

**INDEPENDENT SCHOOL DISTRICT NO. 2190
(YELLOW MEDICINE EAST)**

Policies and Procedures regarding Municipal Securities Disclosure

Dated _____

As an issuer of municipal securities (bonds, notes, leases, and certificates of participation referred to herein as “Obligations”), Independent School District No. 2190 (Yellow Medicine East) (the “Issuer”), has adopted the policies and procedures set forth herein (collectively, the “Disclosure Policy”) to guide the Issuer’s compliance with federal securities laws with respect to (1) disclosure documents (each often referred to as an “official statement”) for publicly-offered transactions and (2) ongoing continuing disclosures required under continuing disclosure undertakings, certificates or agreements (also known as “continuing disclosure”). This Disclosure Policy is designed to provide the necessary policy framework and accompanying procedures for compliance by the Issuer with its disclosure responsibilities. It should be noted, however, issuers of municipal securities are primarily responsible for the content of their disclosure documents including ongoing compliance with respect to continuing disclosure.

Background

The anti-fraud provisions of federal securities laws apply to municipal securities such as the Issuer’s Obligations. The U.S. Securities and Exchange Commission (the “SEC”) can bring enforcement actions against the Issuer, members of its governing body, government employees and elected officials, and professionals working on each securities transaction. **Government employees and elected officials can be, and have been, held personally liable with respect to securities laws violations related to the issuance of Obligations.** Issuers and members of the governing body can mitigate risks related to SEC enforcement of federal securities laws by relying on professionals such as disclosure counsel (i.e., an attorney expert in matters of federal securities laws applicable to municipal securities). Issuers may even seek affirmative assurances of compliance with federal securities laws by receipt of a legal opinion from disclosure counsel. **Note that bond counsel engaged by the Issuer in connection with each issuance of an Obligation does not provide disclosure counsel services unless specifically engaged to do so, as disclosure counsel responsibilities significantly expand the role of bond counsel that is traditionally engaged to draft legal documents and resolutions, and opine only on matters of state law and federal tax law.**

When Obligations are issued and publicly offered, an official statement will be prepared by or on behalf of the Issuer. The official statement is the disclosure document that sets forth the terms associated with each Obligation. The official statement will be used to market and sell the Issuer’s Obligations.¹ In addition, for transactions larger than \$1,000,000 in size that include an official statement, the Issuer enters into a continuing disclosure certificate, agreement or undertaking (adopted by resolution) (the “CDU”). The CDU is a contractual obligation of the Issuer, pursuant to which the Issuer agrees to provide certain financial information and operating data filings (at least annually) and certain event notices to the public. The CDU is necessary to allow underwriters to comply with SEC Rule 15c2-12, as amended. As noted below, filings under the CDU must be made electronically at the Electronic Municipal Market Access (EMMA) portal (www.emma.msrb.org).

¹ Under federal law, Issuers of municipal securities are primarily responsible for the content of their disclosure documents (the official statement), regardless of who prepared the document. An Issuer does not discharge its disclosure obligations by hiring professionals to prepare the official statement. An Issuer has “an affirmative obligation” to know the contents of its official statement, including the financial statements. Finally, executing an official statement without first reading the document to ascertain whether it is accurate may be reckless (the basis for certain anti-fraud causes of action undertaken by the SEC).

Accordingly, this Disclosure Policy addresses the following three aspects of disclosure: (1) preparation and approval of official statements in connection with primary (“new”) issues; (2) on-going continuing disclosure requirements under a CDU; and (3) education of staff and elected officials with respect to disclosure matters.

Policies and Procedures

1. Appointment of Compliance Officer

The Finance Director is appointed as the compliance officer for purposes of this Disclosure Policy (the “Compliance Officer”).

2. Compliance with Federal Securities Laws in Initial Offerings (Preparing the Official Statement)

In connection with the issuance of its publicly-offered Obligations (Obligations sold via the public market, through a broker-dealer known as an “underwriter”) and limited offerings of Obligations, the Issuer will prepare, or will cause its hired professionals to prepare, a disclosure document commonly known as an “official statement.” The official statement is the document that describes the issuance of the Obligations to the marketplace and as such, ***under federal law, the official statement cannot contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.***

To ensure the Issuer’s official statements are properly prepared and reviewed, the Issuer adopts the procedures set forth in Appendix I hereto.

