

Post Issuance Compliance Policy (for Governmental Bonds)

BOND PROCEDURE AND COMPLIANCE POLICY

Scope. This Post Issuance Bond Procedure and Compliance Policy addresses the Issuer's compliance with federal tax, federal securities and state law requirements and contractual obligations applicable to the Issuer's Woodland School District No. 404 (the "District") and its tax-advantaged governmental bond issues. The policy applies generally to all of the Issuer's District's tax-exempt governmental bonds, and other bonds subject to comparable requirements. As used in this policy, references to "bonds" and "securities" include bonds, lines of credit, bond anticipation notes, and equipment and other financing leases.

Purpose. This policy is intended to improve the Issuer's ability to:

- Prevent violations in bond requirements from occurring in the first place,
- Timely identify potential violations, and
- Correct identified violations through appropriate remedial steps.

Schedule of Review. The policy is to be reviewed at least annually and upon each issuance of new bonds, including refunding bonds. In connection with this periodic review, the Issuer will consider whether the policy should be amended or supplemented:

- To address any particular requirements associated with the new bond issue, or
- To reflect general changes in requirements since the prior bond issue.

Requirements at Bond Closing. Numerous federal tax, federal securities and state law requirements must be met in connection with a bond issue. In some circumstances (e.g., revenue bonds) rate and other covenant requirements will also need to be satisfied. These requirements are addressed in the bond transcript completed at bond closing, and confirmed in certain respects by the legal opinions included in the bond transcript. This policy is intended to improve the District's ability to:

- Identify its obligations under applicable statutes, regulations and documentation associated with publicly offered and privately placed securities of the District,
- Prevent violations in bond and securities requirements from occurring in the first place.

Timely identify potential violations, Requirements After Bond Closing. Other federal tax, federal securities law and state law requirements and contractual obligations require on-going monitoring after the issuance of the bonds.

- Officials or employees responsible for review. The following officers and employees of the Issuer are identified as the responsible persons for reviewing compliance with the Issuer's post issuance obligations. Each responsible individual
- Correct identified violations through appropriate remedial steps.

- Identify the individual responsible for monitoring compliance.

● In the District, the Executive Director of Business Services, or such officer's designee, will be responsible for ensuring that the policy is followed and compliance checklist and records maintained. The Executive Director of Business Services, or such officer's designee, is to institute a calendaring system to track compliance with tasks in a timely manner.

➤ Federal tax requirements, including arbitrage, use of proceeds, use of facilities and IRS filings:

- ✓ Arbitrage, IRS Filings: Business Manager
- ✓ Use of Proceeds: Business Manager
- ✓ Use of Facilities: Business Manager

➤ Continuing disclosure requirements:

- ✓ Annual Filing: Business Manager
- ✓ Material Event Notices: Business Manager
- ✓ The Issuer also contracts with a financial advisor to assist with material event notices.

Prior to filing A. Transcripts.

✓ 1. For each annual filing or material event notice, the Business Manager is to circulate issue of securities, the draft filing or notice to Bond Counsel and to the Superintendent for review.

➤ The Business Manager is responsible for reviewing the other requirements under this policy.

➤ The responsible persons identified above may need to confer, from time to time, with the Issuer's District will receive a full transcript from bond counsel, and/or financial advisor, to confirm. It is expected that the applicability and scope transcript will include a full record of the requirements outlined in this policy. For reference, proceedings related to the contact information for these advisors is provided below:

- ✓ Pacifica Law Group LLP, as bond counsel (contact: Faith Pettis at 206 245-1715, faith.pettis@pacificlawgroup.com or Edward McCullough at 206 254-1727, edward.mccullough@pacificlawgroup.com)
- ✓ Current Financial Advisor, Business Manager will provide contact information if required

● Training issuance of the responsible official/employee. The Issuer provides opportunities for training to the responsible individuals, specifically securities, including the following training opportunities:

