

Operational Services

Incurring Debt ¹

The Superintendent shall provide early notice to the School Board of the District's need to borrow money. The Superintendent or designee² shall prepare all documents and notices necessary for the Board, at its discretion, to: (1) issue State Aid Anticipation Certificates,³ tax anticipation warrants,⁴ working cash fund bonds,⁵ bonds,⁶ notes,⁷ and other evidence of indebtedness,⁸ or (2) establish a line of credit with a bank or other financial institution.⁹ The Superintendent shall notify the State Board of Education before the District issues any form of long-term or short-term debt that will result in outstanding debt that exceeds 75% of the debt limit specified in State law. ¹⁰

Bond Issue Obligations ¹¹

In connection with the Board's issuance of bonds, the Superintendent shall be responsible for ensuring the District's compliance with federal securities laws, including the anti-fraud provisions of

The footnotes are not intended to be part of the adopted policy; they should be removed before the policy is adopted.

¹ State law controls this policy's content. School districts are subject to a statutory debt limitation (105 ILCS 5/19-1(a)); other provisions in 5/19-1 contain exceptions. Not all forms of indebtedness are subject to the statutory debt limitations. Before incurring any debt, the board must be certain that the debt will be within the district's debt limitation.

² Boards that employ business managers may want to substitute "Business Manager", "Chief School Business Official", or another locally-equivalent title for "Superintendent or designee" and "Superintendent" as they appear throughout this policy; the business manager most commonly performs the duties described in this policy.

³ 50 ILCS 420/1 et seq. and 105 ILCS 5/18-18.

⁴ 105 ILCS 5/17-16.

⁵ 105 ILCS 5/20-2, 5/20-4, and 5/20-5; 30 ILCS 305/2.

⁶ 105 ILCS 5/19-1 et seq.; 30 ILCS 350/.

⁷ 50 ILCS 420/0.01 et seq. A district may borrow money and issue bonds for the purposes stated in 105 ILCS 5/19-3, provided the board properly adopted an election referendum and subsequently the voters approved the proposition. 10 ILCS 5/28-2. Districts have the authority to issue bonds for certain purposes without a referendum, e.g., School Fire Prevention and Safety Bonds, Working Cash Fund Bonds, Funding Bonds, and Insurance Reserve Bonds.

⁸ Other types of indebtedness include funding bonds and refunding bonds (105 ILCS 5/19-1 et seq.), as well as debt certificates and alternate bonds authorized by the Local Government Debt Reform Act (30 ILCS 350/)

⁹ 105 ILCS 5/17-17.

¹⁰ 105 ILCS 5/19-1.

¹¹ Optional. This subhead is offered for boards that want to: (1) expressly address their obligations to comply with federal securities laws; and (2) authorize the creation of written procedures to protect the status of tax-exempt (or otherwise tax-advantaged) bonds issued by the board. As a matter of best practice and to reduce potential future liabilities, many attorneys recommend that board policy address these obligations. Consult the board attorney and/or bond counsel for guidance.

The Internal Revenue Service strongly encourages, but does not currently require, issuers of tax-exempt bonds to establish written post-issuance compliance monitoring procedures. For guidance regarding the recommended content of such procedures, see *IRS Publication 4079, Tax-Exempt Governmental Bonds*, at: www.irs.gov/pub/irs-pdf/p4079.pdf. Such procedures may be included in a written bond resolution for a specific bond issue, and/or they may be established more generally. Consult the board attorney and/or bond counsel regarding the establishment of such procedures for tax-exempt bonds.

If a board does not accept this subhead, delete the Administrative Procedure Reference and the following Legal References: Securities Act of 1933, 15 U.S.C. §77a et seq.; Securities Exchange Act of 1934, 15 U.S.C. §78a et seq.; and 17 C.F.R. §240.15c2-12.

the Securities Act of 1933, as amended¹² and, if applicable, the continuing disclosure obligations under Rule 15c2-12 of the Securities Exchange Act of 1934, as amended.¹³

Additionally, in connection with the Board's issuance of bonds, the interest on which is excludable from *gross income* for federal income tax purposes, or which enable the District or bond holder to receive other federal tax benefits, the Board authorizes the Superintendent to establish written procedures for post-issuance compliance monitoring for such bonds to protect their tax-exempt (or tax-advantaged) status.

