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RESOLUTION NO. 14-2119

RESOLUTION AUTHORIZING REPORTING UNDER  
THE SECURITIES AND EXCHANGE COMMISSION'S  
MUNICIPALITIES CONTINUING DISCLOSURE COOPERATION INITIATIVE

WHEREAS, Rule 15c2-12 ("Rule 15c2-12"), promulgated by the U.S. Securities and Exchange Commission (the "Commission") under the Securities Exchange Act of 1934, generally requires underwriters to comply with certain requirements in connection with their purchase and sale of municipal securities in an offering, including that an underwriter must obtain and review a preliminary official statement ("Official Statement") and must determine that the municipal issuer has undertaken to provide, on a continuing basis while the securities are outstanding and in a written agreement ("Continuing Disclosure Agreement"), financial information including the issuer's audited financial statements, certain operating data, and notices of the occurrence of certain events;

WHEREAS, Rule 15c2-12 further requires that Official Statements for offerings of municipal securities contain descriptions of any instances in the previous five years (from the date of the Official Statement) in which the issuer failed to comply, in all material respects, with any of its previous Continuing Disclosure Agreements;

WHEREAS, the Division of Enforcement of the U.S. Securities and Exchange Commission (the "Division") has recently announced its *Municipalities Continuing Disclosure Cooperation Initiative* (the "MCDC Initiative") which the Division has stated is intended to address potentially widespread non-compliance with federal securities laws by municipal issuers and underwriters, specifically, their failure to ensure that Official Statements properly describe any failures by issuers to comply with their prior Continuing Disclosure Agreements in the previous five years (from the date of the Official Statement);

WHEREAS, in its announcement describing the MCDC Initiative (the "SEC Announcement"), a copy of which is attached hereto as Exhibit A, the Division states that issuers whose Official Statements contain inaccurate statements regarding their prior Continuing Disclosure Agreement compliance, and underwriters that have underwritten bond offerings in which Official Statements contain such inaccurate statements, should consider self-reporting to the Division to take advantage of standardized settlement terms under the MCDC Initiative;

WHEREAS, issuers and underwriters that self-report under the MCDC Initiative are required to complete and submit a questionnaire ("MCDC Questionnaire") in the form prescribed by the Division, a copy of which is included along with the SEC Announcement attached as Exhibit A;

WHEREAS, the SEC Announcement states that, to the extent an issuer meets the requirements of the MCDC Initiative, the Division may decide to recommend an enforcement action against the issuer, in which case the Division will recommend that the Commission accept standardized settlement terms, including that the issuer consents to a cease and desist order from

the Commission, and agrees to undertake certain measures designed to remedy past disclosure failures and help ensure improved disclosure in the future, all as set forth in the SEC Announcement;

WHEREAS, the SEC Announcement states that under the MCDC Initiative's standardized settlement terms issuers will neither admit nor deny the findings of the Commission;

WHEREAS, the SEC Announcement states that under the standardized settlement terms issuers that self-report under the MCDC Initiative will not be required to pay a civil penalty, but that, in contrast, the Division will likely recommend and seek financial sanctions in any enforcement actions against issuers that do not self-report under the MCDC Initiative;

WHEREAS, the SEC Announcement states that the standardized settlement terms apply only to eligible issuers and underwriters, and that, in contrast, the Division will provide no assurance that individuals associated with issuers and underwriters, such as municipal officials and employees of underwriting firms, will be offered similar terms if they have engaged in violations of the federal securities law;

WHEREAS, the City has reviewed its Official Statement(s) and, after consultations with its financial and legal advisors, has concluded that it is desirable and in the best interest of the City to participate in the MCDC Initiative by self-reporting certain of its Official Statements which may contain potentially inaccurate statements regarding the City's prior compliance with its Continuing Disclosure Agreements, by the December 1, 2014 reporting deadline, if and as the same is extended (the "Self-Reporting Deadline"); and

WHEREAS, if the Division recommends an enforcement action which is approved by the Commission and is limited to the standardized settlement terms outlined in the SEC Announcement, the City will take the steps necessary to comply with such terms including the undertakings set forth herein.

