

Continuing Disclosure Policy and Procedure

FISCAL SERVICES
CITY OF COLLEGE STATION



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1. PURPOSE AND INTENT

It is the stated policy and objective of City of College Station, Texas (the “City”) to (i) ensure that the City’s financial disclosures are fair and accurate, and comply with all applicable federal and state securities laws, (ii) satisfy in a timely manner all contractual obligations undertaken pursuant to the City’s Continuing Disclosure Undertakings in connection with its debt obligations, and (iii) promote best practices relating to financial and operating disclosures by the City.

This Disclosure Policy and Procedures (the “Procedures”) is hereby adopted by the City on the date set forth in this document for the purpose of establishing, maintaining, and evidencing compliance with internal procedures, promoting compliance with federal and state securities laws, documenting the process for preparing and reviewing Disclosure Documents, and assisting the City’s compliance with its Continuing Disclosure Undertakings.

It is the intention of the City to modify or amend these Procedures in the future in order to comply with any changes in legal or regulatory requirements to the extent such changes may apply to the City and its obligations, or improve the realization of the purpose and intent of these Procedures.

2. DEFINITIONS

Capitalized terms used in these Procedures shall have the meanings set forth below:

“Auditor” means the independent outside auditor retained by the City to conduct an annual audit of the City and prepare a report thereon.

“Annual Report” means the annual financial information and operating data required to be filed pursuant to the Continuing Disclosure Undertakings.

“Annual Review” means the annual evaluation of the Procedures that is performed by the Disclosure Working Group (the “DWG”).

“Annual Training” means annual disclosure training for staff and officials of the City involved in preparing or approving the Disclosure Documents.

“Audited Financial Statements” means the audited financial statements or comprehensive annual financial reports of the City.

“Bond Counsel” means the attorney or law firm retained to provide an opinion regarding the validity of the bonds or other municipal securities described in the Offering Documents.

“Continuing Disclosure Undertakings” means the City’s contractual obligations relating to its outstanding securities entered into to permit the underwriters of such securities to comply with the Rule.

“Continuing Disclosure Undertakings Master List” means a current list of each Continuing Disclosure Undertaking of the City, identified by name of the issue covered and the CUSIP numbers associated therewith, for which the City remains obligated to advance funds to pay or support the municipal securities covered, together with a

description of the tables and other matters required in the Annual Report for such Continuing Disclosure Undertaking, the date on or before which the Annual Report and Audited Financial Statements must be filed, a description of information required in any notice of a failure to file the Annual Report and Audited Financial Statements, and a description of each Event Notice which must be filed and whether the event must be filed in a timely manner or within ten business days of the occurrence of the event. The Continuing Disclosure Undertakings Material List shall also identify all “obligated persons” as defined in the Rule.

“Contributors” means those City staff members and officials involved in preparing or approving the Disclosure Documents or additional staff members assigned by the DWG Chair or identified to the DWG Chair by a director or manager of a department, agency, office or other unit of the City, to assist with the review or preparation of one or more sections of a Disclosure Document.

“Disclosure Counsel” means the law firm retained by the City to provide advice with respect to the City’s obligations under federal securities law.

“Disclosure Document” means any of the City’s documents and materials prepared, issued, or distributed in connection with the City’s disclosure obligations under applicable federal securities laws or that could potentially subject the City to liability under applicable federal securities laws, and shall include, but not be limited to, the following: the Offering Documents; the Annual Report; any filing made by the City with EMMA pursuant to Continuing Disclosure Undertakings, including an Event Notice; any voluntary filing made by the City that is filed on EMMA; investor presentations; rating agency presentations; and any other document that is reviewed and approved in accordance with these Procedures.

“Disclosure Working Group” or “DWG” means the City’s , Director of Fiscal Services, Assistant Director of Fiscal Services, Accounting Manager / Controller or the designee of any of the foregoing and the Financial Advisor.

“Disclosure Working Group Chair” or “DWG Chair” means the Director of Fiscal Services, or a designee authorized by the Assistant City Manager CFO to act upon the their behalf.

“EMMA” means the Electronic Municipal Market Access system maintained by the MSRB.

“Event Notice” means a notice for any of the events listed in the Rule and which are listed in Section 4.2.1.2 herein.

“Financial Advisor” means an individual or firm providing financial advice to the City, including a municipal advisor.

“Financial Obligation” means a: (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) guarantee of (A) or (B). The term Financial Obligation does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Financial Obligations Master List” means a list of the City’s existing Financial Obligations. The Financial Obligations Master List should include for each Financial Obligation listed such terms of the Financial Obligation as may be necessary to comply with the information reporting requirements of event (15) under the Rule and monitoring requirements of event (16) under the Rule. The Financial Obligations Master List should be updated on a continuing basis upon incurrence of each new Financial Obligation or modification of an existing Financial Obligation.

“Financing Group” means, the DWG, Bond Counsel, Disclosure Counsel, the Financial Advisor, the Underwriter, counsel to the Underwriter, and any other party engaged by the City to assist in the offer, placement, and sale of the bonds or municipal securities described in an Offering Document.

