



# Annual Training Re: Municipal Securities Disclosure

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## Disclosure Training Objectives

- Gain a better understanding of your disclosure responsibilities and how to manage them
- How do we get there? This session will provide...
  - Overview of regulatory oversight and applicable rules relating to disclosure
  - Review of contents of Continuing Disclosure Certificate and Disclosure Policy
  - Discussion of how to comply with disclosure requirements

## Glossary of Terms

- **Issuer**– Governmental entity that issues bonds
- **Financial Advisor/Municipal Advisor**– Financial advisor (municipal advisor) to an Issuer
- **Underwriter**– Company that purchases an issue of bonds
- **SEC**– Federal Securities and Exchange Commission
- **OS**– Official Statement
- **CDC**– Continuing Disclosure Certificate
- **EMMA**– Electronic Municipal Market Access  
<http://emma.msrb.org>
- **Dissemination Agent Agreement**– Agreement between Issuer and company that will post disclosure material on EMMA

## Purpose of Disclosure-Telling A Story

- The SEC wants municipal issuers to provide ongoing information about their debt issues
  - Ensures market transparency by making information available to the public
  - Ensures Bonds sold to investors on the secondary market are properly priced based on information provided by Issuers
  - This story of the Issuer is done through the POS and final OS

## Background of SEC Authority

- Issuers **are** subject to anti-fraud provisions of federal securities laws
- The Securities and Exchange Commission (the “SEC”) regulates Underwriters through Rule 15c2-12 (the “Rule”) under the Securities Exchange Act of 1934; because of the Rule, the Issuer contractually agrees to provide certain ongoing continuing disclosures

## SEC Trend of Municipal Entity Oversight

- Before the 2007 financial crisis, the SEC was less focused on municipal entities
- Steps have since been taken to increase federal regulatory oversight (e.g. Dodd Frank Act)
- In recent years the SEC has expressed concern regarding Issuers' compliance with disclosure obligations
- Consequently, the SEC continues its transition into an active regulatory body for Issuers

## 2013 – a Big Year for SEC Enforcement

- SEC penalties assessed against an Issuer and Issuer Officials [City of San Diego (April 7, 2008)]
- SEC charges an Issuer with violation of a cease and desist order [City of Miami (July 19, 2013)]
- SEC charges an Issuer with falsely stating to bond investors that it had been properly providing annual financial information and notices required as part of its prior bond offerings [West Clark Community Schools (July 29, 2013)]
- SEC charges an Issuer for materially misleading statements outside of securities disclosure documents [City of Harrisburg, PA (May 6, 2013)]
- Demonstration that small size of an Issuer does not equate to a pass for disclosure deficiencies [West Clark Community Schools (July 29, 2013)]

## 2014 SEC Increasing Involvement

- On March 10, 2014, the SEC announced its “Municipalities Continuing Disclosure Cooperation Initiative” (the “MCDC Initiative”), which allowed Issuers to self-report instances of materially inaccurate statements in official statements until December 1, 2014
- Several Issuers and Underwriters participated in the MCDC Initiative to receive favorable settlement terms from the SEC
- What is the status of the MCDC Initiative?



## RECENT SEC ORDER REGARDING UNDERWRITERS: MCDC FIRST WAVE

- On June 18, 2015, SEC issued orders/settlements with 36 municipal underwriting firms for selling municipal securities using official statements that contained materially false statements or omissions about the issuers' compliance with continuing disclosure obligations.
- The penalties imposed range from \$40,000 to \$500,000.
- This was the first wave of orders/settlements with underwriting firms.

## RECENT SEC ORDER REGARDING UNDERWRITERS: MCDC SECOND WAVE

- On September 30, 2015, SEC issued orders/settlements with 22 more municipal underwriting firms for selling municipal securities using official statements that contained materially false statements or omissions about the issuers' compliance with continuing disclosure obligations.
- The penalties imposed range from \$20,000 to \$500,000.
- At this time, the SEC has not announced an expected timeframe for decisions on the Issuers' submissions.

## Continuing Disclosure Obligations Today

- Post-MCDC Initiative, the SEC has advised Issuers that any enforcement actions will result in more severe penalties.
  - *“Those who do not self-report and instead decide to take their chances can expect to face increased sanctions for violations.”*

Andrew J. Ceresney,  
Director of the SEC Enforcement Division

- **It is very important for Official Statements to be accurate, including the information about the Issuer’s past continuing disclosure compliance**

# Sample Official Statement

NEW ISSUE - DTC BOOK ENTRY ONLY

Standard & Poor's: "A-"

*In the opinion of Dorsey & Whitney LLP, Bond Counsel, according to present laws, rulings and decisions and assuming compliance with certain covenants, the interest on the Series 2014B Bonds (including any original issue discount properly allocable to an owner thereof) will be excluded from gross income for federal income tax purposes. Interest on the Series 2014B Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations under the Internal Revenue Code of 1986 (the "Code"), provided, however, such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes). Interest on the Series 2014A Bonds is not excludable from gross income for federal income tax purposes. The Issuer will designate the Series 2014B Bonds as "qualified tax exempt obligations." See "TAX EXEMPTION AND RELATED TAX MATTERS" herein.*