- At or after bond closing, a conference call or meeting with bond counsel to review the requirements applicable to a new bond issue.
- Other seminars conducted by professional organizations such as WASBO and GFOA.
- Records to be Maintained. The following documents are maintained in connection with each bond issue. The goal is to retain adequate records to substantiate compliance with federal tax, securities law, state law and other contractual requirements proof of filing an IRS Form 8038-G or 8038-GC, if applicable to the Issuer's bonds. Generally records should be maintained for the term of the bonds (plus any refunding) plus four years. Unless otherwise specified, the following records are to be maintained in the office of the Business Manager.
 - Complete bond transcript (provided by bond counsel) in CD or hard copy.
 - Records of investment of bond proceeds in a format showing the date and amount of each investment, its interest rate and/or yield, the date any earnings are received and the amount earned, and the date each investment matures and if sold prior to maturity, the sale date and sale price.
 - Records of expenditure of bond proceeds in a format showing the amount, timing and the type of expenditure.
 - Records of invoices or requisitions, together with supporting documentation showing payee, payment amount and type of expenditure, particularly for projects involving multiple sources of funds.
 - Records necessary to document the allocation of bond proceeds and other sources of funds to particular projects or portions of projects.
 - Records documenting the final allocation of bond proceeds to projects, including any reallocations of bond proceeds, in a format showing the timing and substance of the reallocation, if applicable.
 - Records demonstrating compliance with arbitrage and rebate requirements, including arbitrage calculations, documentation of spending exceptions to rebate, rebate reports and IRS filings and payments.
 - Copies of contracts relating to the use of the bond financed facility including leases, concession agreements, management agreements and other agreements that give usage rights or legal entitlements, a tax certificate (the "Tax Certificate") with respect to the facility to nongovernmental persons (e.g., advertising displays, cell tower leases, and naming rights agreements).
 - Copies of contracts relating to bonds and any ongoing compliance disclosure undertaking with respect to the bonds, (commonly contained in the authorizing resolution or in a separate continuing disclosure certificate).
 - Copies of any filings or correspondence with the IRS, the SEC or other regulatory body.
- Investment of Bond Proceeds. In general, bond proceeds and certain other funds can only be invested at a rate that exceeds the yield on the bonds under limited circumstances. Furthermore, amounts earned by investing above the bond yield must be rebated to the IRS, unless the Issuer qualifies as a small issuer or a spending exception is met. The arbitrage and rebate requirements for each

bond issue are detailed in the federal tax certificate. The Business Manager will monitor the investment and expenditure of the funds and accounts listed below. The Business Manager determines whether the bond issue meets the requirement for one of the expenditure exceptions to arbitrage rebate. The Business Manager in consultation with bond counsel will determine whether a rebate calculation is necessary and, if so, will perform the calculation or engage a rebate consultant. The Business Manager will arrange for the payment of any required rebate to the IRS together with the appropriate IRS form on the dates described below.

➤ Funds to Monitor:

- ✓ Bond or debt service funds/accounts
- ✓ Project or construction funds/accounts
- ✓ Debt service reserve funds/accounts
- ✓ Other accounts with bond proceeds or amounts pledged to pay bonds

➤ Arbitrage Reports; Rebate May Be Due:

- ✓ During construction, monitor expenditures to confirm satisfaction of expected exception to rebate (such as six month exception, 18 month exception, 24 month exception)
- ✓ The first rebate payment is due five years after date of issue plus 60 days
- ✓ Rebate is due every succeeding five years, if there are unspent gross proceeds of the bonds
- ✓ Final rebate payment is due 60 days after early redemption or retirement of the bonds

➤ Limitations on Type of Investments: Bond proceeds must be invested as permitted under state law. In addition, the bond ordinance, bond resolution or any bond insurance agreement may further limit the permitted investments. To monitor compliance with these investment restrictions, the Issuer has invested bond proceeds solely in the Local Government Investment Pool.

2. Bond transcripts will be retained by the following parties and in the following locations within the District: Executive Director of Business Services' Office.

B. Federal Tax Law Requirements. This section applies to all of the District's tax-exempt and tax-advantaged governmental bonds, and other bonds subject to comparable requirements. This section is intended to improve the District's ability to: prevent violations of bond requirements from occurring; timely identify potential violations; and correct identified violations through appropriate remedial steps.

• 1. Use of Bond Proceeds During the Construction Period. Monitoring the expenditure of bond proceeds is necessary to assure that the required amount of bond proceeds are expended for capital expenditures and that not more than 10% of the bond proceeds are expended for projects that will be used for in a private trade or business (including by the federal government and nonprofit entities).

