

# Council Policy 4-3 Municipal Securities Disclosure Policy

City of Lawton,  
Oklahoma

212 SW 9th Street  
Lawton, OK 73501

## TABLE OF CONTENTS

A. Purpose	
B. Scope	
C. Responsibilities of the Disclosure Working Group	
D. Responsibilities of the Disclosure Coordinator	2
E. Annual Reporting Requirements	2
F. Event Notice Requirements	3
G. Voluntary Disclosure	4
H. Third Party Information/Quarterly Disclosure Requirements	4
I. Coordinating Continuing Disclosure with Primary Disclosure	4
J. Website Disclosure	5
K. Training for Employees and Issuer Officials	5
L. Responsible Department	5
M. Effective Date	5
Appendix A	
List of Disclosure Documents (To Be Updated As Necessary)	
Appendix B	
Continuing Disclosure Agreements and Requirements	
Appendix C	
CUSIPs	

## **A. Purpose.**

The City of Lawton, Oklahoma (the "City") is committed to providing timely and consistent dissemination of financial information in accordance with the City's continuing disclosure undertakings entered into to satisfy Securities and Exchange Commission ("SEC") Rule 15c2-12 (the "Rule").

This policy affirms the City's commitment to accurate and timely disclosure. The goal is to establish and maintain guidelines for presenting the City's Disclosure Documents (as listed on Appendix A to this Policy) and specified events (as listed in Paragraph F of this Policy) to interested third parties, financial institutions and the general public in compliance with the federal securities laws and the City's continuing disclosure undertakings.

## **B. Scope**

For purposes of this Policy, the City shall mean the City of Lawton and those independent trusts, authorities, component units, or other entities created by the City Council or State law for which the City Council serves as the governing or legislative body, or for which at least one Council member serves as a member of the governing or legislative body in his or her official capacity, and the City has agreed to provide initial and/or continuing disclosure in connection with the issuance of securities.

This policy covers all City employees and officials of the City who are responsible for preparing, reviewing, or approving disclosure documents.

## **C. Responsibilities of the Disclosure Working Group**

A Disclosure Working Group (DWG), consisting of the City Manager, City Attorney, Finance Director, Supervisor of Financial Services, Disclosure Coordinator and other staff members appointed by the City Manager shall review, discuss, and approve the form and content of any Disclosure Document before such document is listed with the Municipal Securities Rulemaking Board's (MSRB) Electronic Municipal Market Access (EMMA) System [www.emma.msrb.org](http://www.emma.msrb.org), posted on the City's website, or otherwise released to the public.

The DWG will evaluate the effectiveness of this Policy and review and propose updates to, if necessary, this disclosure policy on an annual basis.

The City's primary spokesperson related to the City's financial information, debt and financings, and other financial reports and events is the City's Finance Director. Others within the City may, from time to time, be designated by the Finance Director as spokespersons on behalf of the City and respond to specific inquiries. It is essential that the DWG be fully apprised of all material developments of the City in order to evaluate, discuss those events and determine the appropriateness and timing for release.

The City or its designated agent will provide continuing disclosure documents and related information to EMMA. The continuing disclosure documents, which include annual financial statements, operating data of the City, and event notices, will be posted to the EMMA website

by the City's Disclosure Dissemination Agent, Digital Assurance Certification, LLC ("DAC"), or its successor.

#### **D. Responsibilities of the Disclosure Coordinator**

The Disclosure Coordinator, under the supervision of the Finance Director, and in consultation with the City Attorney as necessary, is responsible for:

- (1) Serving as the point of contact for personnel to communicate issues or information that should be or may need to be included in any Disclosure Document;
- (2) Monitoring compliance by the City with this Disclosure Policy, including timely dissemination of the annual report and event notice filings;
- (3) Recommending changes to this Disclosure Policy to the DWG as necessary or appropriate;
- (4) Consulting and coordinating with the City's Financial Advisor, Bond Counsel, Disclosure Counsel, and Dissemination Agent, as needed, in the preparation and dissemination of Disclosure Documents;
- (5) In anticipation of preparing Disclosure Documents, soliciting material information from City departments;
- (6) Maintaining records documenting the City's compliance with this Policy;
- (7) Determining when Disclosure Documents are ready for review by the DWG to the extent required by this Policy; and
- (8) Coordinating on-going training of City staff/officials required by this Policy.

#### **E. Annual Reporting Requirements**

Under the continuing disclosure agreements the City has entered into in connection with its securities offerings, the City is required annually to file reports with the MSRB EMMA System in accordance with such undertakings. These annual reports are required to include certain updated financial information and operating data, and the City's audited financial statements.

