



Unified Government of Wyandotte County
and Kansas City, Kansas

Adopted: 6/5/2014

Debt and Securities Continuing Disclosure Matters Compliance Procedure

I. Authority:

The Mayor and the Board of Commissioners are responsible for legislation, policy formulation, and overall direction setting of the government. This includes the approval of financial policies which establish and direct the operations of Unified Government (UG). The County Administrator is responsible for carrying out the policy directives of the UG Board of Commissioners and managing the day-to-day operations of the executive departments, including the Finance Department. This policy shall be administered on behalf of the County Administrator by the Chief Financial Officer and the Debt Coordinator.

II. Purpose:

Section 2.1. Purpose of Compliance Procedure. The Issuer is required under the Continuing Disclosure Undertaking to provide disclosures of certain financial information and operating data and to file notices of certain material events to the marketplace to facilitate informed secondary market trading in Bonds issued by the Issuer. The Issuer is committed to full compliance with the securities law requirements for all of its outstanding and future financings. This Compliance Procedure is adopted by the Governing Body to comply with Securities and Exchange Commission directives and to improve securities law compliance and documentation.

III. Applicability and Scope:

Section 2.2. Scope of Compliance Procedure; Conflicts.

This Compliance Procedure applies to all Bonds currently outstanding and all Bonds issued in the future. If the provisions of this Compliance Procedure conflict with a Continuing Disclosure Undertaking, the terms of the Continuing Disclosure Undertaking will supersede and govern in lieu of this Compliance Procedure.

Section 2.3. Amendments and Publication of Compliance Procedure.

This Compliance Procedure may be amended from time-to-time by the Governing Body. Copies of this Compliance Procedure and any amendments will be included in the permanent records of the Issuer.

IV. Policy:

BOND COMPLIANCE OFFER AND TRAINING

Section 3.1. Bond Compliance Officer Duties.

The Bond Compliance Officer is responsible for implementing this Compliance Procedure. The Bond Compliance Officer will consult with Bond Counsel, legal counsel to the Issuer, accountants, tax return preparers and other outside experts to the extent necessary to carry

out the purposes of this Compliance Procedure. The Bond Compliance Officer will report to the Governing Body as necessary regarding implementation of this Compliance Procedure and any recommended changes or amendments to this Compliance Procedure.

Section 3.2. Training.

- (a) Training Programs. When appropriate, the Bond Compliance Officer and/or other employees of the Issuer under the direction of the Bond Compliance Officer will attend training programs offered by the SEC, the Issuer's Financial Advisor, Bond Counsel, or other industry professionals regarding securities law and continuing disclosure requirements applicable to the Bonds that are relevant to the Issuer.
- (b) Change in Bond Compliance Officer. Any time an individual acting as the Bond Compliance Officer passes the responsibilities for carrying out the provisions of this Compliance Procedure to another individual, the Issuer will ensure the incoming individual acting as Bond Compliance Officer is trained on how to implement the policies and procedures included in this Compliance Procedure to ensure the Issuer's continued compliance with the provisions of this Compliance Procedure and all Continuing Disclosure Undertakings for any outstanding Bonds.

SET-UP AND ONGOING IMPLEMENTATION PROCESS

Section 4.1. Initial Set-Up.

As soon as practicable after adoption of this Compliance Procedure, the Bond Compliance Officer will prepare an Annual Compliance Checklist that lists:

- (a) Each Bond issue that is subject to a Continuing Disclosure Undertaking;
- (b) The filing deadline for any financial information or operating data required to be filed under the Continuing Disclosure Undertaking;
- (c) A list of all required sections of any report required to be filed under the Continuing Disclosure Undertaking;
- (d) A list of any material events required to be filed under the Continuing Disclosure Undertaking, in addition to the events described in the Rule;
- (e) The status of the Issuer's compliance with all Continuing Disclosure Undertakings in effect during the prior five years.

Section 4.2. Prior to Issuance of Bonds.

- (a) Review Offering Documents. The Bond Compliance Officer will review all preliminary official statements or other offering documents for any Bonds to determine whether the offering document accurately describes the Issuer's compliance with all Continuing Disclosure Undertakings in effect during the five years prior to the date of such offering document.
- (b) Review Draft Continuing Disclosure Undertaking. The Bond Compliance Officer will consult with Bond Counsel to review each future Continuing Disclosure Undertaking. If necessary, the Bond Compliance Officer will confer with Bond Counsel and the Issuer's counsel regarding the meaning and scope of each obligation contained in the Continuing Disclosure Undertaking.

Section 4.3. After Issuance of Bonds – Update Annual Compliance Checklist.