NOW, THEREFORE, BE IT RESOLVED by the Common Council of the City that:

Section 1. Authorization of Reporting under the MCDC Initiative. The City shall report to the Division under the MCDC Initiative potentially inaccurate statements in its Official Statements dated January 18, 2010, February 1, 2010, April 4, 2011, November 7, 2011 and May 21, 2012 by the Self-Reporting Deadline. The City's Finance Director/Treasurer is hereby authorized and directed to report to the Division, for and on behalf of the City, by completing and submitting an MCDC Questionnaire. Notwithstanding the foregoing, no reporting under the MCDC Initiative shall be required if there occurs a change of law, a change to the MCDC Initiative, or a change regarding relevant facts and circumstances which the Finance Director/Treasurer determines, on behalf of the City and with the advice of Counsel (defined below), would make such reporting unnecessary.

Section 2. Updating of Delinquent Filings. The City shall work with its financial and legal advisors, including Counsel as necessary, to update any past delinquent filings as soon as practicable following the adoption of this Resolution. Any actions heretofore taken by officers, administrators or agents of the City to update such past filings are hereby approved and ratified in all respects.

Section 3. Adoption of Continuing Disclosure Compliance Policy. The City hereby adopts the attached *Continuing Disclosure Compliance Policy* (the "Policy") and the *Procedures Regarding Continuing Disclosure Compliance* ("Procedures") incorporated therein, which are attached hereto as Exhibit B. Any prior policy or procedure relating to the City's continuing disclosure compliance that conflicts with the attached Policy and Procedures is hereby rescinded and replaced with such Policy and Procedures. The City's Finance Director/Treasurer shall serve as the initial Compliance Officer for purposes of administering and carrying out the Procedures.

Section 4. Acceptance of Standardized Settlement Terms. As required under the MCDC Initiative, if the Division recommends an enforcement action against the City, the City intends to consent to the applicable settlement; provided, however, that the City intends to consent only to the standardized settlement terms described in the SEC Announcement and provided further that, as contemplated by the MCDC Initiative, the City neither admits nor denies any related findings by the Commission.

Section 5. Related Undertakings. If the Division recommends an enforcement action against the City with standardized settlement terms that the City accepts, then, as required by the standardized settlement terms and to the extent not previously completed by the City, the City will undertake to:

- (a) establish appropriate policies and procedures and training regarding continuing disclosure obligations within 180 days of the institution of the enforcement action proceedings;
- (b) comply with existing continuing disclosure undertakings, including updating past delinquent filings within 180 days of the institution of the proceedings;
- (c) cooperate with any subsequent investigation by the Division regarding the potentially false statement(s), including the roles of individuals and/or other parties involved;
- (d) disclose in a clear and conspicuous fashion the settlement terms in any final official statement for an offering by the issuer within five years of the date of institution of the proceedings; and
- (e) provide the Commission staff with a compliance certification regarding the applicable undertakings by the issuer on the one year anniversary of the date of institution of the proceedings.

Section 6. Professional Services. The City hereby authorizes the officers and agents of the City to enter into, on its behalf, agreements for professional services in conjunction with the City's participation in the MCDC Initiative, including but not limited to an agreement for legal services with Quarles & Brady LLP ("Counsel"). Any such agreement heretofore entered into is hereby ratified and approved in all respects.

Section 7. Conflicting Resolutions; Effective Date. All prior resolutions, rules or other actions of the Common Council or any parts thereof in conflict with the provisions hereof shall be, and the same are, hereby rescinded insofar as the same may so conflict. This resolution shall take effect immediately upon adoption and approval in the manner provided by law.

Adopted, approved and recorded this 20th day of October, 2014.

Introduced                     OCT 20 2014                     \_\_\_\_\_

Adopted \_\_\_\_\_

Approved \_\_\_\_\_

\_\_\_\_\_  
Justin M. Nickels, Mayor

ATTEST:

\_\_\_\_\_  
Jennifer Hudon, City Clerk

EXHIBIT A

SECURITIES AND EXCHANGE COMMISSION  
MUNICIPALITIES CONTINUING DISCLOSURE COOPERATION INITIATIVE  
SEC ANNOUNCEMENT AND REPORTING QUESTIONNAIRE

(See Attached)



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### Municipalities Continuing Disclosure Cooperation Initiative

#### Division of Enforcement

#### U.S. Securities and Exchange Commission

#### I. Introduction

The Municipalities Continuing Disclosure Cooperation Initiative (the "MCDC Initiative") is intended to address potentially widespread violations of the federal securities laws by municipal issuers and underwriters of municipal securities in connection with certain representations about continuing disclosures in bond offering documents.

