

VILLAGE OF LOMBARD
REQUEST FOR BOARD OF TRUSTEES ACTION
For Inclusion on Board Agenda

 X Resolution or Ordinance (Blue) *Waiver of First Requested*
 Recommendations of Boards, Commissions & Committees (Green)
 Other Business (Pink)

TO: PRESIDENT AND BOARD OF TRUSTEES

FROM: Scott Niehaus, Village Manager

DATE: May 31, 2018 (COW)(B of T) June 21, 2018

TITLE: A Resolution Approving Policies And Procedures For Preparing And Updating
Disclosures As Required Under The Federal Securities Laws For The Village Of
Lombard, DuPage County, Illinois

SUBMITTED BY: Timothy Sexton, Director of Finance

BACKGROUND/POLICY IMPLICATIONS:

Please see memo attached.

The Finance and Administration Committee reviewed this information at their meeting on May 21, 2018, and voted unanimously to recommend the approval of the Disclosure Policies and Procedures to the Village President and Board of Trustees.

Review (as necessary):

Village Attorney X _____ Date _____
Finance Director X _____ Date _____
Village Manager X _____ Date _____

NOTE: All materials must be submitted to and approved by the Village Manager's Office by 12:00 noon, Wednesday, prior to the Agenda Distribution.



To: Village President and Board of Trustees

From: Timothy Sexton
Director of Finance

Date: May 31, 2018

Subject: Recommendation of the Finance and Administration Committee on Disclosure Policies and Procedures

Please find attached the Disclosure Policies and Procedures that was reviewed by the Finance and Administration Committee at their May 21st meeting. The Village's Bond Counsel, Chapman and Cutler, recommended adopting disclosure policies in light of the step-up by the Securities and Exchange Commission in enforcement actions in the public finance industry. This policy is referenced in the Debt Management Policy also on the agenda for the June 21st Village Board meeting.

The Finance and Administration Committee reviewed this information at their meeting on May 21, 2018, and voted unanimously to recommend the approval of the Disclosure Policies and Procedures to the Village President and Board of Trustees.

RESOLUTION _____-18

A RESOLUTION APPROVING POLICIES AND PROCEDURES FOR PREPARING AND UPDATING DISCLOSURES AS REQUIRED UNDER THE FEDERAL SECURITIES LAWS FOR THE VILLAGE OF LOMBARD, DUPAGE COUNTY, ILLINOIS

WHEREAS, the President and Board of Trustees (the "*Board*") of the Village of Lombard, DuPage County, Illinois (the "*Village*"), has determined that it is necessary and in the best interest of the Village to ensure compliance with its responsibilities under federal securities laws, including its continuing disclosure undertakings (the "*Undertakings*") under Rule 15c2-12 of the Securities Exchange Act of 1934, as amended (the "*Rule*"), and the statements of the Securities and Exchange Commission (the "*SEC*") in enforcement actions; and

WHEREAS, it is necessary and in the best interest of the Village that the Village adopt appropriate policies and procedures (the "*Disclosure Policies and Procedures*") and training to enable the Village to create accurate disclosures with respect to its (i) preliminary official statements, final official statements and any supplements or amendments thereto, disseminated by the Village pursuant to the issuance by the Village of any bonds, notes, certificates or other obligations, (ii) Financial Information, as required by and defined in the Undertakings to be filed with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("*EMMA*") system, and (iii) notices of Material Events or Reportable Events, each as defined in the Undertakings, and any other required or voluntary disclosures to EMMA;

NOW, THEREFORE, Be It Resolved by the President and Board of Trustees of the Village of Lombard, DuPage County, Illinois, as follows:

SECTION 1. The Board hereby finds that all of the recitals contained in the preambles to this Resolution are full, true and correct and does incorporate them into this Resolution by this reference.

SECTION 2. The Board and the Village hereby adopt the Disclosure Policies and Procedures attached as *Exhibit A* hereto and made a part hereof and, in doing so, amend any similar disclosure policies and procedures heretofore adopted.

SECTION 3. If any section, paragraph, clause or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

SECTION 4. All resolutions or parts thereof in conflict herewith be and the same are hereby repealed and this Resolution shall be in full force and effect forthwith upon its adoption and approval as required by law.