“MSRB” means the Municipal Securities Rulemaking Board.

“Offering Documents” means all preliminary and final official statements, offering memoranda and other materials prepared by or for the City, together with any amendments or supplements thereto, for use in connection with the offering of notes, bonds, other municipal securities, or other obligations of the City subject to the antifraud provisions of federal securities law.

“Required Date” means the latest date or dates after the end of the City’s fiscal year when the Audited Financial Statements and Annual Report are required to be filed with the MSRB under the City’s Continuing Disclosure Undertakings, as identified by the Continuing Disclosure Undertakings Master List.

“Rule” means Securities and Exchange Commission Rule 15c2-12, adopted pursuant to the Securities Exchange Act of 1934, 17 CFR § 240.15c2-12, as amended from time to time.

“Senior City Officials” means Assistant City Manager / CFO, Deputy City Manager or City Manager

“Underwriter” means the broker, dealer, or municipal securities dealer offering or placing the bonds or other municipal securities described in the Offering Documents to or with investors.

3. DISCLOSURE WORKING GROUP

3.1. DWG CHAIR RESPONSIBILITIES

The DWG Chair is responsible for oversight of compliance with these Procedures. The DWG Chair is the leader of the DWG and responsibilities include:

- 3.1.1. being the primary point of contact or establishing the primary point of contact regarding issues or information that should or may need to be disclosed in the Disclosure Documents;
- 3.1.2. assigning or overseeing the assignment of responsibilities and coordinating with Contributors for assembling, drafting, and verifying the accuracy of information in the Disclosure Documents;
- 3.1.3. establishing the schedule or timing requirements for drafting, reviewing, revising, and approving the Disclosure Documents, including the circulation and review of the draft

Disclosure Documents;

- 3.1.4. communicating with senior City Officials regarding the Disclosure Documents;
- 3.1.5. If designated by Senior City Officials serve or assist in, serving as the spokesperson to investors and the public on questions regarding disclosure matters of the City;
- 3.1.6. monitoring compliance with these Procedures;
- 3.1.7. maintaining records demonstrating the City's compliance with these Procedures;
- 3.1.8. scheduling and coordinating the Annual Review;
- 3.1.9. recommending to the governing body of the City, consideration of changes to these Procedures;
- 3.1.10. maintaining the Continuing Disclosure Undertakings Master List and the Financial Obligations Master List;
- 3.1.11. scheduling and coordinating the Annual Training; and
- 3.1.12. filing or causing the filing of Disclosure Documents, including the Audited Financial Statements, the Annual Report, and Event Notices with EMMA by the deadlines stated in the Continuing Disclosure Undertakings.

The DWG Chair may designate staff or, upon approval of the City Council, engage the Financial Advisor to assist in the execution of responsibilities above, if appropriate.

3.2. DWG RESPONSIBILITIES

The DWG is responsible for compliance with these Procedures and promoting compliance with federal and state securities laws. Responsibilities include the following:

- 3.2.1. consulting and coordinating with various parties and offices of the City regarding the content of the Disclosure Documents,
- 3.2.2. determining the content of the Disclosure Documents,
- 3.2.3. reviewing and revising drafts of the Disclosure Documents including with Bond Counsel and Disclosure Counsel, and
- 3.2.4. approving the final versions of the Disclosure Documents.

The DWG shall meet no less often than annually to fulfill its obligations under these Procedures. The DWG shall also meet prior to the posting of any Disclosure Document relating to the issuance of bonds. The DWG is encouraged to provide suggestions to improve these Procedures and the Disclosure Documents in the Annual Review or as otherwise needed. The DWG may consult with Bond Counsel, Disclosure Counsel, the Financial Advisor, and the Auditor as necessary in connection with carrying out their obligations under these procedures.

Contributors, staff and officials must cooperate with the DWG and provide the DWG with any information, assurances or certifications that it deems necessary to ensure that the Disclosure Documents are accurate and complete in all material respects.

All information that is discussed and contained in the Disclosure Documents or that is submitted to the DWG for inclusion in the Disclosure Documents should be kept

confidential, to the extent allowed by law, and may not be transmitted to third parties without the express permission of the DWG.

4. DISCLOSURE PROCEDURES

4.1. PRIMARY DISCLOSURE

The following process will be used in connection with reviewing the form and content of Offering Documents and any supplements thereto.

DWG CHAIR: OFFERING DOCUMENT REVIEW PROCESS

The DWG Chair will coordinate with the Financing Group and the DWG to (i) ensure that all appropriate members of the DWG are included on the distribution lists of the Financing Group, (ii) assign portions of the Offering Documents, including appendices, to Contributors with responsibility for the financial information or operating data described therein, as follows:

General Obligation Bond/Certificate of Obligation Bond Offering Documents

- Financial Advisor will prepare the initial draft of Offering Document and appendices thereto for review by the DWG and Financing Group and manage the incorporation of comments to the Offering Documents received from DWG, Contributors and the Financing Group.
- Assistant Finance Director is responsible for drafting or obtaining information in the Offering Document relating to:
 - (i) compilation of tables,
 - (ii) coordinating a review, with the assistance of the Financial Advisor and Disclosure Counsel, of the City's compliance with its Continuing Disclosure Undertakings for the past five years and reviewing the information regarding the same in the Offering Document. Such review shall include a review of the Continuing Disclosure Undertakings Master List, the Financial Obligation Master List and the City's filings with EMMA for the preceding five years to determine whether any failure to comply has occurred, and
 - (iii) information in the Offering Document regarding the operation of the City and any tax increment financing zones, public improvement districts and economic development agreements.
- Director of Fiscal Services is responsible for updates to information regarding the City's hotel occupancy tax in the Offering Document.
- Assistant Finance Director is responsible for updating information in the tables in the Offering Document that are compiled from the CAFR.