➤ a. The Executive Director of Business ManagerServices is responsible for reviewing the transcript for the bonds, and in particular the authorizing documents and the ~~federal tax certificate~~Tax Certificate, as well as invoices and other expenditure records to monitor that the bond proceeds are spent on authorized project costs.

b. If, at the completion of the project, ~~there are unspent bond (s) to be financed with the proceeds the Business Manager, conferring with bond counsel, of the bonds~~ will direct application be funded with multiple sources of funds, the ~~excess~~District will adopt an accounting methodology that:

- ♦ maintains each source of funding separately and monitors the actual expenditure of proceeds of the securities;
- ♦ commingles the proceeds and monitors the expenditures on a first in, first out basis; or
- ♦ provides for permitted uses under federal tax law, state law, and bond authorization documents~~the expenditure of funds received from multiple sources on a proportionate basis.~~

c. Records of expenditures (timing of expenditure and object code) of the proceeds of bonds will be maintained by the Executive Director of Business Services.

➤ d. If the project involves bond proceeds and other sources of funds and included both governmental and nongovernmental use of the financed facilities, the Executive Director of Business ManagerServices in consultation with other authorized District official(s) will undertake a final reconciliation of bond proceeds expenditures and expenditures of other funds with project costs no later than 18 months after the later of the date of expenditure or the date that the project is placed in service (but in no event more than five years after the date of issue).

e. Any change in the scope of the project financed with bond proceeds should be reviewed and documented.

f. Any delay in the project and the expected spending of bond proceeds should be discussed with bond counsel and documented.

g. Records of investments and interest earnings on the proceeds of securities will be maintained by the Executive Director of Business Services. Such records should include the amount of each investment, the date each investment is made, the date each investment matures and if sold prior to maturity, its sale date, and its interest rate and/or yield. Interest earnings on bonds are considered proceeds of the issue. Interest earnings on proceeds will be deposited in the fund in which the proceeds of the

securities were deposited (if not, then the plan for use of interest earnings will be discussed with the District's bond counsel).

h. Records of interest earnings on reserve funds maintained for the bonds, if applicable.

i. If at the completion of the project there are unspent bond proceeds, the Executive Director of Business Services, conferring with bond counsel, will direct application of the excess proceeds for permitted uses under federal tax law, state law, and bond authorization documents.

2. *Arbitrage Rebate.* In general, bond proceeds and certain other funds can only be invested at a rate that exceeds the yield on the bonds under limited circumstances. Amounts earned by investing above the bond yield must be rebated to the IRS, unless the District qualifies as a small issuer or a spending exception is met. The arbitrage and rebate requirements for each bond issue are detailed in the Tax Certificate executed in connection with the applicable bond issue. The Executive Director of Business Services ("Rebate Monitor") will monitor compliance with the arbitrage rebate obligations of the District for each bond issue.

a. *Funds to Monitor.* The Rebate Monitor will monitor the following funds in connection with each bond issue: Debt Service Fund; Capital Projects Fund; and any other funds or accounts with bond proceeds; and any other accounts holding amounts pledged to pay bonds.

b. *Review.* The Rebate Monitor will monitor rebate compliance for each issue of tax-exempt governmental obligations issued during that calendar year.

i. During construction, the Executive Director of Business Services is to monitor expenditures to confirm satisfaction of expected exceptions to rebate (described below).

ii. The first rebate payment is due five years after date of issue of the bonds plus 60 days.

iii. Rebate is due every succeeding five years, if there are unspent gross proceeds of the bonds.

iv. Final rebate payment is due 60 days after early redemption or retirement of the bonds.

c. *Rebate Exceptions.* The Rebate Monitor will review the Tax Certificate in the transcript in order to determine whether the District is expected to comply with a spending exception that would permit the District to avoid having to pay arbitrage rebate. If the Tax Certificate identifies this spending exception, then the Rebate Monitor will monitor the records of expenditures to determine whether the District met the spending exception (and thereby avoid having to pay any arbitrage rebate to the federal government).

d. *Rebate Consultant.* The Rebate Monitor may select and retain the services of a rebate consultant if determined to be necessary and in the best interest of the District in order to calculate

any potential arbitrage rebate liability. The rebate consultant may be selected no later than the completion of the project to be financed with the proceeds of the issue. A rebate consultant may be selected on an issue by issue basis or for all bonds issued by the District. The selected rebate consultant shall provide a written report to the District with respect to the issue and with respect to any arbitrage rebate owed if any.