The Board may contract with outside professionals, such as bond counsel and/or a qualified financial consulting firm, to assist it in meeting the requirements of this subsection.¹⁴

LEGAL REF.: Securities Act of 1933, 15 U.S.C. §77a et seq.
Securities Exchange Act of 1934, 15 U.S.C. §78a et seq.
17 C.F.R. §240.15c2-12.
Bond Authorization Act, 30 ILCS 305/2.
Bond Issue Notification Act, 30 ILCS 352/.
Local Government Debt Reform Act, 30 ILCS 350/.
Tax Anticipation Note Act, 50 ILCS 420/.
105 ILCS 5/17-16, 5/17-17, 5/18-18, and 5/19-1 et seq.

CROSS REF.: 4:10 (Fiscal and Business Management)

ADMIN. PROC.: 4:40-AP (Preparing and Updating Disclosures)

The footnotes are not intended to be part of the adopted policy; they should be removed before the policy is adopted.

¹² 15 U.S.C. §77q.

¹³ 17 C.F.R. §240.15c2-12. See 4:40-AP, *Preparing and Updating Disclosures*, for a detailed set of sample procedures designed to facilitate a district's compliance with disclosure requirements of federal securities laws.

¹⁴ Delete the last paragraph of this subhead if the board does not want to include a sentence in this policy that addresses the use of outside professionals for assistance with compliance. Boards that regularly utilize outside professionals to assist them in meeting bond disclosure requirements may want to include this language to memorialize their current practice. Contracts for the services of individuals possessing a high degree of professional skill, such as attorneys and financial consultants, are exempt from competitive bidding requirements. 105 ILCS 5/10-20.21(a)(i).

Operational Services

Administrative Procedure - Preparing and Updating Disclosures

This sample administrative procedure has been adapted and printed with the express permission of Chapman and Cutler LLP. Chapman and Cutler LLP is pleased to provide this sample procedure as an example of factors issuers should consider under current law in preparing policies and procedures for post-issuance compliance with federal securities laws and regulations. It is intended to provide general guidance with the understanding that the provision of the sample procedure does not constitute the rendering of legal advice by Chapman and Cutler LLP or the establishment of an attorney-client relationship with any user of the sample procedure. Reference to this sample procedure should not be considered a substitute for consultation with your legal advisors. Readers should understand that the application of relevant statutory and regulatory provisions can vary based on specific facts and that changes in law or facts may impact the applicability of the sample procedure. Chapman and Cutler LLP assumes no obligation to update the sample procedure to reflect changes in law or practice.

Pursuant to the District's responsibilities under the securities laws, including its continuing disclosure undertakings (*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 District's best interest that the District comply in all material respects with federal securities laws regarding its (i) preliminary and final official statements or offering circulars and any supplements or amendments thereto (collectively, the *Official Statements*), disseminated by the District in connection with any bonds, notes, certificates or other obligations, (ii) Annual 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*). These procedures are designed to enable the District to create accurate disclosures with respect to its (i) Official Statements, (ii) Annual Financial Information, and (iii) EMMA Notices, which are collectively referred to herein as *Disclosures*.

In response to these interests, the District hereby adopts the following procedures:

- A. *Disclosure Officer*. Consistent with Board Policy 4:40, *Incurring Debt*, the Superintendent¹ (*Disclosure Officer*) is hereby designated as the officer responsible for the procedures related to Disclosures as hereinafter set forth (collectively, *Disclosure Procedures*).
- B. *Disclosure Procedures: Official Statements*. Whenever an Official Statement will be disseminated in connection with the issuance of obligations by the District, the Disclosure Officer will oversee the process of preparing the Official Statement pursuant to the following procedures:
 1. The District 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 to determine that the Official Statement does not include any untrue statement of a material fact or omit a material fact necessary to make the statements made in the Official Statement not misleading. Particular attention shall be paid to

The footnotes are not intended to be part of the adopted policy; they should be removed before the policy is adopted.

