ATTACHMENT 2

Considerations for Issuers

1. Any governmental unit or conduit borrower which had entered into a continuing disclosure undertaking, and then issued additional bonds during the past five years, is a candidate for the MCDC Initiative.

2. Given the SEC's current heightened scrutiny of this area, it would be prudent for issuers to undertake an internal review of their past compliance with their continuing disclosure obligations. This can include:

a. Filing of annual financial reports, including the audited financial statements, in a timely manner and with the correct filing location (since July 2009, this will have been the EMMA website operated by the Municipal Securities Rulemaking Board). A review should also be made to verify that the reports contain the correct financial and operating information (e.g., correct tables) as well as the audit.

b. Reports of material events, particularly rating downgrades.

3. In the past two years or so, underwriters have been much more active in performing their own reviews of issuers' continuing disclosures. Issuers may have been informed by their underwriters of technical or perhaps more substantive failures to strictly comply with their obligations. In most instances, the issuers will have filed corrective reports with EMMA and may have disclosed the circumstances in their next official statement(s). Based on a self-examination (#2), or information received from an underwriter, if there have been continuing disclosure lapses (large or small), the issuer should identify any official statement in the past five years where the lapse might not have been disclosed.

4. Understandably, issuers may wish to limit the cost and scope of any review (whether done internally or externally). Given that the "template" for the MCDC Initiative is the West Clark Community Schools example, it would not be unwise to focus the review on the annual reports. However, issuers should be aware that underwriters will have an incentive to report virtually any lapse in compliance, so issuers may find themselves exposed to the "prisoner's dilemma" if they limit the scope of their review of their own practices. Alternatively, they can wait to see if an underwriter "reports" them (assuming the underwriter will notify the issuer ahead of time), but if the underwriter's report is filed on September 9, 2014, the issuer will be out of time. Issuers have the option to reach out to their underwriters to ask if the underwriter has become aware of any continuing disclosure lapses by the issuer.

5. If lapses are discovered or known, and were not disclosed in an official statement during the past five years, a decision will have to made as to whether or not to self-report under the MCDC Initiative. A first consideration is whether the lapses in any way approach a level of materiality. This can be discussed with internal or external securities counsel. If there appears to be any reasonable case that the lapse(s) might be treated as a material failure to comply with a continuing disclosure undertaking, the issuer should seriously consider self-reporting. As noted in the memorandum, an issuer can self-report and then argue to the SEC staff that no enforcement action is warranted. If the SEC disagrees, the consequences of self-reporting for an issuer are not burdensome (see Attachment 1). For example, it is prudent for an issuer to have written continuing disclosure policies and procedures in any event. The greatest downside to self-reporting is the potential for adverse publicity (and we recognize this can be an important issue for public officials), and the requirement to disclose the terms of the cease and desist settlement with the SEC for five more years. However, as noted above, the "prisoner's dilemma" presents the issuer with a much harsher regime if the underwriter reports the issuer's lapse(s) and the SEC decides they were material.

6. If after considering all these factors an issuer decides to self-report, it would be good practice to notify the underwriter ahead of the submission, along with the other parties who have to be identified in the SEC Questionnaire (such as bond, disclosure and underwriter's counsel and the financial advisor).

7. One situation which may arise is that an issuer discovers a lapse(s) in prior compliance, but the issuer has not sold any bonds since that time (so there would be nothing to report under the MCDC Initiative). In that case the issuer should definitely correct the lapse(s) with additional filings on EMMA, and then be prepared to discuss the circumstances in their next official statement.