

**COUNCIL POLICY  
CITY OF CHULA VISTA**

**SUBJECT: City Disclosure Policy**

**POLICY  
NUMBER**

**EFFECTIVE  
DATE**

**PAGE**

June xx, 2016

1 of 4

**ADOPTED BY:** Resolution No.

**DATED:** 6/xx/2016

**AMENDED BY:** Resolution No. (date of resolution)

**BACKGROUND**

The City Council adopted the City's Debt Policy No. 220-05 on January 14, 2014. The City's Debt Policy included a brief summary of the City's disclosure requirements. The main objectives of this policy are to expand on the City's legal requirements related to debt disclosure; to define the appropriate roles and responsibilities necessary for continued compliance; and to certify compliance by all officers involved related to future offering documents.

**PURPOSE**

To set forth policies and principles of the City's disclosure obligations related to securities issued by the City and related entities.

**POLICY**

**GENERAL POLICIES**

**Legal Requirements**

The City issues securities in the public capital market. When bonds are issued, the City has an obligation to disclose all material information and to meet certain standards in compliance with federal securities laws. These include but are not limited to the Securities Act of 1933 – Anti-Fraud, the Securities and Exchange Act of 1934, the Securities and Exchange Commission (SEC) Rule 10b5, and SEC Rule 15c-2-12.

The consequence of incomplete, inaccurate or misleading disclosure could have significant financial impacts on the City and on individual elected officials, officers, and staff. These actions include, but are not limited to:

- Securities and Exchange Commission (SEC) Investigation – SEC has the power to bring civil actions or refer to Justice Department for criminal action. Levels of culpability include: negligence, recklessness, and intent to defraud (“scienter”).
- Requirement to impose cumbersome procedures and oversight to settle SEC actions.
- Adverse publicity to the City – reduced market access.
- Rating Downgrades, which could potentially trigger costly mitigation on bond issues.

The benefits of sound disclosure practices can have both tangible and intangible affects:

- Enhancement of credibility in the marketplace.
- Foster liquidity for the securities.

**COUNCIL POLICY  
CITY OF CHULA VISTA**

**SUBJECT: City Disclosure Policy**

**POLICY  
NUMBER**

**EFFECTIVE  
DATE**

**PAGE**

June xx, 2016

2 of 4

**ADOPTED BY:** Resolution No.

**DATED:** 6/xx/2016

**AMENDED BY:** Resolution No. (date of resolution)

- Demonstrate a solid disclosure track record that will be viewed favorably by investors, credit rating agencies, and the public.

**Scope of Application**

This policy is consistent in its application with the City's Debt Policy. Additionally, the policies herein apply to all documents and information that are reasonably expected to reach investors/securities market, including:

- Initial disclosure,
- Continuing disclosure, (annual and material events), and
- Other information (audits, budgets, certain press releases, web site posting, financial presentations, etc.)

**Governing Authority and Responsibility**

- A. Authority – The City's disclosure program shall be managed in conformance with applicable federal, state, and other legal requirements, including Chula Vista City Codes.

As provided for in the Debt Management Practices Section of the City's Debt Policy, this Disclosure Policy augments the City's Debt Policy, as such all provisions of the Debt Policy apply only as to specifics related to disclosure compliance. In the event of any conflicts between the Debt Policy and the Disclosure Policy, the Debt Policy shall prevail.

- B. Point of Contact - The City Finance Director/Treasurer shall be designated as the primary party responsible for the development, distribution, and determination of the materiality of information.

C. Responsibility

1. As the primary Point of Contact, it shall be the responsibility of the Office of the Finance Director/Treasurer to oversee all aspects of disclosure. As such, the Office of the Finance Director/Treasurer is responsible for reviewing the form and content of the City's documents and materials prepared, issued, or distributed in connection with the City's disclosure obligations relating to its securities; to include but not limited to: preliminary and final official statements, annual continuing disclosure reports, material event notices and other voluntary filings to the Municipal Securities Rulemaking Board disclosure portal Electronic Municipal

**COUNCIL POLICY  
CITY OF CHULA VISTA**

**SUBJECT: City Disclosure Policy**

**POLICY  
NUMBER**

**EFFECTIVE  
DATE**

**PAGE**

June xx, 2016

3 of 4

**ADOPTED BY:** Resolution No.

**DATED:** 6/xx/2016

**AMENDED BY:** Resolution No. (date of resolution)

Market Access (EMMA), press releases, rating agency presentations, web-site postings, investor presentations, and other communications reasonably expected to reach investors or the securities markets.

2. Along with the Finance Director/Treasurer, the City Attorney, and City Manager shall serve as integral members of the financing team, each, as appropriate, responsible for ensuring and certifying to the accuracy of the information released to the market.
3. The City is responsible for the content of its disclosure documents. The City Finance Director/Treasurer, City Attorney, and City Manager shall ensure that the use of outside professionals for their respective areas of expertise is appropriate and reliance upon such expertise is reasonable and not excessive.
4. The Office of the City Finance Director/Treasurer shall ensure that subject matter experts are involved in the development of disclosure documents.
5. The Office of the City Finance Director/Treasurer shall be responsible for arranging training for City staff, officials, City Council members, and the Mayor regarding their obligations relating to disclosure matters under federal securities laws.
  - a. The City Manager and City Attorney shall ensure the attendance at such training of those persons for whom the City Finance Director/Treasurer recommends such training.
6. City officers and staff serving as financing team members have the responsibility to review and provide input on draft documents. Such review shall take into consideration that all material information is included, accurate, and relevant. Politically sensitive and confidential considerations are not exceptions to disclosure.
7. Officers and employees of the City and related entities shall promptly provide such information, assurance, and/or certifications as the City Finance Director/Treasurer, in his or her sole discretion, may request in order to assure compliance with federal securities laws.
  - a. The City Manager and City Attorney shall participate in and be in compliance with requests of those persons for whom the City Finance Director/Treasurer deems necessary to ensure good disclosure practices.

**COUNCIL POLICY  
CITY OF CHULA VISTA**

<b>SUBJECT: City Disclosure Policy</b>	<b>POLICY NUMBER</b>	<b>EFFECTIVE DATE</b>	<b>PAGE</b>
		June xx, 2016	4 of 4

**ADOPTED BY:** Resolution No.

**DATED:** 6/xx/2016

**AMENDED BY:** Resolution No. (date of resolution)

8. The Office of the City Finance Director/Treasurer shall ensure that drafts of the offering documents are provided to the City Manager, City Attorney, City staff, and the Mayor / City Council, as appropriate, to allow timely decisions regarding disclosure.
9. The Office of the City Finance Director/Treasurer shall arrange for the City Finance Director/Treasurer, a representative from the Office of the City Attorney and a representative from the City Manager's Office and representatives from other departments as deemed appropriate to participate in a due diligence meeting or call with the underwriters of the bonds prior to the release of the offering documents for the bonds.

**Certifications**

In connection with the approval of offering documents for securities by the City Council, the City Finance Director/Treasurer, City Manager, and City Attorney each shall certify in writing to the City Council that to the best of his or her knowledge, such documents do not make any untrue statements of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading. In the event the City Manager or City Attorney, or City Finance Director/Treasurer is unavailable, an authorized designee may make the certification required by this section.