Adopted this ____ day of _____, 2018, pursuant to a roll call vote as follows:

Ayes: _____

Nays: _____

Absent: _____

Approved by me this ____ day of _____, 2018

Keith Giagnorio, President, Village of Lombard,
DuPage County, Illinois

ATTEST:

Sharon Kuderna, Village Clerk, Village of Lombard,
DuPage County, Illinois

EXHIBIT A

VILLAGE OF LOMBARD, DUPAGE COUNTY, ILLINOIS (THE "VILLAGE") POLICIES AND PROCEDURES FOR PREPARING AND UPDATING DISCLOSURES

Pursuant to the Village's responsibilities under the securities laws, including its continuing disclosure undertakings (the "*Undertakings*") under Rule 15c2-12 of the Securities Exchange Act of 1934, as amended, and the Securities and Exchange Commission's statements in enforcement actions, it is necessary and in the best interest of the Village that the Village's (i) preliminary and final official statements or offering circulars and any supplements or amendments thereto (collectively, the "*Official Statements*"), disseminated by the Village in connection with any bonds, notes, certificates or other obligations, (ii) Annual Financial Information or Financial Information, as required by and defined in the Undertakings (the "*Annual Financial Information*") to be filed with the Municipal Securities Rulemaking Board's ("*MSRB*") Electronic Municipal Market Access ("*EMMA*") system, and (iii) notices of Material Events or Reportable Events, each as defined in the Undertakings, and any other required or voluntary disclosures to EMMA (each, an "*EMMA Notice*") comply in all material respects with the federal securities laws. Further, it is necessary and in the best interest of the Village that the Village adopt policies and procedures to enable the Village to create accurate disclosures with respect to its (i) Official Statements, (ii) Annual Financial Information, and (iii) EMMA Notices. Official Statements, Annual Financial Information and EMMA Notices are collectively referred to herein as the "*Disclosures*."

In response to these interests, the Village hereby adopts the following policies and procedures (the "*Disclosure Policy*"):

(a) *Disclosure Officer*. The Director of Finance of the Village (the "*Disclosure Officer*") is hereby designated as the officer responsible for the procedures related to Disclosures as hereinafter set forth (collectively, the "*Disclosure Procedures*").

(b) *Disclosure Procedures: Official Statements.* Whenever an Official Statement will be disseminated in connection with the issuance of obligations by the Village, the Disclosure Officer will oversee the process of preparing the Official Statement pursuant to the following procedures:

1. The Village shall select (a) the working group for the transaction, which group may include outside professionals such as disclosure counsel, a municipal advisor and an underwriter (the "*Working Group*") and (b) the member of the Working Group responsible for preparing the first draft of the Official Statement.

2. The Disclosure Officer shall review and make comments on the first draft of the Official Statement. Such review shall be done in order to determine that the Official Statement does not include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made in the Official Statement not misleading. Particular attention shall be paid to the accuracy of all descriptions, significant information and financial data regarding the Village. Examples include confirming that information relating to the Village, including but not limited to demographic changes, the addition or loss of major employers, the addition or loss of major taxpayers or any other material information within the knowledge of the Disclosure Officer, is included and properly disclosed. The Disclosure Officer shall also be responsible for ensuring that the financial data presented with regard to the Village is accurate and corresponds with the financial information in the Village's possession, including but not limited to information regarding bonded indebtedness, notes, certificates, outstanding leases, tax rates or any other financial information of the Village presented in the Official Statement.

3. After completion of the review set forth in 2. above, the Disclosure Officer shall (a) discuss the first draft of the Official Statement with the members of the Working Group and such staff and officials of the Village as the Disclosure Officer deems necessary and appropriate and (b) provide comments, as appropriate, to the members of the Working Group. The Disclosure Officer shall also consider comments from members of the Working Group and whether any additional changes to the Official Statement are necessary or desirable to make the document compliant with the requirements set forth in 2. above.

4. The Disclosure Officer shall continue to review subsequent drafts of the Official Statement in the manner set forth in 2. and 3. above.

5. If, in the Disclosure Officer's reasonable judgment, the Official Statement does not include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made in the Official Statement not misleading, the Official Statement may, in the reasonable discretion of the Disclosure Officer, be released for dissemination to the public; *provided,*

however, that the use of the Official Statement must be ratified, approved and authorized by the President and Board of Trustees of the Village (the “Board”).