As described below, under the MCDC Initiative, the Division of Enforcement (the "Division") of the U.S. Securities and Exchange Commission (the "Commission") will recommend favorable settlement terms to issuers and obligated persons involved in the offer or sale of municipal securities (collectively, "issuers") as well as underwriters of such offerings if they self-report to the Division possible violations involving materially inaccurate statements relating to prior compliance with the continuing disclosure obligations specified in Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Exchange Act").<sup>1</sup>

#### II. Background

Rule 15c2-12 generally prohibits any underwriter from purchasing or selling municipal securities unless the issuer has committed to providing continuing disclosure regarding the security and issuer, including information about its financial condition and operating data.<sup>2</sup> Rule 15c2-12 also generally requires that any final official statement prepared in connection with a primary offering of municipal securities contain a description of any instances in the previous five years in which the issuer failed to comply, in all material respects, with any previous commitment to provide such continuing disclosure.

The Commission may file enforcement actions under either Section 17(a) of the Securities Act of 1933 (the "Securities Act"), and/or Section 10(b) of the Exchange Act against issuers for inaccurately stating in final official statements that they have substantially complied with their prior continuing disclosure obligations. In such instances, underwriters for these bond offerings may also have violated the anti-fraud provisions to the extent they failed to exercise adequate due diligence in determining whether issuers have complied with such obligations, and as a result, failed to form a reasonable basis for believing the truthfulness of a key representation in the issuer's official statement. For instance, on July 29, 2013, the Commission charged a school district in Indiana and its underwriter with falsely stating to bond investors that the school district had been properly providing annual financial information and notices required as part of its prior bond offerings.<sup>3</sup> Without admitting or denying the Commission's findings, the school district and underwriter each consented to, among other things, an order to cease and desist from committing or causing any violations of Section 10(b) of the Exchange Act and Rule 10b-5. The underwriter also agreed to pay disgorgement and prejudgment interest of \$279,446 as well as a penalty of \$300,000.

The Commission has in the past emphasized that the likelihood that an issuer will abide by its continuing disclosure obligations is critical to any evaluation of its covenants. An underwriter's obligation to have a reasonable basis to believe that the key representations in a final official statement are true and accurate extends to an issuer's representations concerning past compliance with disclosure obligations. Indeed, this provision of Rule 15c2-12 was specifically intended to serve as an incentive for issuers to comply with their undertakings to provide disclosures in the secondary market for municipal securities, and also assists underwriters and others in assessing the reliability of the issuer's disclosure representations. Moreover, the Commission has in the past stated that it believes that it is doubtful that an underwriter could form a reasonable basis for relying on the accuracy or completeness of an issuer's ongoing disclosure representations without the underwriter affirmatively inquiring as to that filing history,

#### Questionnaire

Municipalities Continuing Disclosure Cooperation Initiative Questionnaire for Self-Reporting Entities

and the underwriter may not rely solely on a written certification from an issuer that it has provided all filings or notices.<sup>4</sup>

Based on available information, and as highlighted in the Commission's August 2012 Municipal Market Report, there is significant concern that many issuers have not been complying with their obligation to file continuing disclosure documents and that federal securities law violations involving false statements concerning such compliance may be widespread.

### III. The MCDC Initiative

#### A. Who Should Consider Self-Reporting to the Division?

To be eligible for the MCDC Initiative, an issuer or underwriter must self-report by accurately completing the attached questionnaire and submitting it within the following applicable time periods:

- For underwriters, beginning March 10, 2014 and ending at 12:00 a.m. EST on September 10, 2014; and
- For issuers, beginning March 10, 2014 and ending at 5:00 p.m. EST on December 1, 2014.

Information required by the questionnaire includes:

- Identification and contact information of the self-reporting entity;
- Information regarding the municipal securities offerings containing the potentially inaccurate statements;
- Identities of the lead underwriter, municipal advisor, bond counsel, underwriter's counsel and disclosure counsel, if any, and the primary contact person at each entity, for each such offering;
- Any facts that the self-reporting entity would like to provide to assist the staff in understanding the circumstances that may have led to the potentially inaccurate statement(s); and
- A statement that the self-reporting entity intends to consent to the applicable settlement terms under the MCDC Initiative.

Submissions may be made by email to [MCDCsubmissions@sec.gov](mailto:MCDCsubmissions@sec.gov), by fax to (301) 847-4713 or by mail to MCDC Initiative, U.S. Securities and Exchange Commission, Boston Regional Office, 33 Arch Street, Boston, MA 02110.