Based on the report of the rebate consultant, the District will file reports with and make any required payments to the Internal Revenue Service, no later than the fifth anniversary of the date of each issue (plus 60 days), and every five years thereafter, with the final installment due no later than 60 days following the retirement of the last obligation of the issue.

e. Yield Reduction Payments. If the District fails to expend all amounts required to be spent as of the close of any temporary period specified in the Tax Certificate (generally 3 years for proceeds of a new money issue and 13 months for amounts held in the Debt Service Fund), the District will consult with bond counsel to determine and pay any required yield reduction payment.

f. Limitations on Types of Investments. Bond proceeds must be invested as permitted under state law. In addition, the bond ordinance, bond resolution or any bond insurance agreement may further limit the permitted investments. To monitor compliance with these investment restrictions, the District has invested bond proceeds solely in the Local Government Investment Pool.

3. Use of Bond Financed the Facilities. Monitoring (and limiting) Financed with Proceeds.
In order to maintain tax-exemption of bonds issued on a tax-exempt or tax-advantaged basis, the financed facilities (projects) are required to be used for governmental purposes during the life of the issue. The Executive Director of Business Services will monitor and maintain records regarding any private use of the bond financed facility is important to maintaining the federal tax treatment of governmental bonds. In general, no more than 10% of the bond financed facility can be used in a projects financed with such bond proceeds. The IRS Treasury Regulations prohibit private trade or business use (use by private parties (including by nonprofit organizations and the federal government and nonprofit entities)) of tax-exempt financed facilities beyond permitted *de minimis* amounts unless cured by a prescribed remedial action.

• Private use canmay arise through any of the following arrangements, either directly or indirectly as a result of:

➤ Typesa. Sale of Private Use

✓ Selling all or a portion of the facilityfacilities;

✓ Leasingb. Lease of all or a portion of the facilityfacilities (including leases, easements or use arrangements for areas outside the four walls, e.g., hosting of cell phone towers);

✓ Entering into a management contract for the facility (c. Management contracts (in which the District authorizes a third party to operate a facility (e.g., cafeteria or parking operator), except for qualified management contracts under IRS Rev. Proc. 97-13)2017-13 or any successor guidance;

✓ Use of all or a portion of the facility for research purposes under a research

~~contract (except for qualified research contracts under IRS Rev. Proc. 97-14)~~

d. Preference arrangements (in which the District grants a third party preference of the facilities, e.g., preference parking in a public parking lot); and

✓ e. Entering into contracts giving “special legal entitlement” to the facility (for example, selling advertising space or naming rights).

➤ ~~Procedures for monitoring private use; procedures reasonably expected to timely identify noncompliance.~~

~~The district~~All leases and other contracts involving use or management of bond-financed property will be sent prior to execution to the Executive Director of Business Services for review. The Executive Director of Business Services will confer with personnel responsible for bond financed projects at least annually to discuss any existing or planned use of bond-financed or refinanced facilities. Private use for each bond-financed project will be calculated annually.

✓ ~~The District~~ has approved policy 4260 and the corresponding procedure governing the use of ~~district~~District facilities. Bond financed facilities are generally used by the ~~district~~District for the purposes set forth in the ~~district~~District mission statement. The policy allows for some use by the public. The Administrative Assistant to the Superintendent will be responsible for monitoring private use of the facilities and will not allow any private use in excess of 50 days, by any organization.