- City Attorney will review, and if necessary, consult with City staff and other consultants and attorneys regarding disclosures contained in the Offering Document related to litigation, ongoing investigations and other legal matters, including the section labeled “Litigation” in the Offering Document.
- Assistant Finance Director is responsible for the compilation of and information in the self-supporting debt tables in the Offering Document.
- Bond Counsel and Disclosure Counsel will review and comment on disclosures related to the ordinance authorizing the debt obligations, the description of the continuing disclosure undertaking and federal income tax considerations contained in the Offering Document.

Electric, Waterworks and Wastewater System Revenue Bonds/Drainage System Bonds Offering Document.

- Financial Advisor will prepare the initial draft of Offering Document and appendices thereto for review by the DWG and Financing Group and manage the incorporation of comments to the Offering Documents received from DWG, Contributors and the Financing Group.
- Assistant Finance Director will update tables relating to water and sewer/drainage revenues and expenditures and the description of the City’s water and sewer system or drainage utility system in the Offering Document and shall send such updates to Director of Fiscal Services for review.
- Director of Fiscal Services will sign off on all tables and descriptions of the City’s water and sewer or drainage utility system in the Offering Document.
- City Attorney will review, and if necessary, consult with City staff and other consultants and attorneys regarding disclosures contained in the Offering Document related to litigation, ongoing investigations and other legal matters, including the section labeled “Litigation” in the Offering Document.
- Bond Counsel and Disclosure Counsel will review and comment on disclosures related to the ordinance authorizing the debt obligations, the description of the continuing disclosure undertaking and federal income tax considerations contained in the Offering Document.

Other Offering Documents.

- For Offering Documents other than for General Obligation Bonds, Water and Wastewater Revenue Bonds and Drainage Utility System Revenue Bonds, the DWG Chair shall establish procedures similar to those listed above.

The DWG Chair will regularly communicate with Senior City Officials throughout each financing, if necessary, and, when approval or execution by a Senior City Official or officials is required

before distribution, provide an opportunity for questions and discussion of the content of the Offering Documents. If a senior official is required to sign an offering document or disclosure, the DWG Chair will be responsible for ensuring that the Offering Documents are provided to Senior City Officials that are responsible for signing and certifying as to the accuracy of the disclosure in a timely manner to enable them to make such certification.

If requested by the governing body of the City or any City official signing the Offering Document or approving its use, the DWG Chair will certify that (i) the Offering Document has been prepared in accordance with these Procedures and (ii) to the knowledge of the DWG and the DWG Chair, the Offering Document is accurate and complete in all material respects and does not make any untrue statement of a material fact or omit any material fact necessary to make the statements made therein, in light of the circumstances in which they are made, not misleading. This process may occur with respect to: (1) posting or other distribution of (i) a preliminary Offering Document, and deeming final thereof, (ii) a final Offering Document, and (iii) any supplement or amendment to a preliminary or final Offering Document, and (2) execution of (i) any purchase agreement or (ii) closing document by an City official containing a representation, warranty, or certification that the Offering Document is accurate and complete in all material respects and does not make any untrue statement of a material fact or omit any material fact necessary to make the statements made therein, in light of the circumstances in which they are made, not misleading.

The DWG Chair will keep a record of the Contributors, and other City staff and officials, members of the Financing Group and any other outside consultant that reviewed, drafted, approved, or certified the disclosure in the Offering Documents.

DWG: OFFERING DOCUMENT REVIEW PROCESS

The DWG will consult with Contributors and other appropriate City staff and officials, the Auditor, Bond Counsel, Disclosure Counsel and other outside consultants, if necessary, regarding the disclosure in the Offering Documents.

If an Offering Document will be a “final official statement” as defined in the Rule, the DWG Chair will instruct such members of the DWG and Contributors, in consultation as necessary with Bond Counsel or Disclosure Counsel, to review the Continuing Disclosure Undertakings Master List and the City’s filings with EMMA for the preceding five years to identify whether any failures to comply have occurred. The DWG will consult with Bond Counsel or Disclosure Counsel to determine whether disclosure of any such failures is required in the Offering Document and in consultation with Bond Counsel or Disclosure Counsel, shall draft such disclosure for inclusion in the Offering Document, as is required under federal securities law and submit such draft to the DWG for review and upon approval by the DWG, shall ensure such language is included in the Offering Document. To the extent practicable, remedial filings with respect to any such failures to file shall be prepared and filed in accordance with these Procedures.