(c) *Disclosure Procedures: Annual Financial Information.* The Disclosure Officer will oversee the process of preparing the Annual Financial Information pursuant to these procedures:

1. By October 15th of each year (the same being at least 30 days prior to the last date on which the Annual Financial Information is required to be disseminated pursuant to the related Undertaking), the Disclosure Officer shall begin to prepare (or hire an agent to prepare) the Annual Financial Information. The Disclosure Officer shall also review the audited or unaudited financial statements, as applicable, to be filed as part of the Annual Financial Information (the “*Financial Statements*”). In addition to the required updating of the Annual Financial Information, the Disclosure Officer should consider whether additional information needs to be added to the Annual Financial Information in order to make the Annual Financial Information, including the Financial Statements, taken as a whole, correct and complete in all material respects. For example, if disclosure of events that occurred subsequent to the date of the Financial Statements would be necessary in order to clarify, enhance or correct information presented in the Financial Statements, in order to make the Annual Financial Information, taken as a whole, correct and complete in all material respects, disclosure of such subsequent events should be made.

2. If, in the Disclosure Officer’s reasonable judgment, the Annual Financial Information, including the Financial Statements, is correct and complete in all material respects, the Disclosure Officer shall file the Annual Financial Information with EMMA (or confirm that such filing is completed by any agent hired by the Village for such purpose) within the timeframe allowed for such filing.

(d) *Disclosure Procedures: EMMA Notices.* Whenever the Village determines to file an EMMA Notice, or whenever the Village decides to make a voluntary filing to EMMA, the Disclosure Officer will oversee the process of preparing the EMMA Notice pursuant to these procedures:

1. The Disclosure Officer shall prepare (or hire an agent to prepare) the EMMA Notice. The EMMA Notice shall be prepared in the form required by the MSRB.

2. In the case of a disclosure required by an Undertaking, the Disclosure Officer shall determine whether any changes to the EMMA Notice are necessary to make the document compliant with the Undertaking.

3. If, in the Disclosure Officer’s reasonable judgment, the EMMA Notice is correct and complete and, in the case of a disclosure required by an

Undertaking, complies with the Undertaking, the Disclosure Officer shall file the EMMA Notice with EMMA (or confirm that such filing is completed by any agent hired by the Village for such purpose) within the timeframe allowed for such filing.

(e) *Additional Responsibilities of the Disclosure Officer.* The Disclosure Officer, in addition to the specific responsibilities outlined above, shall have general oversight of the entire disclosure process, which shall include:

1. Scheduling email reminders with EMMA to help ensure timely filing of the Village's Annual Financial Information;
2. Maintaining appropriate records of compliance with this Disclosure Policy (including proofs of EMMA filings) and decisions made with respect to issues that have been raised;
3. Evaluating the effectiveness of the procedures contained in this Disclosure Policy; and
4. Making recommendations to the Board as to whether revisions or modifications to this Disclosure Policy are appropriate.

(f) *General Principles.*

1. All participants in the disclosure process should be encouraged to raise potential disclosure items at all times in the process.
2. The process of revising and updating the Disclosures should not be viewed as a mechanical insertion of current numbers. While it is not anticipated that there will be major changes in the form and content of the Disclosures at the time of each update, the Disclosure Officer should consider whether such changes are necessary or desirable in order to make sure the Disclosure does not make any untrue statement of a material fact or omit to state a material fact necessary or desirable, in order to make the statements made, in light of the circumstances in which they were made, not misleading at the time of each update.
3. Whenever the Village releases information, whether in written or spoken form, that may reasonably be expected to reach investors, it is said to be "speaking to the market." When speaking to the market, Village officials must be sure that the released information does not make any untrue statement of a material fact or omit to state a material fact necessary or desirable, in order to make the statements made, in light of the circumstances in which they were made, not misleading.

4. While care should be taken not to shortcut or eliminate any steps outlined in this Disclosure Policy on an ad hoc basis, the review and maintenance of the Disclosures is a fluid process and recommendations for improvement of these Disclosure Procedures should be solicited and regularly considered.

5. The Disclosure Officer is authorized to request and pay for attendance at relevant conferences or presentations or annual training sessions conducted by outside counsel, consultants or experts in order to ensure a sufficient level of knowledge for the effective administration of this Disclosure Policy.