➤ ~~Procedures ensuring that the Issuer will take steps to timely correct noncompliance.~~

✓ ~~If the Issuer takes official action to sell, lease or otherwise change the use of bond financed facilities to private use, action should be taken under Treas. Reg. § 1.141-12 within 90 days to apply net proceeds of the sale or lease of the facility to other qualifying capital expenditure or to redeem or defease bonds. Upon a determination that there has been or could be a change in use of a bond financed facility under the monitoring procedures described above, the Business Manager shall consult with bond counsel and apply net proceeds of the change in use as required.~~

Continuing Disclosure. The Issuer is required to make annual filings with the Municipal Securities Rulemaking Board (“MSRB”) which ~~If the Executive Director of Business Services or designee identifies private use of tax-exempt debt financed facilities, the Executive Director of Business Services or designee will consult with the District’s bond counsel to determine whether private use will adversely affect the tax-exempt status of the issue and if so, what remedial action is appropriate. The private use may be allocated to those facilities (or portions of facilities) that were funded from sources other than bond proceeds. If noncompliance will be remediated under existing remedial action provisions or tax-exempt bond closing agreement programs contained in the regulations or other published guidance from the IRS, determine the deadline for taking action and proceed with diligence to take the required remedial actions. If remedial actions are unavailable, determine whether to make a submission to the Tax-Exempt Bonds Voluntary Closing Agreement Program (“VCAP”) under Internal Revenue Manual 7.2.3.~~

4. Refundings. For refunding escrows, the District will confirm that any scheduled purchases of State and Local Government Series (“SLGS”) or open market securities are made as scheduled. On the redemption date, the Executive Director of Business Services will confirm that the refunded bonds have been redeemed and cancelled. Promptly following the redemption date, the Executive Director of Business Services will confirm that all proceeds of the bonds and all proceeds of the refunded bonds have been spent, and will verify that excess proceeds, if any, of the bonds do not exceed an amount permitted by the Regulations.

Any final rebate payment is due 60 days after early redemption or retirement of the refunded bonds.

5. Reissuance. A significant modification of the bond documents may result in bonds being deemed refunded or “reissued.” Such an event will require, among other things, the filing of new information returns with the federal government and the execution of a new Tax Certificate. The District shall consult with bond counsel in the event of modification of the bond documents.

6. Records Retention.

a. Records with respect to matters described in this Subsection B will be retained by the District for the life of the bond issue (and any issue that refunds the bond issue) and for a period of three years thereafter. Unless otherwise specified, the records are to be maintained in the office of the Executive Director of Business Services.

b. Records to be retained:

(i) The transcript;

(ii) Records demonstrating compliance with arbitrage and rebate requirements, including arbitrage calculations, documentation of spending exceptions to rebate, arbitrage rebate reports prepared by the Rebate Monitor or by outside consultants, and IRS filings and payments;

(iii) Work papers that were provided to the rebate consultants;

(iv) Records necessary to document the allocation of bond proceeds and other sources of funds to particular projects or portions of projects;

(v) Records of investment of bond proceeds in a format showing the date and amount of each investment, its interest rate and/or yield, the date any earnings are received and the amount earned, and the date each investment matures and if sold prior to maturity, the sale date and sale price;

(vi) Records of expenditure of bond proceeds in a format showing the amount, timing and the type of expenditure;

(vii) Records of invoices or requisitions, together with supporting documentation showing payee, payment amount and type of expenditure, particularly for projects involving multiple sources of funds;

(viii) Copies of all certificates and returns filed with the IRS (e.g., for payment of arbitrage rebate);

(ix) Records documenting the final allocation of bond proceeds to projects, including any reallocations of bond proceeds, in a format showing the timing and substance of the reallocation, if applicable;

(x) Copies of all contracts relating to ongoing compliance with respect to the bonds, including contracts relating to the use of the bond-financed facility including leases, concession agreements, management agreements and other agreements that give usage rights or legal entitlements with respect to the facility to nongovernmental persons (e.g., advertising displays, cell tower leases, and naming rights agreements; and

(xi) Copies of all records noting compliance with these policies, including any filings or correspondence with the IRS or other regulatory body.

C. Federal Securities Law Requirements. This section is intended to establish a framework for compliance by District with its disclosure and/or contractual obligations with respect to bonds, notes, and other securities it issues or that are issued on its behalf (as defined herein, the “securities”), pursuant to the requirements of federal and state securities laws and other applicable rules, regulations, and orders. This section applies generally to all of the District’s tax-exempt, tax advantaged bonds and taxable bonds, and other debt issued on the District’s behalf subject to comparable requirements. The purpose of this policy is to: facilitate compliance with applicable law and existing ongoing disclosure undertakings when preparing and distributing initial and ongoing disclosure documents, to reduce exposure (of the District and its officials and employees) to liability for damages and enforcement actions based on material misstatements and omissions in such documents, and to promote good investor relations.