The DWG will review, revise, and comment on initial and revised drafts of the Offering Document.

The DWG must approve the final version of an Offering Document prior to approval or execution by the City or a City Official, or posting or distribution when such approval is not required. Before final approval, the DWG must determine that the material facts described therein are consistent with those known to the DWG, and that the final version of the Offering Document (1) does not make any untrue statement of a material fact or omit any material fact necessary to make the statements made therein, in light of the circumstances in which they are made, not misleading, and (2) is accurate and complete in all material respects.

Approval of an Offering Document shall be evidenced by written sign-off (which may be delivered by e-mail) from each Contributor with responsibility for the disclosure provided in the Offering Document. Upon receipt of written sign-off, the DWG Chair shall provide the Offering Document to the City or Senior City Official for approval or execution certifying that it has been approved by the DWG. In circumstances in which approval or execution by the City or City official is not required, the DWG Chair will authorize the distribution of the Offering Document. The DWG should retain the written sign-offs received from each Contributor in the records maintained pursuant to these Procedures. It is important to note that the Offering Document must be posted within seven days of the transaction pricing.

4.2. CONTINUING DISCLOSURE

In connection with the issuance of municipal securities, the City has entered into (and in the future may enter into) a Continuing Disclosure Undertaking for the benefit of the holders and beneficial owners of the municipal securities of each such issuance, as required by the Underwriters in accordance with the Rule. The City is required to comply with these Continuing Disclosure Undertakings for so long as it remains obligated to advance funds to pay or support the municipal securities covered by the respective Continuing Disclosure Undertaking.

Under the Continuing Disclosure Undertakings, the City is obligated to provide (1) annual financial information consisting of (i) Audited Financial Statements and (ii) the Annual Report on or before the date specified in the Continuing Disclosure Undertaking, and notice of any failure to provide such annual financial information, and (2) in a timely manner, notice of any of the events specified in the Continuing Disclosure Undertaking to the MSRB by means of the EMMA system.

The DWG maintains the Continuing Disclosure Undertakings Master List of the City.

4.2.1. AUDITED FINANCIAL STATEMENTS

The DWG Chair will work with relevant officials of the City to assure that the engagement letter with the Auditor requires completion and delivery by the Auditor of the City's annual Audited Financial Statements with sufficient time to permit the presentation to and acceptance by the City of the Audited Financial Statements and for the DWG to review and incorporate data and other information provided therein into the Annual Report prior to the respective Required Date.

The Assistant Finance Director will file the Audited Financial Statements with EMMA upon availability or together with the Annual Report, provided such filing occurs on or before the respective Required Date.

If the Audited Financial Statements are not available by the Required Date, the DWG Chair will (i) if required under the City's Continuing Disclosure Undertakings, arrange for the review by the DWG and filing of unaudited financial statements with such cautionary statements and disclaimers as may be appropriate on or before the Required Date or as soon as practicable thereafter, and (ii) direct the Assistant Finance Director to file, an Event Notice, in conformity with the failure to file notice provisions of the Continuing Disclosure Undertakings, stating that the Audited Financial Statements are not yet available and will not be filed by the Required Date. When the Audited Financial Statements become available, the DWG Chair shall direct the Assistant Finance Director to file such Audited Financial Statements on EMMA.

4.2.1.1. ANNUAL REPORT

The DWG Chair will schedule the preparation and drafting of the Annual Report with the DWG in time to file the Annual Report on or before the Required Date.

The DWG Chair will assign drafting portions of the draft Annual Report, as appropriate, to DWG members and Contributors with responsibility for the financial information or operating data described therein and indicated to be required by the Continuing Disclosure Undertakings Master List, which includes the following:

- The Assistant Finance Director compiles the Annual Report and update the tables for filing on EMMA.

The DWG and Contributors review and sign off of the disclosures contained in the Annual Report.

- The Director of Fiscal Services then reviews and approves the Annual Report as prepared.
- The Assistant City Manager/CFO then approves the final Annual Report as set forth below prior to filings.
- When final approval is received from the Assistant City Manager / CFO, the Assistant Finance Director shall file the Annual Report on EMMA.

The DWG Chair may engage the assistance of the Financial Advisor or Auditor in undertaking any portion of this responsibility, with the exception of final approval from the Assistant City Manager / CFO.

The DWG will review, comment on, and revise the initial and any subsequent drafts of the Annual Report; check, confirm and include or incorporate by reference, as appropriate, information contained in the Audited Financial Statements, and such other reports as required; and consult with appropriate staff and officials, the Auditor, Bond Counsel, Disclosure Counsel,

and other outside consultants, if necessary, regarding the disclosure in the Annual Report.

The DWG must approve of the final version of the Annual Report. Before final approval, the DWG must determine that the material facts described therein are consistent with those known to the DWG, and that the final version of the Annual Report (1) does not make any untrue statement of a material fact or omit any material fact necessary to make the statements made therein, in light of the circumstances in which they are made, not misleading, and (2) is accurate and complete in all material respects.

Prior to releasing the Annual Report, the DWG Chair must receive written sign-off (which may be delivered by email) from each member of the DWG with responsibility for the disclosure provided in the Annual Report. The DWG Chair should retain the written sign-offs received from such members of the DWG in the records maintained pursuant to these Procedures.

If the Annual Report is not available by the Required Date, the Assistant Finance Director will file an Event Notice, in conformity with the failure to file notice provisions of the Continuing Disclosure Undertakings, stating that the Annual Report is not yet available and will not be filed by the Required Date. When the Annual Report becomes available, the Assistant Finance Director will file such Annual Report on EMMA.

4.2.1.2. EVENT NOTICES

In its Continuing Disclosure Undertakings, the City is obligated to file notices of certain events on EMMA in a timely manner (in certain undertakings within ten business days) after the occurrence of the event, as set forth in the Continuing Disclosure Undertakings Master List. An Event Notice must be filed with respect to each series of municipal securities affected by the occurrence of the event. The list of events which require an Event Notice are the following:

- (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 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 municipal security, or other material events affecting the tax status of the municipal 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 municipal securities, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the City or, if applicable, an obligated person;
- (13) 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 City or, if applicable, an

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;

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(15) Incurrence of a financial obligation of the City, or if applicable, an obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City or 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 City, or if applicable, an obligated person, any of which reflect financial difficulties; and

(17) Notice of a failure of the City to provide required Audited Financial Statements or the Annual Report, on or before the Required Date.

An Event Notice for events 1 through 16 shall be filed within ten business days of the occurrence of the event. An Event Notice for event 1 shall be filed in a timely manner as discussed with Bond Counsel or Disclosure Counsel.

EVENT NOTICES – General

Each member of the DWG is expected to have a complete understanding of the events listed in the Continuing Disclosure Undertakings, as described above and in the Continuing Disclosure Undertakings Master List.

At all times a DWG member is required to notify the DWG Chair if they become aware of any event or potential for an event described in the Continuing Disclosure Undertakings Master List that may require the filing of an Event Notice.

The DWG shall identify City department personnel who may know information relating to the City's Continuing Disclosure Undertaking and Event Notices. The DWG shall require all departments in the City to notify the DWG upon the occurrence of any event or potential for an event described in the Continuing Disclosure Undertakings Master List.

Upon notification of the occurrence of an event or potential occurrence of an event that may require filing of an Event Notice, the DWG Chair will confer with Bond Counsel, Disclosure Counsel, other members of the DWG, staff and officials of the City, Bond Counsel, the Financial Advisor and other outside consultants as may be necessary to determine whether an event has occurred and, if necessary, draft or assign the drafting of the Event Notice in sufficient time to allow the City to meet its continuing disclosure obligations described in the Continuing Disclosure Undertakings Master List.

The Assistant Finance Director shall draft the Event Notice and the DWG Chair must approve the final version of the Event Notice before the Event Notice is distributed Senior City Official for review and comment. The Director of Fiscal Services will consult with Contributors and other appropriate City staff and officials, the Auditor, Bond Counsel, Disclosure Counsel and other outside consultants, if necessary, regarding the Event Notice. Before final approval, the DWG must determine that the material facts described

therein are consistent with those known to the DWG, and that the final version of the Event Notice (1) does not make any untrue statement of a material fact or omit any material fact necessary to make the statements made therein, in light of the circumstances in which they are made, not misleading, and (2) is accurate and complete in all material respects.

Prior to releasing the Event Notice, the Senior City Official must receive written sign-off (which may be delivered by email) from each member of the DWG with responsibility for the disclosure provided in the Event Notice. The DWG should retain the written sign-offs received from such members of the DWG in the records maintained pursuant to these Procedures.

If the DWG becomes aware of an Event Notice that was not filed, the DWG Chair will follow the process described above to promptly file such Event Notice.

EVENT NOTICES – Financial Obligations

Each member of the DWG is expected to have a complete understanding of new events (15) and (16) under the Rule, as stated above. If the DWG has not received training on new events (15) and (16), the DWG Chair should request training from Bond Counsel, Disclosure Counsel, or other competent counsel.

The DWG will, in consultation with Bond Counsel or Disclosure Counsel, be responsible for: (i) identifying existing material Financial Obligations; (ii) tracking new material Financial Obligations, including amendments thereto; and (iii) monitoring Financial Obligations for events, which may reflect financial difficulties.

To assist in monitoring compliance with new events (15) and (16), the DWG Chair and the DWG will create the Financial Obligations Master List, with the assistance of the Financial Advisor, Bond Counsel and Disclosure Counsel, and other outside consultants, including the Auditor, as the DWG Chair and DWG deem appropriate and the City shall approve.

The Financial Obligations Master List should provide information similar in content to the recommended format that was provided by the Government Finance Officers Association in January 2019.¹ See Exhibit A at the end of the policies and procedures document.

The DWG Chair will maintain and update the Financial Obligations Master List, and upon approval of the DWG and the City, may retain a Financial Advisor, as may be necessary, to effectively maintain and continuously update such Master List as well as to make all filings required to be made by the City under the Continuing Disclosure Undertakings.

The Director of Fiscal Services shall review City Council agenda items in order to identify the entering into of new potential Financial Obligations (or a modification of an existing Financial Obligation due to financial difficulty) and shall follow-up with the individual responsible for the agenda item to determine if the item rises to the level of disclosure. For purposes of this section, at a minimum, items to be considered by the DWG as a potential a “Financial Obligation” shall include, but are not limited to the following:

1. A debt obligation;
2. A derivative instrument entered into in connection with or pledged as security or a source of payment for, an existing or planned debt obligation.
3. A guarantee of (1) or (2);
4. A financing agreement or financing lease or energy savings performance contract where the City effectively borrows money at a rate of interest for the purchase of vehicles and equipment and pays back such borrowing over a number of years;
5. A contract for the payment of a good or service (such as water contracts with Water Districts) that obligates the City to a payment over a number of years but not including normal operating contracts such as for the construction of public improvements or maintenance thereof;
6. An economic development agreement or TIRZ Agreement that has features of a “debt” such as the payment of interest over time;
7. A line of credit, credit agreement or commercial paper program;
8. A loan or contract with the State or Federal Government where funds are received by the City and repayment is made over a number of years with interest.
9. A contract or obligation affects, or contains provisions or triggers that may impair the City’s liquidity, creditworthiness or an existing security holder’s rights.
10. Any contract or obligation that is a guarantee provided by the City for the benefit of a third party.
11. Any other contract, instrument or obligation that is “debt-like” or “debt-related”.

The DWG shall review all potential Financial Obligations for materiality and recommend to the DWG chair whether filing is required. For purposes of this section, a determination as to the materiality of a potential Financial Obligation involves a determination of the following:

“Whether a financial obligation or the terms of a financial obligation, if they affect security holders, would be important to the total mix of information made available to a reasonable investor when making an investment decision.”

In determining whether a Financial Obligation is material upon its incurrence or any modification of its terms, relevant facts and circumstances may include, but are not limited to, the following:

1. The principal amount of the Financial Obligation, including the aggregate par amount of a series of related Financial Obligations (e.g., a series of financing leases), and the method of setting or adjusting the interest rate thereof;
2. The City’s overall balance sheet and the size of its existing debt obligations;
3. The source of security pledged for repayment of the Financial Obligation and the rights associated with such pledge;
4. The length of time that the Financial Obligation is to remain outstanding; and
5. Other appropriate terms of a Financial Obligation that will impact the City’s financial condition and/or existing security holders in a material manner.

In determining whether the modification of the terms of a Financial Obligation reflects financial difficulties of the City pursuant to Event (16), such occurrences may include but are not limited to the following types of events:

1. Monetary defaults or events of non-appropriation where the City has failed to pay principal, interest or other funds due, or a non-payment related default where the City has failed to comply with specified covenants;
2. An event of acceleration exercised by a trustee or counterparty as the result of an event of default or other applicable remedy provision;
3. A modification of terms that reflects financial difficulties of the City such as a re-amortization of debt due to the City's difficulty in making payments;
4. A written or verbal waiver of an agreement provision that is a departure from what was agreed to under the original terms of such agreement; and
5. Other events under the terms of a Financial Obligation that reflect financial difficulties of the City and share similar characteristics with the specific types of events in Event (16).

At all times the DWG members are required to notify the DWG Chair if they become aware of the occurrence or potential occurrence of events, amendments or new agreements, or other items that would constitute new events (15) and (16) under the Rule. If a DWG member provides such notice or the DWG Chair otherwise becomes aware of such actual or potential event, the DWG Chair will follow the steps under "Section IV(B)(3)(A) Event Notices – General" in determining whether an event has occurred and, if necessary, the drafting and filing of the Event Notice and related record keeping.

The DWG will make a determination, based on the facts and circumstances, whether to submit to EMMA a description of the material terms of the Financial Obligations or changes thereto reflecting financial difficulties, or alternatively or in addition, submit the entirety of the materials, including contracts and transaction documents prepared in connection with the Financial Obligation, redacting any confidential or personally identifiable information.

4.2.1.3. VOLUNTARY FILINGS WITH EMMA

Voluntary filings are subject to the same securities laws implications as all other required filings made by the City. If City staff or officials desire to file a voluntary disclosure filing on EMMA, the staff or officials must make a request to the DWG Chair describing the reason for providing a voluntary disclosure. The DWG Chair will coordinate with the DWG to determine whether a voluntary filing is appropriate and, if so, draft or assign the drafting of the voluntary disclosure filing.

The DWG Chair will provide the DWG with a draft of the voluntary filing and the DWG will review, revise, and comment on initial and revised drafts of the voluntary filing. The DWG will consult with Contributors and other appropriate City staff and officials, the Auditor, the Financial Advisor, Bond Counsel, Disclosure Counsel and other outside consultants, if necessary, regarding the voluntary filing.

The DWG must approve of the final version of the voluntary filing. Before final approval, the DWG must determine that the material facts described therein are consistent with those known to the DWG, and that the final version of the voluntary filing (1) does not make any untrue statement of a material fact or omit any material fact necessary to make the statements made therein, in light of the circumstances in which they are made, not misleading, and (2) is accurate and complete in all material respects.