#### C. Standardized Settlement Terms the Division Will Recommend

To the extent an entity meets the requirements of the MCDC Initiative and the Division decides to recommend enforcement action against the entity ("eligible issuer" or "eligible underwriter"), the Division will recommend that the Commission accept a settlement which includes the terms described below.<sup>5</sup>

##### 1. Types of Proceedings and Nature of Charges

For eligible issuers, the Division will recommend that the Commission accept a settlement pursuant to which the issuer consents to the institution of a cease and desist proceeding under Section 8A of the Securities Act for violation(s) of Section 17(a)(2) of the Securities Act.<sup>6</sup> The Division will recommend a settlement in which the issuer neither admits nor denies the findings of the Commission.

For eligible underwriters, the Division will recommend that the Commission accept a settlement pursuant to which the underwriter consents to the institution of a cease and desist proceeding under Section 8A of the Securities Act and administrative proceedings under Section 15(b) of the Exchange Act for violation(s) of Section 17(a)(2) of the Securities Act. The Division will recommend a settlement in which the underwriter neither admits nor denies the findings of the Commission.

##### 2. Undertakings

For eligible issuers, the settlement to be recommended by the Division must include undertakings by the issuers. Specifically, as part of the settlement, the issuer must undertake to:

- establish appropriate policies and procedures and training regarding continuing disclosure obligations within 180 days of the institution of the proceedings;

- comply with existing continuing disclosure undertakings, including updating past delinquent filings within 180 days of the institution of the proceedings;
- cooperate with any subsequent investigation by the Division regarding the false statement(s), including the roles of individuals and/or other parties involved;
- disclose in a clear and conspicuous fashion the settlement terms in any final official statement for an offering by the issuer within five years of the date of institution of the proceedings; and
- provide the Commission staff with a compliance certification regarding the applicable undertakings by the issuer on the one year anniversary of the date of institution of the proceedings.

For eligible underwriters, the settlement to be recommended by the Division must include undertakings by the underwriters. Specifically, as part of the settlement, the underwriter must undertake to:

- retain an independent consultant, not unacceptable to the Commission staff, to conduct a compliance review and, within 180 days of the institution of proceedings, provide recommendations to the underwriter regarding the underwriter's municipal underwriting due diligence process and procedures;
- within 90 days of the independent consultant's recommendations, take reasonable steps to enact such recommendations; provided that the underwriter make seek approval from the Commission staff to not adopt recommendations that the underwriter can demonstrate to be unduly burdensome;
- cooperate with any subsequent investigation by the Division regarding the false statement(s), including the roles of individuals and/or other parties involved; and
- provide the Commission staff with a compliance certifications regarding the applicable undertakings by the Underwriter on the one year anniversary of the date of institution of the proceedings.

### 3. Civil Penalties

For eligible issuers, the Division will recommend that the Commission accept a settlement in which there is no payment of any civil penalty by the issuer.

For eligible underwriters, the Division will recommend that the Commission accept a settlement in which the underwriter consents to an order requiring payment of a civil penalty as described below:

- For offerings of \$30 million or less, the underwriter will be required to pay a civil penalty of \$20,000 per offering containing a materially false statement;
- For offerings of more than \$30 million, the underwriter will be required to pay a civil penalty of \$60,000 per offering containing a materially false statement;
- However, no underwriter will be required to pay a total amount of civil penalties under the MCDC Initiative greater than the following:
  - For an underwriter with total revenue over \$100 million as reported in the underwriter's Annual Audited Report – Form X-17A-5 Part III for the underwriter's fiscal year 2013: \$500,000;
  - For an underwriter with total revenue between \$20 million and \$100 million as reported in the underwriter's Annual Audited Report – Form X-17A-5 Part III for the underwriter's fiscal year 2013: \$250,000; and
  - For an underwriter with total revenue below \$20 million as reported in the underwriter's Annual Audited Report – Form X-17A-5 Part III for the underwriter's fiscal year 2013: \$100,000.

### D. No Assurances Offered with Respect to Individual Liability

The MCDC Initiative covers only eligible issuers and underwriters. The Division provides no assurance that individuals associated with those entities, such as municipal officials and employees of underwriting firms, will be offered similar terms if they have engaged in violations of the federal securities laws. The Division may recommend enforcement action against such individuals and may seek remedies beyond those available through the MCDC Initiative. Assessing whether to recommend enforcement action against an individual for violations of the federal securities laws necessarily involves a case-by-case assessment of specific facts and circumstances, including evidence regarding the level of intent and other factors such as cooperation by the individual.