The City's Independent Auditor, along with the Finance Director, submits the audited financial statements to the City Council for its review and acceptance prior to the audited financial statements being filed with EMMA. The Disclosure Coordinator will ensure the preparation of the City's annual financial information and operating data shall commence in a timely manner as required to maintain compliance with each specific continuing disclosure undertaking. Before filing the financial information/operating data with EMMA, the Disclosure Coordinator shall confer with Disclosure Counsel and the DWG regarding the content and accuracy of the information/ data.

In the event the annual reports are not finalized in time to meet the deadlines for filing, notices of failure to file shall be filed with EMMA to be followed by filing of the reports once finalized.

Appendix B contains the Continuing Disclosure Agreements and the disclosure requirements for the debt issues which are subject to the Rule. The CUSIP numbers for each of these debt issues are attached as Appendix C. For a current list of the City's debt issues, including those which are

not subject to the Rule, please refer to the City's long-term debt note found in its most current Audited Financial Statements.

## **F. Event Notice Requirements**

1. For any debt issues (subject to the City's continuing disclosure undertakings entered into to satisfy SEC Rule 15c2-12) issued on or after December 1, 2010, certain events listed in the undertakings of the type below are required to be provided to the City's Disclosure Dissemination Agent, for further filing with the MSRB, in a timely manner not in excess of *ten (10) business days of their occurrence*. The specific disclosure requirements in each Continuing Disclosure Agreement for each debt issue contained in Appendix B shall be reviewed and followed.

The City's Finance Director, with the assistance of the Disclosure Coordinator, will be responsible for monitoring the occurrence of these events, determining (if necessary) their materiality, and notifying the Dissemination Agent of the occurrence of an event for further filing with the MSRB.

“Financial Obligation” referred to herein means a: (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as a security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). This term shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

- Principal and interest payment delinquencies
- Non-payment related defaults, if material
- Unscheduled draws on debt service reserves reflecting financial difficulty
- Unscheduled draws on credit enhancements reflecting financial difficulty
- Substitution of credit or liquidity providers, or their failure to perform
- Adverse tax opinions, the issuance by the IRS of proposed or final determination of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices of determination with respect to the tax status of the security or other material events affecting the tax status of the security
- Modifications to rights of securities holders, if material
- Bond calls, if material, and tender offers
- Defeasances
- Release, substitution, or sale of property securing repayment of the securities, if material
- Rating changes
- Bankruptcy, insolvency, receivership or similar event of the obligated person
- 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
- Appointment of a successor or additional trustee or the change of name of a trustee, if material

- Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material
- Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

2. For any debt issues (subject to the City's continuing disclosure undertakings entered into to satisfy SEC Rule 15c2-12) issued prior to December 1, 2010, certain events listed in the undertakings of the type below, *if determined to be material*, would need to be provided to the City's Disclosure Dissemination Agent, for further filing with the MSRB "in a timely

manner." The specific disclosure requirements in each Continuing Disclosure Agreement for each debt issue contained in Appendix B shall be reviewed and followed.

- Principal and interest payment delinquencies
- Non-payment related defaults
  - Unscheduled draws on debt service reserves reflecting financial difficulty
- Unscheduled draws on credit enhancements reflecting financial difficulty
- Substitution of credit or liquidity providers, or their failure to perform
- Adverse tax opinions, or events affecting the tax-exempt status of the security
- Modifications to rights of security holders
- Bond calls
- Defeasances
- Release, substitution, or sale of property securing repayment of the securities
- Rating changes

3. The DWG shall meet to discuss listed events such as above and determine, in consultation with Disclosure Counsel, whether a filing is required or is otherwise desirable.

#### **G. Voluntary Disclosure**

In addition to preparing and filing annual reports and event notices, the City may wish to keep investors informed by providing information that is not required to be provided under the Rule (for example, direct placements with banks, i.e., "bank loans") or its continuing disclosure undertakings. Examples of such types of information are investments, interim financial information, capital improvement plans, fund balance policies, etc. and financial forecasts.

Because providing this information is voluntary, the City's Finance Director, with the assistance of the Disclosure Coordinator, must constantly monitor and seek out events which may impact the City so that a determination can be made if the event should be disclosed.

#### **H. Third Party Information/Quarterly Disclosure Requirements**

Currently, the City is not required to file interim financial information. In the future, if such filings are required in continuing disclosure undertakings, the City's Disclosure Coordinator will notify the Disclosure Dissemination Agent for assistance when these filings become necessary.

#### **I. Coordinating Continuing Disclosure with Primary Disclosure**

As set forth under Paragraph C, the DWG will be responsible for collecting and viewing information set forth in official statements prepared in connection with new bond offerings.

The "Management's Discussion and Analysis" from the prior year's audited financial statements should be reviewed to ensure that the unaudited information which was provided in that portion of the financial statements is updated.