It is the policy of the District to comply with the requirements of fully with applicable securities laws regarding disclosure in connection with the issuance of securities and with the terms of its continuing disclosure agreements, including the Anti-Fraud Rules. The “Anti-Fraud Rules” refer to Section 17 of the Securities Act of 1933 and Section 10(b) of the Securities Exchange Act of 1934, particularly Rule 10b-5 under the Securities Exchange Act of 1934, and regulations adopted by the Securities and Exchange Commission Rule 15e2-12 and as described in the continuing disclosure under those Acts.¹

The Anti-Fraud Rules require all material information relating to the offered securities to be provided to potential investors in connection with the sale or issuance of securities. The information provided to investors must not contain any material misstatements, and the District must not omit material information which would be necessary to provide to investors a materially complete description of the

¹ For example, the Anti-Fraud Rules provide that “It shall be unlawful for any person, directly or indirectly, ...

- (a) To employ any device, scheme, or artifice to defraud,
- (b) To make any untrue statement of a material fact or to 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, or
- (c) To engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person,

in connection with the purchase or sale of any security.”

securities and the District's financial condition. In the context of the sale of securities, a fact is considered to be material if there is a substantial likelihood that a reasonable investor would consider it to be important, in the total mix of information made available to investors, in determining whether or not to purchase the securities being offered.

The Anti-Fraud Rules apply to all statements and other communication that are intended (or reasonably can be expected) to be accessible to and relied upon by investors of the District's securities. Investor communications include: Preliminary and final Official Statements (the offering documents used in connection with the sale of securities), filings made on EMMA (including filings made pursuant to continuing disclosure undertakings and voluntary postings), and may include, depending on the context, information uploaded or linked or posted to the website of the District, and press releases and other formal and/or public statements of the District.

1. Guidelines for Preparing Disclosure Documents.

a. All District staff members and officials involved in the preparation or review of disclosure documents or other investor communications are responsible for being familiar with the Anti-Fraud Rules. Violations of the Anti-Fraud Rules may be punishable by civil or criminal penalties against the District and the individual staff members and officials responsible for the violations.

b. Staff members and officials involved in the preparation or review of disclosure documents and other investor communications are instructed to err on the side of raising issues when preparing or reviewing such documents and communications. Officials and staff are encouraged to consult with bond counsel, disclosure counsel (which may be bond counsel), if any, and/or other legal counsel to the District, and/or the District's municipal advisor, if any, if there are questions regarding whether an issue is material. Any concerns regarding the accuracy of a disclosure document or other investor communication should be immediately reported to bond counsel, disclosure counsel (which may be bond counsel), if any, and/or other legal counsel to the District.

c. The officers and employees charged by this policy with performing or refraining from any action may depart from this policy when they and the Executive Director of Business Services in good faith determine that such departure is in the best interests of the District and consistent with the duties of the District under the Anti-Fraud Rules. The Executive Director of Business Services is encouraged to first consult with bond counsel, disclosure counsel (which may be bond counsel), if any, and/or other legal counsel to the District prior to any such departure.

d. Prior to the public release of any disclosure document or communication to be posted on EMMA, the Superintendent or Executive Director of Business Services or designee shall complete a final review of the material, consisting of comparing and resolving any material discrepancies between the District's audited (and unaudited, if needed) financial statements and other source materials, and cover-to-cover review of the communication.

2. Preliminary and Final Official Statements. For the purpose of satisfying the underwriter's compliance with SEC Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (the "Rule"), the Superintendent or the Executive Director of Business Services (and/or any other official designated by the District Board of Directors, if any) shall be responsible for "deeming final" the Preliminary Official

Statement as of its date, except for the omission of information as to offering prices, interest rates, selling compensation, aggregate principal amount, principal amount per maturity, maturity dates, delivery dates, and other terms of the securities dependent on such matters or permitted under the Rule to be omitted.