¹ Districts that employ business managers may want to substitute "Business Manager", "Chief School Business Official", or locally-another equivalent title for "Superintendent."

the accuracy of all descriptions, significant information, and financial data regarding the District. Examples include confirming that information relating to the District, 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 District is accurate and corresponds with the financial information in the District's possession, including but not limited to information regarding bonded indebtedness, notes, certificates, outstanding leases, tax rates or any other financial information of the District 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 District 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 a material fact necessary 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 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 December 20th² 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 (*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 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 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.

The footnotes are not intended to be part of the adopted policy; they should be removed before the policy is adopted.

² The deadline for the dissemination of Annual Financial Information and/or Audited Financial Statements should be set forth in each applicable Undertaking. These procedures assume the deadline set forth in each such Undertaking is not later than 210 days after the end of a district's fiscal year (ending June 30). If one of more of a district's Undertakings provide for a different deadline, it may be appropriate or necessary to change the date in Paragraph C.1 above.

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 District for such purpose) within the timeframe allowed for such filing.
- D. *Disclosure Procedures: EMMA Notices.* Whenever the District determines to file an EMMA Notice, or whenever the District 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 District 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. Maintaining appropriate records of compliance with these Disclosure Procedures (including proofs of EMMA filings) and decisions made with respect to issues that have been raised;
 2. Evaluating the effectiveness of the procedures contained in these Disclosure Procedures; and
 3. Informing the Board when substantive revisions or modifications are made to these Disclosure Procedures.
- 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 to make sure the Disclosure does not make any untrue statement of a material fact or omit 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 District 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, District officials must be sure that the released information does not make any untrue statement of a material fact or omit 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 these Disclosure Procedures 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 these Disclosure Procedures.

LEGAL REF.: Securities Act of 1933, 15 U.S.C. §77a et seq.
 Securities Exchange Act of 1934, 15 U.S.C. §78a et seq.
 17 C.F.R. §240.15c2-12.

General Personnel

Exhibit - Resolution to Prohibit Sexual Harassment

WHEREAS, Section 10-20 of the School Code (105 ILCS 5/10-20) grants school boards other powers that are not inconsistent with their duties;

WHEREAS, Section 1-5 of the State Officials and Employees Ethics Act (5 ILCS 430/1-5) includes school districts within the definition of a *governmental entity*;

WHEREAS, Section 5-65 of the State Officials and Employees Ethics Act (5 ILCS 430/5-65, added by P.A. 100-554) provides that all persons have a right to work in an environment free from sexual harassment;

WHEREAS, Section 70-5 of the State Officials and Employees Ethics Act (5 ILCS 430/70-5, amended by P.A. 100-554) requires governmental entities to adopt an ordinance or resolution establishing a policy to prohibit sexual harassment which, at a minimum, includes: (1) a prohibition on sexual harassment; (2) details on how an individual can report an allegation of sexual harassment, including options for making a confidential report to a supervisor, ethics officer, Inspector General, or the Ill. Dept. of Human Rights; (3) a prohibition on retaliation for reporting sexual harassment allegations, including availability of whistleblower protections under the Act, the Whistleblower Act (740 ILCS 174/), and the Ill. Human Rights Act (775 ILCS 5/); and (4) the consequences: (a) of a violation of the prohibition on sexual harassment; and (b) for knowingly making a false report;

THEREFORE, BE IT RESOLVED, by the Board of Education of [insert name], [insert county] County, Illinois, as follows:

Section 1: The Board adopts Board policy 5:20, *Workplace Harassment Prohibited*, attached as Exhibit A, which contains the following: (1) a prohibition on sexual harassment; (2) detail regarding how an individual can report an allegation of sexual harassment, including options for making a confidential report to an immediate supervisor, the Building Principal, an administrator, the Nondiscrimination Coordinator, a Complaint Manager, or the Ill. Dept. of Human Rights; (3) a prohibition on retaliation for reporting sexual harassment allegations and a statement regarding the availability of whistleblower protections under the State Officials and Employees Ethics Act, the Whistleblower Act, and the Ill. Human Rights Act; and (4) the consequences: (a) of a violation of the prohibition on sexual harassment; and (b) for knowingly making a false report.

Section 2: Any prior versions of Board policy 5:20, *Workplace Harassment Prohibited*, adopted by the Board are superseded by this Resolution.

Adopted this ____ day of _____, 20__.

Attested by: _____, Board President

Attested by: _____, Board Secretary