3. Continuing Disclosure Compliance

The Issuer has entered into, or may in the future enter into, on or more CDUs in connection with its issuance of Obligations. Under a CDU, the Issuer has agreed or will agree to provide to the marketplace certain financial information and operating data, and notices of certain events. The Issuer will file, or cause to be filed, necessary information, data and notices required under its CDUs in a searchable electronic format at the Electronic Municipal Market Access (EMMA) portal (www.emma.msrb.org).

To ensure compliance with its contractual continuing disclosure obligations, the Issuer adopts the procedures set forth in Appendix II hereto.

4. Systematic Training of Staff and Governing Body Members

In addition to the specific procedures adopted under this Disclosure Policy, the Issuer understands that ongoing training of both staff and members of its governing body is essential to successful compliance with the Issuer’s disclosure obligations under federal securities laws. The training noted below may be accomplished by various methods, including in-person webinars or other electronic means, or through review of written materials. Accordingly, the Issuer has implemented the following training procedures which may be implemented with the assistance of disclosure counsel to the Issuer (if engaged): (A) The Compliance Officer is responsible for scheduling *annual training* of relevant Issuer employees, and *biennial (every other year) training* of all members of the Issuer’s governing body, regarding disclosure and financial reporting requirements of the federal securities laws; such trainings to include a complete review of this Disclosure Policy, Rule 15c2-12 and a complete overview of the Issuer’s obligations under the federal securities laws; and (B) When appropriate, the Compliance Officer shall also conduct (or cause to be conducted) *specific training* with individuals whose specific roles and responsibilities require participation in the disclosure process.

Appendix I to Disclosure Policy

Written Procedures for Preparing Official Statements

1. At the commencement of a financing, the Compliance Officer shall develop or cause the Issuer's finance team (including but not limited to Issuer staff, municipal advisor (if engaged), underwriter (if engaged) and disclosure counsel (if engaged)) to develop a plan for preparation of an official statement relating to the Issuer's Obligations to be issued, and for preparation of a schedule that allows sufficient time for all required work, including appropriate review of the official statement and necessary participation by members of the finance team.

2. The Compliance Officer shall be responsible for managing and overseeing the preparation of the official statement and shall engage legal and financial professionals, as necessary and appropriate. The Compliance Officer shall engage disclosure counsel as necessary from time-to-time to assist the Issuer in connection with federal securities law compliance.

3. The Compliance Officer shall be responsible for developing a program for ensuring and coordinating Issuer staff review of the financial information and operating data in the official statement, and for obtaining formal sign-off from Issuer staff prior to the use of any official statement in connection with the marketing of the Issuer's Obligations.

4. The Compliance Officer shall ensure that any previous failure to fully comply with continuing disclosure obligations during the prior five-year period prior to using an official statement in connection with the marketing of the Issuer's Obligations is disclosed in the official statement by reviewing compliance with all outstanding CDUs, reviewing continuing disclosure compliance look-back or review documentation prepared by independent parties (if any) and contacting disclosure counsel (if engaged) to discuss any questions or concerns.

5. The Issuer's governing body shall be given an opportunity to review a draft of each official statement not less than 10 business days prior to its publication. Elected representatives on the governing body shall be directed to contact the Compliance Officer during the review period to discuss potential issues, concerns or comments on the official statement.

Defined terms used herein have the meanings assigned in the Disclosure Policy of which this is a part.

Appendix II to Disclosure Policy

Written Procedures for Continuing Disclosure

1. *General Compliance.* The Compliance Officer shall be responsible for compliance with the Issuer's obligations under all of its outstanding CDUs, and shall engage disclosure counsel as necessary from time-to-time to assist the Issuer in connection with federal securities law compliance.

2. *Execution of New CDUs.* Prior to execution of a CDU in connection with the issuance of an Obligation, any required CDU shall be discussed with disclosure counsel (if engaged), the underwriter and/or the Issuer's municipal advisor, if any, to ensure a full understanding of the Issuer's obligations under the CDU.