### E. No Assurances for Entities That Do Not Take Advantage of MCDC Initiative

For issuers and underwriters that would be eligible for the terms of the MCDC Initiative but that do not self-report pursuant to the terms of the MCDC Initiative, the Division offers no assurances that it will recommend the above terms in any subsequent



enforcement recommendation. As noted above, assessing whether to recommend enforcement action necessarily involves a case-by-case assessment of specific facts and circumstances, but entities are cautioned that enforcement actions outside of the MCDC initiative could result in the Division or the Commission seeking remedies beyond those described in the initiative. For issuers, the Division will likely recommend and seek financial sanctions. For underwriters, the Division will likely recommend and seek financial sanctions in amounts greater than those available pursuant to the MCDC Initiative.

Questions regarding the MCDC Initiative may be directed to [MCDCinquiries@sec.gov](mailto:MCDCinquiries@sec.gov).

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<sup>1</sup> Recommendations by the Division to the Commission are subject to approval by the Commission.

<sup>2</sup> The issuers' agreement to make such disclosures is memorialized in a written undertaking frequently called a Continuing Disclosure Agreement. The Continuing Disclosure Agreement requires that issuer to file annual financial information and notices of certain material events with the Electronic Municipal Market Access, or EMMA, an electronic information repository system maintained by the Municipal Securities Rulemaking Board (MSRB), which is accessible to all investors on the Internet.

<sup>3</sup> *In the Matter of West Clark Community Schools*, AP File No. 3-15391 (July 29, 2013); *In the Matter of City Securities Corporation and Randy G. Ruhl*, AP File No. 3-15390 (July 29, 2013).

<sup>4</sup> See "Municipal Securities Disclosure," Securities Exchange Act Release No. 34961 (November 10, 1994), 59 FR 59590, *supra* notes 50-54 (November 17, 1994). See also "Amendments to Municipal Securities Disclosure," Securities Exchange Act Release No. 34-62184A (May 26, 2010), 75 FR 331100, *supra* n. 348-362 (June 10, 2010).

<sup>5</sup> The standardized settlement terms of the MCDC Initiative are only applicable to inaccurate statements concerning compliance with continuing disclosure obligations. The MCDC Initiative and the standardized settlement terms are not applicable to other material misstatements in final official statements or related communications or other misconduct. Any other potential misconduct is subject to investigation and separate enforcement action, if appropriate. If enforcement action is taken, entities may be subject to additional remedies for that misconduct, including additional financial sanctions.

<sup>6</sup> Violations of Section 17(a)(2) require a finding of negligent conduct.

Modified: July 31, 2014

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**U.S. SECURITIES AND EXCHANGE COMMISSION  
DIVISION OF ENFORCEMENT**

**MUNICIPALITIES CONTINUING DISCLOSURE COOPERATION INITIATIVE  
QUESTIONNAIRE FOR SELF-REPORTING ENTITIES**

NOTE: The information being requested in this Questionnaire is subject to the Commission's routine uses. A list of those uses is contained in SEC Form 1662, which also contains other important information.

1. Please provide the official name of the entity that is self-reporting ("Self-Reporting Entity") pursuant to the MCDC Initiative along with contact information for the Self-Reporting Entity:

Individual Contact Name:  
Individual Contact Title:  
Individual Contact telephone:  
Individual Contact Fax number:  
Individual Contact email address:

Full Legal Name of Self-Reporting Entity:  
Mailing Address (number and street):  
Mailing Address (city):  
Mailing Address (state): Select a state...  
Mailing Address (zip):

2. Please identify the municipal bond offering(s) (including name of Issuer and/or Obligor, date of offering and CUSIP number) with Official Statements that may contain a materially inaccurate certification on compliance regarding prior continuing disclosure obligations (for each additional offering, attach an additional sheet or separate schedule):

State: Select a state...  
Full Name of Issuing Entity:  
Full Legal Name of Obligor (if any):  
Full Name of Security Issue:  
Initial Principal Amount of Bond Issuance:  
Date of Offering:  
Date of final Official Statement (format MMDDYYYY):  
Nine Character CUSIP number of last maturity:

3. Please describe the role of the Self-Reporting Entity in connection with the municipal bond offerings identified in Item 2 above (select Issuer, Obligor or Underwriter):

