

CITY OF MADISON

CONTINUING DISCLOSURE COMPLIANCE PROCEDURES

1. BACKGROUND AND TRAINING

Rule 15c2-12, promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, requires that an issuer of municipal bonds disclose certain information to the municipal bond marketplace on an ongoing basis while those bonds are outstanding, with the intent that bond investors in the secondary market will have timely information with which to make investment decisions. The SEC has stated that it has a mandate “to adopt rules reasonably designed to prevent fraudulent, deceptive or manipulative acts or practices in the market for municipal securities.” The SEC has taken the position that material non-compliance by an issuer with past continuing disclosure obligations, unless remedied, may warrant an underwriter being prohibited from underwriting the issuer’s bonds, and thus prevent the issuer from accessing the municipal bond marketplace.

The following procedures will help ensure compliance by the City and its related public entities with their continuing disclosure obligations under continuing disclosure undertakings executed in connection with its municipal bond offerings. Certain capitalized terms herein will have the meanings ascribed to them in the respective continuing disclosure agreements or similar instruments.

2. DESIGNATION OF RESPONSIBLE PARTY

The Responsible Party will be the officer, employee, or other designated entity responsible for compiling and filing the City’s Comprehensive Annual Financial Report (the “CAFR”), and notices regarding enumerated events (“Event Notices”), if required to be filed pursuant to the continuing disclosure undertaking. The initial Responsible Party shall be the City’s Finance Director, who has designated, via contract to its municipal financial advisor, this entity being Baker Tilly Municipal Advisors, LLC (formerly Springsted Inc.) as of December 7, 2017, to perform such duties. From time to time, the Finance Director may designate a different Responsible Party.

3. RESPONSIBLE PARTY TO BECOME FAMILIAR WITH “EMMA” AND FILING REQUIREMENTS UNDER CONTINUING DISCLOSURE UNDERTAKINGS

- A. The Responsible Party will take such action as may be necessary or appropriate to become familiar with the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access (“EMMA”) website. The Responsible Party should understand how to locate on EMMA the filings made by the City in connection with bonds issued by the City. If the City is serving as its own Dissemination Agent,

- the Responsible Party will establish a user identification and password for EMMA and become familiar with uploading documents onto EMMA.
- B. For each separate issue of the City's outstanding bonds, the Responsible Party will read the related continuing disclosure undertaking and identify the following:
 - (i) The date by which the CAFR must be filed;
 - (ii) The contents needed to be included in the CAFR;
 - (iii) The Event Notices that must be filed; and
 - (iv) When Event Notices are required to be filed.
 - C. The Responsible Party should be aware of the types of events (the "Listed Events") that would require the filing of an Event Notice. If clarification is required regarding what is meant by a Listed Event, the City's bond counsel or disclosure counsel should be contacted to seek such clarification.
 - D. The Responsible Party and the Finance Director, along with other relevant staff as determined by the Finance Director, shall meet in January, March, and September of each year, to review any events that may require an Event Notice to be filed since the last CAFR.

4. PREPARATION AND FILING OF CAFRS AND EVENT NOTICES

- A. The Responsible Party will identify any information that is required to be included in the CAFR but is not part of the City's audited financial statements, and contact the sources necessary to compile such information as soon as possible after the close of each Fiscal Year. The Responsible Party will consider adding any information required by its continuing disclosure agreements or similar instrument not already included in its audited financial statements into a supplementary information section of audited financial statements.
- B. Following the compilation of the information that is to be included in the CAFR, the Responsible Party will (or will cause the Dissemination Agent to) submit the CAFR to EMMA on or before the date on which the CAFR must be filed.
- C. Each year, by no later than the date that the CAFR is required to be filed on EMMA, the Responsible Party will review the EMMA website to confirm that the CAFR has been posted with respect to all

applicable securities. If the CAFR has not been posted, the dissemination agent will be notified, or the Responsible Party will file the CAFR, as applicable.

- D. The Responsible Party will identify, or with the assistance of consultants engaged to monitor compliance will identify, the occurrence of a Listed Event and prepare, or have prepared, the appropriate Event Disclosure. The Responsible Party will file (or will cause the dissemination agent to file) Event Notices on EMMA in a timely manner, when so required by the continuing disclosure agreements or similar instrument. The Responsible Party will contact the City's issuer counsel or bond counsel if there are any questions regarding whether an event constitutes a Listed Event, and whether such occurrence will require the filing of an Event Notice.
- F. In connection with amendments to Rule 15c2-12 adopted in 2018, the Responsible Party shall create and maintain an updated list of the City's existing financial obligations (as such term is defined by Rule 15c2-12) (the "Financial Obligations List"). Whenever the City prepares to enter into a new financial obligation or modify the terms of an existing financial obligation, or a default or other event occurs with respect to a financial obligation that is the result of financial difficulties, the Responsible Party shall determine whether such event would require an Event Notice under the continuing disclosure undertaking. If a determination is made that an Event Notice would be required, the Responsible Party, in consultation with legal counsel, shall cause the Event Notice to be filed within 10 business days after the occurrence.
- G. Certain Listed Events are qualified by a materiality standard. If clarification is required regarding materiality on any potential Listed Event, the Responsible Party shall contact the City issuer's counsel, or bond counsel to seek clarification. The Responsible Party's determination of materiality will depend on the facts and circumstances surrounding the event and will take into consideration all relevant facts.

5. RETENTION OF RECORDS

- A. For each issue of municipal bonds, the documents identified below should be retained for a period of at least seven years following the retirement (at maturity or otherwise) of that issue of bonds.
 - (i) The transcripts containing the documents related to the bond issue.

- (ii) Each CAFR and Event Notice submitted to EMMA.
- (iii) To the extent that the content of an CAFR is based on source materials created or obtained by the City, such source materials.