3. *Listed Events Compliance.* The Compliance Officer shall have the primary responsibility to confer with Issuer staff at least weekly to monitor compliance with respect to the filing of notices for events listed in SEC Rule 15c2-12 and in each of the Issuer's CDUs. The Compliance Officer shall be responsible for (i) determining whether any of the following events have taken place (questions regarding interpretation shall be directed to the municipal advisor (if engaged) or disclosure counsel (if engaged)), (ii) gathering information from Issuer staff to make such a determination, (iii) if an event has occurred, discussing the same with the Issuer's municipal advisor (if engaged) or disclosure counsel (if engaged) to determine the form of notice to be filed, and (iv) causing the filing of notice to be made on EMMA within ten (10) business days of the occurrence of the event:

- i. Principal and interest payment delinquencies;
- ii. Non-payment related defaults, *if material*;
- iii. Unscheduled draws on debt service reserves reflecting financial difficulties;
- iv. Unscheduled draws on credit enhancements reflecting financial difficulties;
- v. Substitution of credit or liquidity providers, or their failure to perform;
- vi. Adverse tax opinions, the issuance by the Internal Revenue Service 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 security, or other *material* events affecting the tax status of the security;
- vii. Modifications to rights of security holders, *if material*;
- viii. Bond calls, *if material*, and tender offers;
- ix. Defeasances;
- x. Release, substitution, or sale of property securing repayment of the securities, *if material*;
- xi. Rating changes, including rating upgrades and downgrades;
- xii. Bankruptcy, insolvency, receivership or similar event of the obligated person;
- xiii. 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*;
- xiv. Appointment of a successor or additional trustee or the change of name of a trustee, *if material*;
- xv. Incurrence of a financial obligation of the obligated person, *if material*, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation² of the obligated person, any of which affect security holders, *if material*; and

² "Financial obligation" is to mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii).

- xvi. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

The determination of whether a *material* event has occurred will be made pursuant to the SEC Rule 15c2-12 and SEC Release No. 34-83885, with the assistance of the Issuer's municipal advisor (if engaged) or disclosure counsel (if engaged).

4. *Public Statements and Releases.* The Compliance Officer shall have primary responsibility for ensuring that all public statements relating to the Issuer's finances and operations and all releases of financial information and operating data made available to the public and reasonably expected to reach investors and the financial markets, including but not limited to website updates, published board materials, press releases and market notices, are accurate and not misleading in any material respect. All public statements and information released to the public by the Issuer and its staff and/or elected officials is subject to compliance with the anti-fraud provisions of federal securities laws and SEC enforcement actions.

5. *Record Keeping and Dissemination Agent.*

- i. The Compliance Officer shall be responsible for compiling and maintaining a list of all outstanding Obligations subject to continuing disclosure obligations via a CDU, noting the applicable filing dates, or for engaging a third-party dissemination agent to be responsible for the same.
- ii. The Compliance Officer shall be responsible for assembling and maintaining copies of each final CDU and final official statements for each applicable Obligation, together with any third-party dissemination agent agreements, if applicable.
- iii. The Compliance Officer or the dissemination agent shall document and track the required information to be filed, including dates such information is filed.

6. *Compliance Reminders.* The Compliance Officer shall be responsible for registering for, or may cause the dissemination agent to register for, continuing disclosure filing email reminders from the "EMMA" website (<http://emma.msrb.org>), or the Compliance Officer shall be responsible for ensuring the Issuer's dissemination agent will remind the Issuer of applicable deadlines.

7. *Preparation for Timely Filings.* The Compliance Officer shall begin the process of compiling necessary information required by the CDUs (and coordinate with outside professionals hired to compile this information, if applicable) on a timely basis each year. The Compliance Officer shall determine whether all necessary items have been compiled for filing pursuant to the CDU requirements.

8. *Timely Filings.* The Compliance Officer shall be responsible for all required filings, including, without limitation, obligations to make timely annual filings, timely notice filings, and other timely filings required by each CDU and SEC Rule 15c2-12, as applicable to each Obligation. The Compliance Officer shall be responsible for providing notice of failures to file as well. The Compliance Officer shall file, or cause any dissemination agent to file, the necessary items on the EMMA website in a word-searchable PDF configured to be saved, printed, and retransmitted by electronic means on a timely basis to avoid any late filings.

9. *Voluntary Filings.* The Compliance Officer shall be responsible for coordinating and filing any voluntary information with EMMA, after consultation with the Issuer's legal and financial professionals.

Defined terms used herein have the meanings assigned in the Disclosure Policy of which this is a part.