- Issuer
- Obligor
- Underwriter

4. Please identify the lead underwriter, municipal advisor, bond counsel, underwriter's counsel and disclosure counsel, if any, and the primary contact person at each entity, for each offering identified in Item 2 above (attach additional sheets if necessary):

Senior Managing Underwriting Firm:

Primary Individual Contact at Underwriter:

Financial Advisor:

Primary Individual Contact at Financial Advisor:

Bond Counsel Firm:

Primary Individual Contact at Bond Counsel:

Law Firm Serving as Underwriter's Counsel:

Primary Individual Contact at Underwriter's Counsel:

Law Firm Serving as Disclosure Counsel:

Primary Individual Contact at Disclosure Counsel:

5. Please include any facts that the Self-Reporting Entity would like to provide to assist the staff of the Division of Enforcement in understanding the circumstances that may have led to the potentially inaccurate statements (attach additional sheets if necessary):

On behalf of [Name of Self-Reporting Entity]

I hereby certify that the Self-Reporting Entity intends to consent to the applicable settlement terms under the MCDC Initiative.

By: \_\_\_\_\_

Name of Duly Authorized Signer:

Title:

EXHIBIT B

CONTINUING DISCLOSURE COMPLIANCE POLICY  
AND  
PROCEDURES REGARDING CONTINUING DISCLOSURE COMPLIANCE

(See Attached)

## CONTINUING DISCLOSURE COMPLIANCE POLICY

### Adopted:

October 20, 2014

### Introduction:

This *Continuing Disclosure Compliance Policy* (the "Policy") sets forth policies of the City of Manitowoc, Wisconsin (the "Issuer") designed to ensure that the Issuer complies in all material respects with any and all continuing disclosure certificates and agreements ("Continuing Disclosure Agreements") entered into in connection with the Issuer's outstanding municipal bonds and notes. This Policy is also intended to ensure that the Official Statement for any new bond or note offering by the Issuer properly describes the Issuer's prior compliance (within the five years prior to any such Official Statement) with such Continuing Disclosure Agreements. This policy authorizes and incorporates the attached *Procedures Regarding Continuing Disclosure Compliance*.

### Statement of Purpose:

This Policy is intended to help ensure that the Issuer complies with Rule 15c2-12 ("Rule 15c2-12") promulgated by the U.S. Securities and Exchange Commission under the Securities Exchange Act of 1934. Rule 15c2-12 requires an underwriter in an offering of municipal securities to determine that the issuer of the bonds or notes has undertaken, pursuant to a written Continuing Disclosure Agreement, to provide financial information — including the issuer's financial statements, certain financial and operating data, and notice of the occurrence of certain events — on a continuing basis while the bonds or notes are outstanding. Rule 15c2-12 further requires that Official Statements used to offer bonds or notes to investors must describe any instances in the previous five years (from the date of the Official Statement) in which the issuer failed to comply, in all material respects, with its prior Continuing Disclosure Agreements.

The Issuer recognizes that compliance with Rule 15c2-12 is required during the entire term the related bonds or notes are outstanding, and takes on additional importance when an Official Statement of the Issuer is prepared in connection with a new offering of bonds or notes subject to Rule 15c2-12. Accordingly, the administration and implementation of the Policy and the accompanying Procedures will require ongoing monitoring and ongoing consultation with the Issuer's dissemination agent, counsel, and other agents, as applicable.

### Accompanying Procedures:

The attached *Procedures Regarding Continuing Disclosure Compliance* are hereby authorized. The Compliance Officer (identified in the Procedures) is authorized to amend and update the Procedures as the Compliance Officer deems necessary to achieve the purposes of this Policy. Such procedures are incorporated herein in such form as the same may be updated and amended from time to time.

## PROCEDURES REGARDING CONTINUING DISCLOSURE COMPLIANCE

### Last Update:

October 20, 2014

### Introduction:

These *Procedures Regarding Continuing Disclosure Compliance* (the "Procedures") set forth specific procedures of the City of Manitowoc, Wisconsin (the "Issuer") designed to ensure that the Issuer complies in all material respects with any and all continuing disclosure certificate and agreements ("Continuing Disclosure Agreements") existing in connection with the Issuer's outstanding municipal bonds and notes. These Procedures are also intended to ensure that the Official Statement for any new bond or note offering by the Issuer accurately and completely describes the Issuer's prior compliance with its Continuing Disclosure Agreements.

