

**OFFICE OF THE CITY MANAGER  
LITTLE ROCK, ARKANSAS**

**BOARD OF DIRECTORS COMMUNICATION  
NOVEMBER 18, 2014 AGENDA**

<b>Subject:</b>	<b>Action Required:</b>	<b>Approved By:</b>
<p>To authorize the execution and submission of a questionnaire or questionnaires in connection with the Securities and Exchange Commission's Municipalities Continuing Disclosure Cooperation Initiative</p> <p><b>Submitted By:</b></p> <p>Finance Department</p>	<p>Ordinance √ <b>Resolution</b> Approval Information Report</p>	<p>Bruce T. Moore City Manager</p>

<b>SYNOPSIS</b>	<p>This resolution gives the City Manager authority to submit questionnaires in connection with the Security and Exchange Commission's (SEC) Municipalities Continuing Disclosure Cooperation Initiative (MCDC) by the December 1, 2014, deadline if it is determined by the City Manager, after consultation with the City Attorney and the Finance Department Director, that self-reporting is necessary and in the best interest of the City.</p>
<b>FISCAL IMPACT</b>	<p>None expected. There are no civil penalties for issuers participating in MCDC.</p>
<b>RECOMMENDATION</b>	<p>Approval of the resolution.</p>
<b>CITIZEN PARTICIPATION</b>	<p>N/A</p>
<b>BACKGROUND</b>	<p>The Securities and Exchange Commission (SEC) announced its Municipalities Continuing Disclosure Cooperation Initiative (MCDC) on March 10, 2014.</p>

**BACKGROUND  
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The purpose of the initiative is to encourage issuers and underwriters of municipal securities to address potential violations of Federal Securities Laws by self-reporting possible materially inaccurate statements or material omissions in bond offering documents concerning an issuer's prior compliance with its continuing disclosure obligations specified in SEC Rule 15c2-12.

Underwriters and municipal bond issuers throughout the country are reviewing issuer compliance with continuing disclosure agreements. Continuing disclosure agreements are unique for each bond issue. When bond offering documents are prepared, statements are made regarding the issuer's compliance with the disclosure agreements for all bond issues outstanding during the five (5) years prior to the current bond offering. Participation in the initiative includes certain benefits and risks. Underwriters were required to self-report by September 10, 2014, and issuers are required to self-report by December 1, 2014. To encourage participation, underwriters were granted a cap on penalties associated with violations. There will be no civil penalties imposed by the SEC for issuers that participate in the initiative. However; issuers that participate must, among other things, consent to the institution of an SEC cease and desist order and establish appropriate policies and procedures and training regarding continuing disclosure obligations.

The City is aware that three (3) of its bond issues have been reported by underwriters to the SEC under this initiative. The SEC has not provided any guidance related to materiality. Therefore, the City is utilizing the services of Friday, Eldredge and Clark to assist in reviewing continuing disclosure compliance during the applicable period and in assessing the potential materiality of any findings of deficiency.

In addition to reviewing the City's past compliance, the City is developing a policy that will be brought to the Board that will establish a central repository for all continuing disclosure agreements of the City and its component units, and requiring documentation of compliance with such agreements.