**\$2,670,000**

Iowa  
 General Obligation Annual Appropriation Corporate Purpose Bonds  
 \$1,885,000 Series 2014A (Taxable)  
 \$1,485,000 Series 2014B

Dated: Date of Delivery

Due: As shown on inside cover

The General Obligation Annual Appropriation Corporate Purpose Bonds, Series 2014A (Taxable) (the "Series 2014A Bonds") and Series 2014B (the "Series 2014B Bonds") described above (collectively, the "Bonds") are issuable as fully registered Bonds in the denomination of \$5,000 or any integral multiple thereof and, when issued, will be registered in the name of Cede & Co., as Bondholder and nominee of the Depository Trust Company, New York NY ("DTC"). DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form. See "THE BONDS—Book-Entry Only System" herein.

The Bonds are being issued by the City of \_\_\_\_\_, Iowa (the "Issuer" or "City") in the aggregate principal amount of \$2,670,000, to evidence the City's obligation under a certain loan agreement (the "Loan Agreement") for the purpose of paying the cost, to that extent, of constructing street, water system, sanitary sewer system, sidewalk and storm water drainage improvements. The Bonds are issued pursuant to the provisions of Chapters 76 and 384 of the Code of Iowa, and all other laws amendatory thereof and supplemental thereto, and in conformity with a resolution adopted \_\_\_\_\_, 2014 by the City Council, authorizing and approving the Loan Agreement and providing for the issuance and securing the payment of the Bonds (the "Resolution").

The Bonds are general obligations of the Issuer, subject to non-appropriation, payable from amounts on deposit in the City's Debt Service Fund and the Bond Fund created in the Resolution, and other amounts as may be lawfully available all to the extent appropriated by the City Council for the payment thereof. The Bonds do not constitute an obligation payable from a continuing annual levy of ad-valorem taxes or a multiple Fiscal Year direct or indirect debt or other financial obligation whatsoever of the City. The Bonds do not directly or indirectly obligate the City to make any payments thereon during a Fiscal Year beyond any Fiscal Year for which funds have been appropriated by the City. The City has no payment obligations under the Bonds other than amounts appropriated for payments due in the current Fiscal Year. In the event that the City Council of the City does not budget and appropriate funds for any Fiscal Year in an amount sufficient to pay the principal of and interest due on the Bonds during such Fiscal Year, the City's obligations under the Bonds shall terminate and become null and void on the last day of the fiscal year for which the necessary funds were appropriated. Upon the occurrence of any such non-appropriation, the City shall not be obligated to make payment from any source (including funds on deposit in any funds created under the Resolution) of any amounts in respect of principal and interest on the Bonds beyond those amounts for which an appropriation has previously been made, and the City shall not be liable to the holders of the Bonds for any other amounts due under the Bonds or for any costs, damages (including but not limited to consequential damages) or expenses incurred by the holders of the Bonds as a result of the exercise by the City of the foregoing right of non-appropriation.

The Bonds involve certain investment risks. See "BONDHOLDERS' RISKS" herein.

Interest on the Bonds is payable on June 1, and December 1 in each year, beginning December 1, 2014 to the registered owners thereof. Interest shall be payable by check or draft of the Paying Agent mailed to the persons who were registered owners thereof as of the fifteenth day of the month immediately preceding the Interest Payment Date, to the addresses appearing on the registration books maintained by the Paying Agent or to such other address as is furnished to the Paying Agent in writing by a registered owner.

The Bonds maturing on or after June 1, 2023, may be called for redemption by the Issuer and paid before maturity beginning June 1, 2022 or any date thereafter, from any funds regardless of source, in whole or from time to time in part, in any order of maturity and within an annual maturity by lot. The terms of redemption shall be par, plus accrued interest to date of call.

The Bonds are being offered when, and if issued by the City and accepted by the Underwriter, subject to receipt of an opinion as to legality, validity and tax exemption (with respect to the Series 2014B Bonds) by Dorsey & Whitney LLP, Des Moines, Iowa, Bond Counsel and Disclosure Counsel. It is expected that the Bonds in the definitive form will be available for delivery through the facilities of DTC on and about June 26, 2014.

The date of this Official Statement June 16, 2014

# Roles of Bond Counsel vs. Disclosure Counsel

- **Bond Counsel**

- Prepares Resolutions, bonds, loan agreement, closing certificates, CDC, and other closing documents
- Delivers opinion that bonds are valid and legal obligations of the Issuer
- Delivers opinion as to tax-exempt status of the bonds

- **Disclosure Counsel**

- Prepares or closely reviews Official Statement, in conjunction with the Issuer's review of the Official Statement
- