

**RESOLUTION NO. 699**

**DISCLOSURE POLICY**

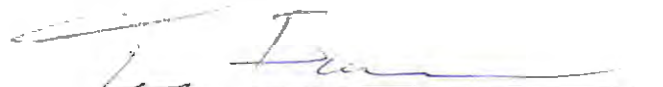
WHEREAS, pursuant to RCW 21.20 (Securities Act of Washington), the District is subject to antifraud and disclosure provisions for municipal securities, and

WHEREAS, the Securities Acts impose various obligations on the Districts, including requiring disclosure of material information regarding its publicly-offered bonds to allow investors to make informed decisions, and

WHEREAS, the Board of Commissioners deem it to be in the best interest of the District to adopt a policy to assist the District in its compliance with Washington securities laws and regulations and to promote best practices regarding disclosure, and

BE IT HEREBY RESOLVED BY THE BOARD OF COMMISSIONERS of the East Wenatchee Water District adopt a Disclosure Policy as attached hereto.

ADOPTED, by the BOARD OF COMMISSIONERS of the EAST WENATCHEE WATER DISTRICT, Douglas County, Washington at a regular meeting thereof, this 10th day of April 2017.

  
Terry Barnes, President

ATTEST:

  
Mike McCourt, Secretary

**EAST WENATCHEE WATER DISTRICT**  
**DOUGLAS COUNTY, WASHINGTON**

**DISCLOSURE POLICY**

**1. Findings and Determinations**

a. As an issuer of municipal securities, East Wenatchee Water District, Douglas County, Washington (the “District”), is subject to the antifraud provisions of the Securities Act of 1933 and the Securities and Exchange Act of 1934 and the Securities Act of Washington (chapter 21.70 RCW) (collectively, the “Securities Acts”).

b. The Securities Acts impose various obligations on the District, including requiring disclosure of material information regarding its publicly-offered bonds to allow investors to make informed decisions.

c. All documents and statements prepared or made in connection with the purchase or sale of the District’s securities cannot contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements not misleading.

d. The Board deems it to be in the best interest of the District to adopt a policy to assist the District in its compliance with securities laws and regulations and to promote best practices regarding disclosure.

e. The District has three major disclosure obligations: (1) to prepare an official statement for all public offerings of its securities that must be delivered to the underwriter for distribution to potential and actual purchasers and that sets forth the terms of the securities and information regarding the District, (2) to provide continuing disclosure in compliance with paragraph (b)(5) of Securities and Exchange Commission Rule 15c2-12 (“Rule 15c2-12”), and (3) if and when the District provides information that can reasonably be expected to be relied on by the market, to ensure that the information is not inaccurate or misleading.

**2. Official Statements and Other Disclosure Documents**

The District shall prepare an official statement for each publicly offered issue of securities. The District’s staff and the District’s bond counsel or underwriter shall be responsible for preparing the official statement. If the District requests a rating, a rating presentation shall be prepared. In addition, an investor presentation for larger bond issues may be prepared.

**3. Procedure and Timeline for Preparing Official Statements**

In advance of each financing, the District Manager shall determine the financing team, including members of the District’s staff, legal counsel, bond counsel and underwriter. The District Manager and respective preparers of the official statement and the rating presentation shall be responsible for providing drafts of the official statement or sections of the official statement, as appropriate, drafts of the rating presentation and drafts of the investor presentation,

if applicable, to the financing team and other District officials in a timely manner to provide adequate time for such individuals to perform a thorough review. The underwriter shall prepare a schedule for each financing, including dates for distributing drafts of the official statement and financing team calls and meetings to discuss the official statement.

The District Manager shall provide certain sections of the disclosure documents to individuals with subject matter knowledge of that section for their review and comments.

The District Manager shall review the disclosure documents to provide a broader perspective.

