; and
- the submitter should confirm that such document in fact is available from the EMMA website or the SEC and should include in such notice (A) a textual description of the document that includes the required information, with sufficient detail for a reasonable person to determine the precise document being referenced, and (B) an active hyperlink to the pdf file of such document as then posted on the EMMA website or to the SEC's EDGAR system; further, if such document includes audited financial

statements, the submitter should also index such submission as "Audited Financial Statements or CAFR" in addition to (but not instead of) "Annual Financial Information and Operating Data" unless the submitter submits such audited financial statements separately to EMMA.

Failure to file notices are to be submitted to EMMA as follows:

- through the EMMA Dataport;
- as an electronic word-searchable and properly formatted pdf file; and
- indexed by the submitter as "Failure to Provide Annual Financial Information."

* Procedures subject to change

EXHIBIT C
DISCLOSURE AGREEMENT INVENTORY

Complete upon each new issuance

NAME OF ISSUE/PRINCIPAL AMOUNT	DATE OF ISSUE	FINAL MATURITY DATE	CUSIP FOR FINAL MATURITY	DATE BY WHICH ANNUAL REPORTS MUST BE FILED (OR "EXEMPTION" UNDER THE RULE)	ANNUAL REPORTS INFORMATION TO BE FILED	SOURCE OF INFORMATION	DATE INFORMATION WAS FILED
					1.	1.	
					1.	1.	

EXHIBIT D

FINANCIAL OBLIGATION INVENTORY

Update Upon Incurrence

DESCRIPTION OF SECURITY AND ORIGINAL PAR AMOUNT	DATE INCURRED	FINAL PAYMENT DATE	MATERIAL TERMS (RATES/PAYMENT/ DEFAULT/REMEDIES)	PLEDGED SECURITY	SOURCE OF INFORMATION	DATE INFORMATION WAS FILED ON EMMA