



Administrative Policy No. B-13

Updated as of: April 6, 2016

Approved: Dan Marting

CONTINUING DISCLOSURE COMPLIANCE PROCEDURES

- **PURPOSE:** To ensure compliance with applicable federal securities laws and continuing disclosure undertakings, the U.S. Securities and Exchange Commission (SEC) recommends that issuers of municipal bonds adopt procedures to govern compliance with respect to their continuing disclosure requirements.

1. BACKGROUND

Rule 15c2-12 (“Rule 15c2-12”) promulgated by the U.S. Securities and Exchange Commission (the “SEC”) pursuant to the Securities Exchange Act of 1934 requires certain information regarding an entity responsible for the repayment of bonds or other municipal securities (an “Issuer”) be disclosed to the municipal bond marketplace. The SEC, in its most recent amendment to Rule 15c2-12, enhanced the disclosure requirements of Issuers in an effort to improve the quality and availability of information regarding outstanding municipal securities. In the adopting release accompanying the amendment, S.E.C. Rel. No. 34-62184, the SEC states that the amendment is consistent with its “mandate to adopt rules reasonably designed to prevent fraudulent, deceptive or manipulative acts or practices in the market for municipal securities.” The release reiterates the SEC’s position that material non-compliance by an Issuer with past continuing disclosure obligations may warrant, without corrective actions, an underwriter being prohibited from underwriting such an Issuer’s municipal securities, and thus would prevent the Issuer from accessing the municipal securities market.

The following procedures are being adopted by the City of Indio (the “City”) to help ensure the City’s compliance with Rule 15c2-12 and its continuing disclosure obligations under the continuing disclosure agreements, or similar instruments (collectively, the “Continuing Disclosure Agreements”) executed by the City into in connection with its municipal securities obligations. Certain capitalized terms will have the respective meanings ascribed to them in the respective Continuing Disclosure Agreements.

2. DESIGNATION OF RESPONSIBLE OFFICER

As used herein, the term “Responsible Officer” shall mean the officer or other employee of the City responsible for compiling and filing Annual Reports and notices regarding enumerated events (“Event Notices”), if required, to be filed pursuant to the Continuing Disclosure Agreements. The initial Responsible Officer shall be the City’s Finance Director. From time to time, the City Manager may (or at the direction of the City Council, shall) designate a different person to serve as the Responsible Officer.

3. RESPONSIBLE OFFICER TO BECOME FAMILIAR WITH “EMMA” AND FILING REQUIREMENTS UNDER CONTINUING DISCLOSURE AGREEMENTS

(a) The Responsible Officer shall take such action as necessary or appropriate to become familiar with the SEC’s Electronic Municipal Market Access (“EMMA”) website. The Responsible Officer should understand how to locate on EMMA the filings made by the City in connection with the municipal securities issued by the City. If the City is serving as its own Dissemination Agent pursuant to a Continuing Disclosure Agreement, the Responsible Officer shall establish a user identification and password for EMMA and should become familiar with uploading documents onto EMMA.

(b) The Responsible Officer shall, for each separate issue of the City’s outstanding municipal securities to which Rule 15c2-12 applies, read the related Continuing Disclosure Agreement and identify the following:

- (i) The date by which the Annual Report must be filed;
- (ii) The contents that need to be included in the Annual Report;
- (iii) The Event Notices that must be filed; and
- (iv) When Event Notices are required to be filed.

(c) The Responsible Officer should be aware of the types of events identified in the Continuing Disclosure Agreement that would require the filing of an Event Notice (the “Listed Events”). If a clarification is required regarding what is meant by a Listed Event, the City’s bond counsel or disclosure counsel should be contacted to seek such clarification.

4. PREPARATION AND FILING OF ANNUAL REPORTS AND EVENT NOTICES

(a) The City will strive to begin the process of completing its audited financial statements as soon as practicable after the close of each Fiscal Year. Such audited financial statements should be completed in time for submitted to the Governing Board before the date that the Annual Report must be filed.

(b) The Responsible Officer shall identify any information that is required to be included in the Annual Report but is not part of the City’s audited financial statements, and contact the sources necessary to compile such information as soon as possible after the close of each Fiscal Year. To the extent the Responsible Officer deems appropriate, the City will consider adding any information required by its Continuing Disclosure Agreements not included already in its audited financial statements into a supplementary information section of its audited financial statements.

(c) Following the compilation of the information that is to be included in the Annual Report, the Responsible Officer shall, or cause the Dissemination Agent to, submit the Annual Report to EMMA on or before the date on which the Annual Report must be filed.

(d) Each year, by no later than the date that the Annual Report is required to be filed on EMMA, the Responsible Officer shall review the EMMA website to confirm that the Annual Report has been posted. If the Annual Report has not been posted, the Dissemination Agent should be notified, or the Responsible Officer should file the Annual Report, as applicable.

(e) The Responsible Officer shall, or with the assistance of consultants engaged to monitor compliance, identify the occurrence of a Listed Event and shall prepare, or have prepared, the appropriate disclosure. The Responsible Officer shall file, or cause the Dissemination Agent to file, Event Notices, when required by the Continuing Disclosure Agreements on EMMA in a timely manner. The Responsible Officer shall contact the City's bond counsel or disclosure counsel if there are any questions regarding whether an event constitutes a Listed Event, and whether such occurrence will require the filing of an Event Notice.

5. RETENTION OF RECORDS

(a) As relating to each Continuing Disclosure Agreement, the retained documents identified below should be retained for a period of at least six years following the termination of the City obligations under such Continuing Disclosure Agreement (*i.e.*, the legal defeasance, prior redemption or payment in full of the related issue of municipal securities).

(b) The City shall retain, in its records, the transcripts containing the documents related to each issue of municipal securities of the City.

(c) The City shall retain copies, in paper or electronic form, of each Listed Event Notice submitted to EMMA.

(d) The City shall retain copies, in paper or electronic form, of each Annual Report submitted to EMMA.

(e) To the extent that the content of an Annual Report is based on source materials created or obtained by the City, the City shall retain in its records, such source materials created or obtained by the City.