The Board of Water Commissioners (the “Board”) shall be given a copy of the official statement in advance of its publication and given the opportunity to comment and ask questions.

a. **Training**

The District shall provide periodic training opportunities to staff who participate in the District’s debt offerings regarding disclosure obligations and best practices. Such training sessions shall include education on the District’s disclosure obligations under applicable securities laws and regulations and responsibilities and potential liabilities regarding such obligations.

b. **Document Retention**

The District Manager shall retain for a period of at least five years printed copies of each preliminary and final official statement and any written certifications or opinions relating to disclosure matters. The District Manager shall not be required to retain drafts of any disclosure materials.

c. **Certifications and Opinions**

In connection with the closing of bonds, the transcript shall include a disclosure counsel opinion, if applicable, the certificate or opinion of legal counsel regarding litigation, and a certificate of the District regarding the official statement.

4. **Ongoing Disclosure**

Each time the District issues publicly-offered securities it enters into a written undertaking to provide continuing disclosure for the benefit of the holders and beneficial owners of the securities as required by Rule 15c2-12. The undertakings require the District not later than nine months after the end of each fiscal year, to provide to the Municipal Securities Rulemaking Board an annual report consisting of the District’s financial statements and specified historical financial and operating data. In each undertaking, the District also agrees to provide or cause to be provided, in a timely manner, not in excess of 10 business days after the occurrence of the event, to the MSRB notice of the occurrence of the “Listed Events,” as defined in the undertaking.

Under the direction of the District Manager, the Controller shall be responsible for complying with each undertaking, including filing the annual reports within the specified time and providing timely notice of any Listed Event. In addition, the Controller shall register with EMMA ([www.emma.msrb.org](http://www.emma.msrb.org)) and be familiar with the filing requirements and procedures. The duty to comply with the undertaking shall be included in the Controller's job description. The Controller shall keep a record of each undertaking and a copy of each filing pursuant to the undertakings. Any failure to comply with an undertaking shall be disclosed in future District official statements for five years. The Controller shall sign up with EMMA for email reminders.

In order to monitor compliance by the District with its continuing disclosure undertakings, the Controller will be responsible for the following:

a. Assist in the preparation or review of operating and financial information in the form required by each continuing disclosure undertaking. Under its current continuing disclosure undertakings, the District is required to file its annual financial statements (which may or may not be audited) with EMMA by September 30 of each year. If audited financial statements are not available by that date, the unaudited financial statements must be filed by September 30, and the audited financial statements must be filed with EMMA within 10 business days of the date they are available from the State Auditor's Office.

b. Maintain a calendar, with appropriate reminder notifications (on EMMA, in Outlook, etc.) listing the filing due dates for operating and financial information that must be completed by September 30 of each year (or any earlier or later deadline set forth in a continuing disclosure undertaking).

c. Ensure timely dissemination of the operating and financial information, in the format and manner provided in each continuing disclosure undertaking, which will include transmitting such filing to EMMA in the format prescribed by the MSRB.

d. Monitor the occurrence of each "Listed Event" and timely file notice of the occurrence of any Listed Event within 10 business days (or such other time period as set forth in the continuing disclosure undertaking) of the occurrence of the Listed Event.

e. Ensure timely filing of notice of any failure to perform under a continuing disclosure undertaking, if and as required by the continuing disclosure undertaking.

f. Monitor the performance of any dissemination agent engaged by the District to assist in the performance of any obligation under a continuing disclosure undertaking.

The District may elect to retain a dissemination agent (also known as a disclosure agent) – an outside service that would handle continuing disclosure filings for the District. The Controller would be responsible for managing any such relationship.

For some types of Listed Events (early bond calls, for example), the State's fiscal agent typically is responsible for filing notice of the applicable event. Certain Listed Events require the District to determine whether an occurrence is "material," and for those Listed Events, the Controller may wish to consult bond counsel. (An example of such a Listed Event, which must be filed within 10 business days of its occurrence, is a change in the bond rating for the District.)

## 5. **Speaking to the Market**

The SEC has stated that when an issuer of outstanding municipal securities provides information to the public that is reasonably expected to reach investors and the trading market, those disclosures are subject to the antifraud provisions; the information cannot be misleading or contain incorrect information. In order to violate the antifraud rules, the misrepresentation must be made publicly, must be material, must involve a security traded on an efficient market and must be such as would induce a reasonable, relying investor to misjudge the value of the security. Examples of information that could be relied on by investors in the District's outstanding securities include ongoing disclosure filings, audited financial statements, investor presentations, and financial information posted on the District's website.