Careful review of the long-term debt notes in the financial statements and the checking of all bond ratings before each EMMA filing should be made. Measures should be taken to assure

information publicly available to investors is accurate.

**J. Website Disclosure**

The City may elect to maintain a financial information section on the City's Website. Coordination between the DWG and the City's website manager is essential before posting of any financial information is made. The Finance Director, with the assistance of the Disclosure Coordinator, will be responsible for monitoring website content and reviewing the information set forth on such website for completeness and accuracy. Appropriate "disclaimer" language on the website will be required in order to educate the viewer in terms of where information can be found and the viewer's acknowledgement of the limitations on the reliance of such information.

**K. Training for Employees and Issuer Officials**

For City officials, compliance with federal securities law should be considered as important as compliance with open meetings and records laws. On-going education coordinated by the Disclosure Coordinator will involve guest speakers, webinars and conference attendance.

Upon the adoption of this policy and bi-annually thereafter, the Disclosure Coordinator will arrange training to be conducted by the City's Disclosure Counsel. Such training will include education on disclosure procedures under this Policy, the City's disclosure obligations under applicable federal and state securities laws, and the disclosure responsibilities and potential liabilities of members of the City staff and City Council.

Without additional charge under its agreement with the City, DAC also provides 12 hours of training annually on topics related to municipal securities continuing disclosure filing requirements, in which the City's employees and officials may participate. The Disclosure Coordinator will arrange for the attendance of the DWG and other City employees/officials, as appropriate, at each training session.

**L. Responsible Department:** Finance

**M. Effective Date:** This revised policy became effective on the \_\_\_ day of October, 2019.

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STANLEY BOOKER, MAYOR



## Appendix A

### **LIST OF DISCLOSURE DOCUMENTS, TO BE AMENDED BY CITY AS NECESSARY**

1. Preliminary and final official statements, private placement memoranda and remarketing memoranda relating to the City's securities, together with any supplements .
2. Financial Statements.
3. Annual Financial Information and Operating Data
4. Event notices listed in this Policy
5. Filings made by the City with the MSRB, whether made pursuant to a continuing disclosure undertaking to which the City is a party or otherwise.
6. Press releases and other information distributed by the City for public dissemination to the extent that such releases are reasonably expected, in the determination of the Disclosure Working Group, to reach investors and the trading markets for municipal securities.
7. Rating agency presentations.
8. Postings on the investor information section of the City's website.
9. Such portions of the City's published adopted annual budget as the Disclosure Working Group determines to be appropriate, which shall at a minimum include the executive summary.
10. Any other communications that are reasonably expected, in the determination of the Disclosure Working Group, to reach investors and the trading markets for municipal securities.

## Appendix B

### Continuing Disclosure Agreements and Requirements

(Refer to the CDA link below the Policies and Procedures icon on the Digital Assurance Certification (DAC) website.)

## Appendix C

### CUSIPs

(Refer to the CUSIPs link below the Policies and Procedures icon.)

	<b>Bond Issue</b>	<b>MAX CUSIP</b>
1	Series 2017 G.O. Bonds	520876QN6
2	Series 2016 G.O. Bonds	520876QM8
3	Series 2013 G.O. Combined Purpose Bonds	520876QC0
4	Series 2012 G.O. Refunding Bonds (matured 7-1-2016)	520876P T4
5	Series 2008 G.O. Limited Tax Bonds	520876PN7
6	Series 2005 G.O: Limited Tax Bonds	520876NE9
7	Series 2004 Sales Tax & Utility System Revenue Bonds (AMBAC) (matured 1-1-2012)	521019BH1
8	Series 2003 G.O. Bonds (matured 7-1-2011)	520876MC4
9	Series 2002 G.O. Bonds (MBIA) (matured 7-1-2012)	520876LV3
10	Series 2001 G.O. Bonds (FGIC) (called 7-1-2012)	520876LL5

### **Bond Issue Purpose Summary**

- Series 2017 -** Streets and Roadway Improvement
- Series 2016 -** Fire Dept Facility Construction
- Series 2013 -** Initial Stage Fire Facility Construction  
Solid Waste Management Facilities Construction
- Series 2012 -** Refund Series 2001 Bonds
- Series 2008 -** Downtown Historical Preservation Projects  
Sanitary Sewer System Improvements
- Series 2005 -** Sanitary Sewer System Improvements  
Economic Development - Center for Emerging Technology & Entrepreneurial Studies m  
Conjunction with Cameron University
- Series 2004 -** Water System Improvements  
Street Improvement  
Computer Hardware & Software Purchase  
Drainage System Improvements Wastewater  
System Improvements
- Series 2003 -** Street Improvements
- Series 2002 -** Water System Improvements
- Series 2001 -** Water System Improvements  
Fire Station Improvements  
Street Improvements