### Compliance Officer:

The Issuer's Finance Director/Treasurer ("Compliance Officer") is designated as the individual responsible for administering and carrying out these Procedures. The Compliance Officer may coordinate with staff, and may engage a dissemination agent, counsel, and/or other professionals to assist in discharging the Compliance Officer's duties under these Procedures as the Compliance Officer deems necessary.

### Compliance with Outstanding Continuing Disclosure Agreements:

#### 1. Compilation of Currently Effective Continuing Disclosure Agreements

The Compliance Officer shall compile and maintain a set of all currently effective Continuing Disclosure Agreements of the Issuer. Such agreements are included in the transcript of proceedings for the Issuer's respective bond or note issue. Continuing Disclosure Agreements are "Currently Effective" for purposes of these Procedures (and hence shall be included in the set of Currently Effective Continuing Disclosure Agreements) for so long as the bonds or notes to which they relate are outstanding. As bonds or notes are completely repaid or redeemed, the Compliance Officer shall remove the related continuing disclosure agreements from the set of Currently Effective Continuing Disclosure Agreements.

#### 2. Annual Review and Annual Reporting Requirements

The Compliance Officer shall ensure that all necessary financial statements, financial information and operating data is filed in the manner and by the filing dates set forth in the Currently Effective Continuing Disclosure Agreements. The Compliance Officer shall review the set of Currently Effective Continuing Disclosure Agreements annually, prior to each annual filing, keeping in mind:

- The financial information and operating data required to be reported under a particular Continuing Disclosure Agreement may differ from the financial information and operating data required to be reported under another Continuing Disclosure Agreement; and

- The timing requirements for reporting under a particular Continuing Disclosure Agreement may differ from the timing requirements for filing under another Continuing Disclosure Agreement.

### **3. Calendar; EMMA Notification System**

The Compliance Officer shall keep a calendar of all pertinent filing dates required under the Issuer's Currently Effective Continuing Disclosure Agreements. The Compliance Officer shall also subscribe to notification services made available through the EMMA system.

### **4. Annual Review of Prior Filings**

As part of the annual review process, the Compliance Officer shall also review prior filings made within the past five years subsequent to the last such review of prior filings. If the Compliance Officer discovers any late or missing filings, the Compliance Officer (after discussing the circumstances with the Issuer's dissemination agent, counsel or other agents as necessary) shall "remedy" such prior failures by ensuring that the missing information is filed.

### **5. Monitoring of Material Events**

The Compliance Officer shall monitor the occurrence of any of the following events and/or other events set forth in the Currently Effective Continuing Disclosure Agreements and shall provide notice of the same in the required manner and by the relevant reporting deadline (likely within 10 days of the occurrence):

- Principal and interest payment delinquencies;
- Non-payment related defaults, if material;
- Unscheduled draws on debt service reserves reflecting financial difficulties;
- Unscheduled draws on credit enhancements reflecting financial difficulties;
- Substitution of credit or liquidity providers, or their failure to perform;
- 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 Issuer's bonds or notes, or other material events affecting the tax status of the Issuer's bonds or notes;
- Modification to rights of holders of the Issuer's bonds or notes, if material;
- Calls of the Issuer's bonds or notes, if material, and tender offers;
- Defeasances of the Issuer's bonds or notes;
- Release, substitution or sale of property securing repayment of the Issuer's bonds or notes, if material;



- Rating changes;
- Bankruptcy, insolvency, receivership or similar event of the Issuer;
- The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, 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
- Appointment of a successor or additional trustee or the change of name of a trustee, if material.

#### **6. Review of Official Statements**

The Compliance Officer shall review drafts of any Official Statement for a new offering or bonds or notes, with assistance from its dissemination agent, counsel or other agents of the Issuer as necessary, and shall determine that the Official Statement accurately and completely describes the Issuer's continuing disclosure compliance history within the five years prior to the date of the respective Official Statement. This compliance review is not meant to limit the Issuer's other reviews of or diligence procedures relating to its Official Statements.

#### **7. Municipalities Continuing Disclosure Cooperative Initiative**

If the Issuer has previously reported to the Division of Enforcement (the "Division") of the U.S. Securities and Exchange Commission (the "Commission") under the *Municipalities Continuing Disclosure Cooperative Initiative* (the "MCDC Initiative") and if the Division recommended enforcement proceedings and settlement terms in that connection, then the Compliance Officer shall also be responsible, with assistance from its dissemination agent, counsel, and/or other agents of the Issuer, for implementing the undertakings required by such settlement. A list of these "undertakings" is set forth in the Division's announcement describing the MCDC Initiative: <http://www.sec.gov/divisions/enforce/municipalities-continuing-disclosure-cooperation-initiative.shtml>.