As soon as practicable after the issuance of any new Bonds, the Bond Compliance Officer will be responsible for updating the Annual Compliance Checklist with respect to the new

Bonds and the obligations contained in the associated Continuing Disclosure Undertaking related to the new Bonds.

FILING PROCEDURES

Section 5.1. Disclosure Filings.

For each issuance of Bonds, the Bond Compliance Officer will prepare or will cause to be prepared the financial information and operating data required to be included in the Report to be filed by the Issuer with the MSRB on EMMA. The Bond Compliance Officer will cause the Report to be filed with the MSRB on EMMA within the time limits provided in the Continuing Disclosure Undertaking for the Bonds. If the Bond Compliance Officer has contracted with a third party to make Report filings on the Issuer's behalf, the Bond Compliance Officer will request and review proof that such filings have been made on the Issuer's behalf.

Section 5.2. Material Event Disclosure Filings.

For each outstanding issue of Bonds, the Bond Compliance Officer will review the Continuing Disclosure Undertaking to determine the "material events" that require prompt notice to be filed with the MSRB. Generally, the occurrence of any of the following events with respect to the Bonds represents a "material event:"

- (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 IRS 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 Bonds, or other material events affecting the tax status of the Bonds;
- (7) modifications to rights of bondholders, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the obligated person;
- (13) the consummation of a merger, consolidation, or acquisition involving the 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; and
- (14) appointment of a successor or additional trustee or the change of name of the trustee, if material.

After obtaining actual knowledge of the occurrence of any event that the Bond Compliance Officer believes may constitute an event requiring disclosure, the Bond Compliance Officer will contact Bond Counsel to determine if notice of the event is required to be given to the MSRB under the Continuing Disclosure Undertaking. If it is determined that notice should be provided to the MSRB or is required to be provided to the MSRB by the Continuing Disclosure Undertaking, the Bond Compliance Officer will cause the appropriate notice to be

filed with the MSRB on EMMA within 10 business days after the occurrence of the event or as otherwise directed by Bond Counsel.

V. Quality Control and Quality Assurance:

It is the responsibility of the Chief Financial Officer to ensure the presence of procedures that provide sufficient guidance to affected Unified Government personnel to fulfill the intent of this policy.

These policies will be reviewed at least annually and updated on an as-needed basis.

VI. Metrics:

To be developed and managed accordingly.

VII. Definitions and Acronyms:

- A. **Bonds** – means any bond, note, installment sale agreement, lease or certificate intended to be a debt obligation of the Issuer or another political subdivision or government instrumentality, subject to the Rule or for which the Issuer has entered into a Continuing Disclosure Agreement.
- B. **Bond Compliance Officer** - means, with respect to the Issuer’s Utility System Revenue Bonds, the Manager of Accounting and Finance/CFO of the Board of Public Utilities, and with respect to all other Governmental Tax-Exempt Bonds, the Issuer’s Chief Financial Officer or, if the position of Chief Financial Officer is vacant, the person filling the responsibilities of the Chief Financial Officer for the Governing Body.
- C. **Bond Counsel** - means a law firm selected by the Issuer to provide a legal opinion regarding the tax status of interest on Tax-Exempt Bonds as of the issue date or the law firm selected to advise regarding matters referenced in this Compliance Procedure.
- D. **Compliance Procedure** - means this Compliance Procedure – Securities and Continuing Disclosure Matters.
- E. **Continuing Disclosure Undertaking** - means the Continuing Disclosure Agreement(s), Continuing Disclosure Undertaking(s), Continuing Disclosure Instructions or other written certification(s) and agreements of the Issuer setting out covenants for satisfying the Issuer’s requirements for providing information to the MSRB pursuant to SEC Rule 15c2-12 on an ongoing basis for one or more Bond issues.
- F. **“EMMA”** - means the Electronic Municipal Market Access system for municipal securities disclosures established and maintained by the MSRB, which can be accessed at www.emma.msrb.org.
- G. **Governing Body** - means the Commission of the Issuer.
- H. **Issuer** - means the Unified Government of Wyandotte County/Kansas City, Kansas.
- I. **MSRB** - means the Municipal Securities Rulemaking Board, or any successor repository designated as such by the Securities and Exchange Commission in accordance with the Rule.
- J. **Report** - means the Issuer’s audited financial statements (or unaudited financial statements as permitted by the Continuing Disclosure Undertaking for the Bonds) and certain other financial information and operating data required to be filed with the MSRB for the Bonds. Such financial information and operating data shall be filed at least annually or more frequently as required by any Continuing Disclosure Undertaking.

- K. **Rule** - means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

VIII. Related Documents and References:

- A. Debt Policy
- B. Tax-Exempt Financing Compliance Policy