Approval of a voluntary filing shall be evidenced by written sign-off (which may be delivered by e-mail) from each member of the DWG with responsibility for the disclosure provided in the voluntary filing. Upon receipt of sign-off from such members of the DWG, the DWG Chair shall submit the potential filing to the appropriate Senior City Official. Upon receiving approval from the appropriate Senior City Official, the voluntary filing can be made with EMMA. The DWG should retain the written sign-offs received from members of the DWG and the Senior City Official in the records maintained pursuant to these Procedures.

4.2.1.4. RATING AGENCY PRESENTATIONS

In the event officials of the City are to make a presentation to a rating agency relating to the rating of outstanding or proposed municipal securities, the DWG Chair will assign portions of the draft rating agency presentation to DWG members and Contributors with responsibility for the financial and other information to be provided therein and to Bond Counsel, Disclosure Counsel and the Financial Advisor, as appropriate.

The DWG will consult with Contributors and other appropriate City staff and officials, the Auditor, and other outside consultants, if necessary, regarding the disclosure in the rating agency presentation. The DWG will review, revise, and comment on initial and revised drafts of the rating agency presentation.

The DWG Chair must approve the final version of any rating agency presentation prior to delivery to a rating agency. Before final approval, the DWG Chair must determine that the material facts described therein are consistent with those known to the DWG, and that the final version of the rating agency presentation (1) does not make any untrue statement of a material fact or omit any material fact necessary to make the statements made therein, in light of the circumstances in which they are made, not misleading, and (2) is accurate and complete in all material respects.

Final approval for any rating agency presentation should be made by the appropriate Senior City Official.

Approval of a rating agency presentation shall be evidenced by written sign-off (which may be delivered by e-mail) from each member of the DWG with responsibility for the disclosure provided in the rating agency presentation. Upon receipt of sign-off from such members of the DWG, the DWG Chair shall provide the rating agency presentation to the rating agency. The DWG Chair should retain the written sign-offs received from members of the DWG in the records maintained pursuant to these Procedures.

4.2.1.5. INVESTOR PRESENTATIONS

In the event a presentation is to be made to prospective investors with respect to an offering of municipal securities of the City or to investors with respect to outstanding municipal securities of the City, the DWG Chair will assign portions of the draft investor presentation to DWG members and Contributors with responsibility for the financial and other information to be provided therein and to Bond Counsel, Disclosure Counsel, and the Financial Advisor, as appropriate.

The DWG will consult with Contributors and other appropriate City staff and officials, the Auditor, Bond Counsel, Disclosure Counsel and other outside consultants, if necessary, regarding the disclosure in the investor presentation. The DWG will review, revise, and comment on initial and revised drafts of the investor presentation.

The DWG Chair must approve the final version of any investor presentation prior to presentation to investors. Before final approval, the DWG Chair must determine (A) that the material facts described therein are consistent with those known to the DWG, and that the final version of the investor presentation (1) does not make any untrue statement of a material fact or omit any material fact necessary to make the statements made therein, in light of the circumstances in which they are made, not misleading, and (2) is accurate and complete in all material respects, and (B), in the case of (1) an investor presentation to potential investors in an offering of municipal securities of the City, that the presentation is limited to information provided in the Offering Document and (2) an investor presentation to investors of outstanding municipal securities of the City, that the presentation is limited to information about the City available on EMMA.

Final approval for any prospective investor presentation should be made by the appropriate Senior City Official.

Approval of an investor presentation shall be evidenced by written sign-off (which may be delivered by e-mail) from each member of the DWG with responsibility for the disclosure provided in the investor presentation. Upon receipt of sign-off from such members of the DWG, the DWG Chair shall permit the investor presentation to be made to investors. The DWG Chair should retain the written sign-offs received from members of the DWG in the records maintained pursuant to these Procedures.

4.2.1.6. WEBSITE DISCLOSURE

Disclosure Documents may only be posted on areas of the City's website designed and approved by DWG and Disclosure Counsel for posting of such documents. The areas of the City's website where Disclosure Documents may be posted should include appropriate disclaimers and warnings that the information has not and will not be updated, other viewer acknowledgements and other limiting features as required by DWG.

Routine information and data, including financial, budgetary, and operating data generally made available to the public by a department or office of the City may be posted on a portion of the City's website allocated to that department or office, provided the portion of the website clearly provides a disclaimer, approved by DWG, warning viewers that the information

presented has not been prepared for and is not presented for consideration as disclosure to investors, and directs viewers seeking investor disclosure to the City's information available on EMMA.

Posting information to the City's website alone is not sufficient to comply with the City's Continuing Disclosure Undertakings described herein; such information must also be filed on EMMA.

5. ANNUAL REVIEW OF PROCEDURES

Each year the DWG will conduct the Annual Review. The purpose of the Annual Review is for the DWG to evaluate the design, operation and effectiveness of these Procedures and to make recommendation regarding changes to the Procedures.