#### **8. Record Retention**

The Compliance Officer shall retain documentation evidencing the Issuer's annual reviews and its reviews of Official Statements in connection with new offerings as set forth above. This Issuer shall retain this documentation, for each Continuing Disclosure Agreement, for the period that the related bonds or notes are outstanding.

#### **9. Annual Review Checklist**

The Compliance Officer may (or may not) choose to use and retain the attached Annual Review Checklist to assist in implementing these Procedures.

**CONTINUING DISCLOSURE ANNUAL REVIEW CHECKLIST**

**1. Fiscal Year Ending:** \_\_\_\_\_

**2. Compliance Officer:** \_\_\_\_\_

**3. Checklist Completion Date:** \_\_\_\_\_

**4. Bonds/Notes for which there are Currently Effective Continuing Disclosure Agreements - Attach Agreements:**

\$ \_\_\_\_\_, \_\_\_\_\_, dated \_\_\_\_\_, 20\_\_

\$ \_\_\_\_\_, \_\_\_\_\_, dated \_\_\_\_\_, 20\_\_

\$ \_\_\_\_\_, \_\_\_\_\_, dated \_\_\_\_\_, 20\_\_

\$ \_\_\_\_\_, \_\_\_\_\_, dated \_\_\_\_\_, 20\_\_

\$ \_\_\_\_\_, \_\_\_\_\_, dated \_\_\_\_\_, 20\_\_

\$ \_\_\_\_\_, \_\_\_\_\_, dated \_\_\_\_\_, 20\_\_

\$ \_\_\_\_\_, \_\_\_\_\_, dated \_\_\_\_\_, 20\_\_

**5. Have any new Bonds or Notes subject to Continuing Disclosure Been Issued this Year?**

\_\_\_\_\_ No

\_\_\_\_\_ Yes (Add Agreement to Set of Currently Effective Continuing Disclosure Agreements)

If Yes, did the Compliance Officer review the Official Statement's Description of the Issuer's Continuing Disclosure Compliance History within the Prior 5 Years? **Circle: Y / N** (If N, review and discuss any issues with counsel.)

**6. Have any Bonds or Notes subject to Continuing Disclosure Been Completely Paid or Redeemed this Year?**

\_\_\_\_\_ No

\_\_\_\_\_ Yes (Remove Agreement from Set of Currently Effective Continuing Disclosure Agreements)

**7. (a) Has the Compliance Officer Review the Annual Continuing Disclosure Filing to Ensure that all Necessary Financial Statements, Financial Information and Operating Data is Included?**

\_\_\_\_\_ Yes

\_\_\_\_\_ No (Compliance Officer must review the Annual Continuing Disclosure Filing)

**(b) For purposes of this review, please keep in mind:**

	Checked?
Different Continuing Disclosure Agreements may require different information to be file (so check each one)	Y / N
Different Continuing Disclosure Agreements may have different filing timing requirements (so check each one).	Y / N

**Have any of the Following Events Occurred this Year?**

Event	Circle
1. Principal and interest payment delinquencies	Y / N
2. Non-payment related defaults, if material	Y / N
3. Unscheduled draws on debt service reserves reflecting financial difficulties	Y / N
4. Unscheduled draws on credit enhancements reflecting financial difficulties	Y / N
5. Substitution of credit or liquidity providers, or their failure to perform	Y / N
6. 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 Issuer's bonds or notes, or other material events affecting the tax status of the Issuer's bonds or notes	Y / N
7. Modification to rights of holders of the Issuer's bonds or notes, if material	Y / N
8. Calls of the Issuer's bonds or notes, if material, and tender offers	Y / N
9. Defeasances of the Issuer's bonds or notes	Y / N
10. Release, substitution or sale of property securing repayment of the Issuer's bonds or notes, if material	Y / N
11. Rating changes	Y / N
12. Bankruptcy, insolvency, receivership or similar event of the Issuer	Y / N
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, 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	Y / N
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material	Y / N

**If any such Event Occurred, was Proper Notice Provided?**

Yes

No (Call your dissemination agent or counsel immediately to discuss)

N/A

**Has the Issuer Retained a Dissemination Agent? (i.e., a Paid Third Party that Assists with Filings)**

Yes: Name/Contact: \_\_\_\_\_

No