Prior to release of a Final Official Statement, the Superintendent or Executive Director of Business Services or designee shall be responsible for reviewing and approving the document. Such officer's approval may be documented in the form of the signed closing certificate. In connection with the closing of the transaction, the Superintendent or Executive Director of Business Services (and any other official designated by the District Board of Directors, if any) will execute a certificate under the Anti-Fraud Rules stating that the Preliminary and final Official Statements, as of their respective dates and as of the dates of pricing and closing, as applicable, do not contain any untrue statement of material fact or omit to state any material fact necessary to make the statements contained therein not misleading in light of the circumstances under which they were made.

- 3. Ongoing Disclosure. Under the provisions of the Rule, underwriters are required to obtain an agreement for ongoing disclosure in connection with the public offering of securities. The transcript for each issue subject to the Rule (e.g. all publicly sold securities) will include an undertaking for each bond issue (which may include tax exempt, or taxable bonds), and by the District to comply with the Rule. The Executive Director of Business Services or designee will be responsible for and monitor compliance by the District with its undertakings. These undertakings may include the requirement for an annual filing of operating and financial information and will include a requirement to file notices of certain material listed events.”

➤ Submissions will be made in electronic form through the MSRB's web based system known as Electronic Municipal Market Access ("EMMA"), currently available at <http://www.emma.msrb.org>. Submissions will be made in word searchable PDF.

➤ Annual filings

- ✓ Financial information and operating data about the issuer included in the Official Statement for the bonds, in the form attached hereto as Exhibit A
- ✓ Change in fiscal year; other information described in the continuing disclosure undertaking
- ✓ Unaudited financial statements (F196) and audited financial statements, when available
- ✓ These reports must be filed no later than nine months after the end of the District's fiscal year (currently August 31)

➤ Material event notices:

The Issuer is required to provide or cause to be provided to the MSRB, in a timely manner, notice of Prior to filing each annual filing or material event notice, the Executive Director of Business Services is to circulate the draft filing or notice to Bond Counsel and to the Superintendent for review. The District also contracts with a financial advisor to assist with material event notices.

- a. Annual Filings. The District shall file, on a timely basis, its audited financial statements and any operating data as required under its continuing disclosure agreements. If audited

financial information is not available by the filing date, unaudited information (F196) must be filed, and the audited information must be filed as soon as it is available. Further, the Executive Director of Business Services is responsible for providing, in a timely manner, notice of any failure to provide required annual financial information, on or before the date specified in the applicable continuing disclosure agreement.

Prior to posting an annual filing, the Executive Director of Business Services will complete a final review, consisting of comparing and noting material discrepancies with source materials and compliance with the Anti-Fraud Rules. Each continuing disclosure filing shall be sent to the Executive Director of Business Services or other authorized officer for approval prior to posting on EMMA. The Executive Director of Business Services must exercise reasonable care to file the annual filings in word-searchable PDF format and with the identifying information required by the continuing disclosure agreements, including applicable CUSIP numbers for the securities. The Executive Director of Business Services shall enroll on the EMMA website to receive annual email reminders of annual filing deadlines.

↙ b. Listed Events. Notice of certain listed events with respect to the bonds. Amendments to SEC Rule 15c2-12 (the “Rule”) in 2010 expanded the list of events requiring disclosure and added a 10 day compliance period for undertakings effective after December 1, 2010.

↙ Generally, if any of the following events occur, the Issuer shall provide, or cause to be provided, to the MSRB, in ~~must be filed in~~ a timely manner not ~~in excess of~~ more than ten (10) business days after the occurrence of the event, notice. As of the occurrence date of this policy, the any of listed events include the following events with respect to the bonds::

- 1.(1) Principal and interest payment delinquencies;
- 2.(2) Non-payment related defaults, if material;
- 3.(3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- 4.(4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- 5.(5) Substitution of credit or liquidity providers, or their failure to perform;
- 6.(6) Adverse tax opinions, the issuance by the IRS 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 bonds, or other material events affecting the tax status of the bonds;
- 7.(7) Modifications to the rights of bondholders, if material;
- 8.(8) Bond calls, if material, and tender offers;
- 9.(9) Defeasances;
- 10.(10) Release, substitution, or sale of property securing repayment of the ~~Bonds~~bonds, if material;
- 11.(11) Rating changes (both upgrades and downgrades);
- 12.(12) Bankruptcy, insolvency, receivership or similar event of the ~~City~~District;
- 13.(13) The consummation of a merger, consolidation, or acquisition involving the ~~Issuer~~District or the sale of all or substantially all of the assets of the ~~Issuer~~District, 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.(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material:

➤ ~~Procedure for ensuring that notice of the above events is provided to the responsible individual(s) identified above: Business Manager~~

(15) Periodic check of Incurrence of a Financial Obligation (as defined below) of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, 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 District, any of which reflect financial difficulties.