In connection with the Annual Review, the DWG will (i) request comment on the Procedures from staff and officials involved in preparing or approving disclosure, (ii) meet with staff and officials to discuss the portions of the Disclosure Documents for which they are responsible and evaluate the effectiveness of the Procedures, and (iii) meet with the Auditor and Bond Counsel or Disclosure Counsel to review the design of the Procedures. All comments and recommendations to amend or maintain the Procedures will be discussed with the DWG.

If the DWG recommends any substantive amendment to these Procedures, the DWG Chair will prepare a written summary of such amendment. The written summary will be delivered to the governing body of the City, together with the recommendation of the DWG for adoption pursuant to an amendment of the resolution/ordinance or similar action by the City Council.

In addition to a recommendation to amend these Procedures made in the Annual Review, the DWG, the DWG Chair, the appropriate Senior City Official, and any official or staff involved in preparing or approving the Disclosure Documents may at any time recommend an amendment to the Procedures.

Following receipt of the recommendation for an amendment, the DWG will convene a meeting to discuss the proposed amendment and determine whether such amendment should be approved. Any amendments to the Procedures will be discussed with Bond Counsel or Disclosure Counsel. If the DWG recommends any substantive amendment to these Procedures, the DWG Chair will prepare a written summary of such amendment. The written summary will be delivered to the City Council, together with the recommendation of the DWG for adoption pursuant to an amendment of the resolution/ordinance or similar action by the City Council.

6. ANNUAL TRAINING

The City will provide Annual Training for all staff and officials involved in preparing or approving the Disclosure Documents, including members of the DWG authorizing the preparation of or approval of any Offering Document for dissemination. The Annual Training should be prepared by or with the assistance of Bond Counsel or Disclosure Counsel.

The Annual Training will generally include an overview of these Procedures, the disclosure obligations of the City under federal and state securities laws, and the responsibilities and potential liabilities of the staff and officials involved in preparing or approving the Disclosure Documents.

All staff and officials involved in preparing or approving the Disclosure Documents are required to

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attend the Annual Training or obtain comparable training approved by the DWG Chair. New members of the DWG, including the DWG Chair and Contributors are required to attend the Annual Training prior to being responsible for preparing or approving the Disclosure Documents.

The DWG Chair will be responsible for ensuring attendance of all staff and officials involved in preparing or approving the Disclosure Documents. The DWG Chair will keep a record of those that attend the Annual Training and maintain such record in accordance with these Procedures.

7. RECORD RETENTION

The DWG will retain all Disclosure Documents as required by the City's record retention schedule. All final versions of the Disclosure Documents and closing transcripts for financings will be preserved and maintained in a central location that is accessible to the DWG. The DWG Chair will retain all records required to be retained by the DWG Chair under these Procedures for a minimum of ten years after the date of the most recent final official statement of the City approved under these Procedures.

8. INTERNAL USE ONLY

These Procedures are intended for internal use only and are not intended to establish any duties in favor of or rights of any person other than the City.

9. DISCLOSURE DISSEMINATION AGENT

If the City, in consultation with the DWG, elects to use a Disclosure Dissemination Agent or indenture trustee for the purpose of assisting in the dissemination, filing responsibilities and recordkeeping requirements under these Procedures, the City agrees that it will enter into a written contract with the designated Disclosure Dissemination Agent or indenture trustee. The written contract will be reviewed or drafted by Bond Counsel or Disclosure Counsel. Such contract will describe the responsibilities of the parties, including detailed instructions regarding the process for dissemination.

If the City elects to use a Disclosure Dissemination Agent or indenture trustee, the Director of Fiscal Services and Assistant Finance Director will ensure all required filings are submitted to the Disclosure Dissemination Agent in a timely manner. A notice of filing will be obtained from the Disclosure Dissemination Agent and maintained in the City records for supporting documentation of each filing.

Exhibit A

CITY OF COLLEGE STATION, TEXAS					
Internal Record of Financial Obligations (Current and New)					
(Last Updated: January 2020 by: Director of Fiscal Services)					
Person responsible for completing and maintaining this document: Director of Fiscal Services Members of Disclosure Working Group: Director of Fiscal Services, Assistant Director of Fiscal Services, Accounting Manager/Controller Bond Counsel: McCall, Parkhurst & Horton Disclosure Counsel: McCall, Parkhurst & Horton Municipal Advisor: Hilltop Securities, Inc.					
Name/Description of Financial Obligations	Entered Into	Maturity	Key Material Provisions	Bank / Underwriter	Other
Bank Loans (direct or private placement)					
<i>Existing</i>					
NONE					
<i>New</i>					
Capital Leases (financed purchases)					
<i>Existing</i>					
NONE					
<i>New</i>					
Debt-Related Derivatives					
<i>Existing</i>					
NONE					
<i>New</i>					
Guarantees of Debt or Debt-Related Derivatives					
<i>Existing</i>					
NONE					
<i>New</i>					
Short Term Financial Obligations (<one year)					
<i>Existing</i>					

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NONE					
<i>New</i>					
Other Financial Obligations					
<i>Existing</i>					
NONE					
<i>New</i>					