



City of West Covina

Disclosure Policy

Adopted – May 19, 2020

CITY OF WEST COVINA

DISCLOSURE POLICIES

Section 1 - General

These debt-related disclosure policies and procedures (the “**Disclosure Policies**”) are intended to ensure that the City of West Covina and all affiliated city entities (collectively, the “**City**”) remain in compliance with all applicable federal and state securities laws.

Section 2 – Disclosure Coordinator

The Finance Director of the City shall be the disclosure coordinator of the City (the “**Disclosure Coordinator**”).

Section 3 – Review and Approval of Official Statements

The Disclosure Coordinator of the City shall review any Official Statement prepared in connection with any debt issuance by the City in order to ensure there are no misstatements or omissions of material information in any sections that contain descriptions of information prepared by the City.

In connection with the review of the Official Statement, the Disclosure Coordinator shall consult with third parties, including outside professionals assisting the City, and all members of City staff, to the extent that the Disclosure Coordinator concludes they should be consulted so that the Official Statement will include all “material” information (as defined for purposes of federal securities law).

As part of the review process, the Disclosure Coordinator shall submit all Official Statements to the City Council for approval. The approval of an Official Statement by the City Council shall be placed on the agenda as a new business matter and shall not be approved as a consent item. The City Council shall undertake such review as deemed necessary by the City Council, following consultation with the Disclosure Coordinator, to fulfill the City Council’s responsibilities under applicable federal and state securities laws. In this regard, the Disclosure Coordinator shall consult with the City’s disclosure counsel to the extent the Disclosure Coordinator considers appropriate.

Section 4 – Continuing Disclosure Filings

Under the continuing disclosure undertakings that the City has entered into in connection with its debt offerings, the City is required each year to file annual reports with the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access (“**EMMA**”) system in accordance with such undertakings. Such annual reports are required to include certain updated financial and operating information, and the City’s audited financial statements.

The City is also required under its continuing disclosure undertakings to file notices of certain events with EMMA.

The Disclosure Coordinator is responsible for establishing a system (which may involve the retention of one or more consultants) by which:

- (i) the City will make the annual filings required by its continuing disclosure undertakings on a complete and timely basis, and
- (ii) the City will file notices of events enumerated in Exhibit A on a timely basis.

At their sole discretion, the Disclosure Coordinator may engage a consultant that specializes in continuing disclosure compliance to assist the City in maintaining compliance with all covenanted continuing disclosure requirements.

Section 5 – Annual Reporting to the State of California

At the time of adoption of these Disclosure Policies, there are three primary categories of annual reporting required by the State of California, as outlined below:

1. With the adoption of Senate Bill No. 1029 (which became effective January 1, 2017 and applies to all debt sold on or after January 21, 2017), debt issuers in the State of California are required to file annual debt transparency reports (“ADTRs”) that cover a reporting period of July 1 to June 30. These ADTRs are to include specified information about debt authorized, issued, and outstanding and regarding the use of proceeds from debt during the reporting period. These ADTRs are due by January 31st of each year for any debt outstanding in the prior fiscal year and are to be filed with the California Debt and Investment Advisory Commission (“CDIAC”).
2. Mello-Roos Reporting: All issuers that have sold community facilities district bonds after January 1, 1993 are required to report certain information about the bond issues through by completing a Yearly Fiscal Status Report (“YFSR”) and/or a Draw on the Reserve Fund or Default Report. Issuers are required to file all YFSRs if they have sold bonds on or before June 30th of each year and each year thereafter until the bonds are no longer outstanding. All issuers, regardless of when bonds are sold, are required to report any draw on reserve or default that occurs throughout the calendar year. These reports must be submitted to CDIAC no later than October 30th each year.
3. Marks-Roos Reporting: Any joint powers authority selling bonds on or after January 1, 1996 that uses the proceeds to acquire one or more local obligations is required to report annually on the fiscal status of the Authority Bonds and the local obligations acquired until the final maturity of the bonds. CDIAC has developed the Marks-Roos Yearly Fiscal Status Report for Authority Issue to standardize and facilitate reporting on joint powers authority bonds. Such reports must be submitted to CDIAC no later than October 30th each year.

The Disclosure Coordinator will be responsible for complying with State requirements regarding annual filings all applicable outstanding City debt. At their sole discretion, the Disclosure Coordinator may engage a consultant that specializes in compliance with State reporting requirements to assist the City in maintaining compliance with all covenanted continuing disclosure requirements.

Section 6 – Public Statements Regarding Financial Information

Whenever the City makes statements or releases information relating to its finances to the public that are reasonably expected to reach investors and the trading markets, the City is obligated to ensure that such statements and information are complete, true, and accurate in all material respects.

Section 7 – Training

The Disclosure Coordinator shall ensure that the members of the City staff involved in the initial or continuing disclosure process and the City Council are properly trained to understand and perform their responsibilities.

The Disclosure Coordinator shall arrange for disclosure training conducted by the City's disclosure counsel or other qualified instructor. Such training sessions shall include education on these Disclosure Procedures, the City's disclosure obligations under applicable federal and state securities laws and the disclosure responsibilities and potential liabilities of members of the City's staff and members of the City Council. Such training sessions may be conducted using a recorded presentation.

EXHIBIT A LISTED EVENTS

The Disclosure Coordinator should review this list at least once each week to determine whether any event has occurred that may require a filing with EMMA.

For securities subject to Rule 15c2-12, the following events require notice in a timely manner not in excess of ten (10) business days after the occurrence of the 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 I.R.S. of proposed or final determinations of taxability, Notices of Proposed Issue 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;
7. modifications to rights of security holders, if material;
8. bond calls, if material, and tender offers;
9. defeasances;
10. release, substitution, or sale of property securing repayment of the securities, if material
11. rating changes;
12. bankruptcy, insolvency, receivership or similar event of the obligated person;
13. 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; and
14. appointment of a successor or additional trustee or the change of name of a trustee, if material.

For continuing disclosure undertakings entered into on or after February 27, 2019, the following events require notice in a timely manner not in excess of ten (10) business days after the occurrence of the event:

15. 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 obligation of the obligated person, any of which affect security holders, if material; and
16. 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.