Disclosure of events 15 and 16 is required by continuing disclosure agreements executed after February 27, 2019. “Financial Obligation” is defined in the Rule to mean 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 clause (A) or (B) of this definition. The term financial obligation does not include municipal securities as to which a final Official Statement has been provided to consistent with the Rule.

To facilitate compliance with these listed events, the Executive Director of Business Services will maintain an inventory of all Financial Obligations of the District. The Executive Director of Business Services will review each Financial Obligation (with the assistance of disclosure counsel and/or bond counsel as needed) to determine whether it is material and subject to reporting under the District’s continuing disclosure agreements. The Executive Director of Business Services will periodically review the definition of Financial Obligations and the inventory of existing Financial Obligations with the appropriate District officers and employees. If there is a foreseeable possibility of any default, event of acceleration, termination event, modification of terms or other similar event is reasonably possible occur, the Executive Director of Business Services will be informed.

4. Other Investor Communications. The Anti-Fraud Rules apply to all investor communications. Such investor communications may include, but are not limited to, voluntary filings made on EMMA, information regarding bonds on the District’s website (such as on an investor relations webpage), communications with investors (or potential investors), press releases and other formal statements of the District that are intended to reach investors. The Executive Director of Business Services and other officers of the District shall exercise reasonable care to make sure that the information in investor communications is materially accurate and complete and otherwise in compliance with this policy.

5. Document Retention. The following documents are to be maintained in connection with each security. The goal is to retain adequate records to substantiate compliance with the Anti-Fraud Rules. Unless otherwise specified, the following records are to be maintained.

- Complete bond transcript.

- A written record of any Financial Obligation or the occurrence of other notice event that is determined to be immaterial or not reflecting financial difficulty and thus not requiring disclosure, and the facts and circumstances used to reach such conclusion.
- Documentation of the actions taken to prepare, check, review and approve each investor communication made pursuant to these procedures, including the sources of the information included.
- Electronic copies of confirmations from EMMA of all continuing disclosure filings.
- Copies of all records noting compliance with these policies, including any filings or correspondence with the SEC or other regulatory body.

➤ 6. Periodic Check of Information Regarding Bonds on EMMA. Prior to each new bond issue, the IssuerDistrict will search (or cause to be searched) EMMA for its continuing disclosure filings to confirm proper filings have been made.

Training; Schedule of Review. The District will provide opportunities for training to the Superintendent, Executive Director of Business Services, legal counsel, department managers/directors, elected officials and other individuals responsible for complying with this policy, as needed, specifically including the following training opportunities: at or after bond closing, a conference call or meeting with bond counsel to review the requirements applicable to a new bond issue; participation in in-house training sessions, CPE seminars, or seminars/webinars conducted by professional organizations; and training will be provided as necessary to address any changes in federal tax or federal securities laws or this policy.

This policy is to be reviewed at least annually and upon each issuance of new bonds, including refunding bonds. In connection with this periodic review, the District will consider whether the policy should be amended or supplemented:

- To address any particular requirements associated with the new bond issue, or
- To reflect general changes in requirements since the prior bond issue.

E. Other Notice Requirements. In some instances, the proceedings authorizing the issuance of bonds will require the District to file information periodically with other parties, e.g., bond insurers, banks, rating agencies. The types of information required to be filed may include (1) budgets, (2) annual financial reports, (3) issuance of additional debt obligations, and (4) amendments to financing documents. The Executive Director of Business Services will maintain a listing of those requirements and monitor compliance by the District.

Revision Date: 10/13/14

Adoption Date: February, 2012 (as part of official offering statement)
Woodland School District #404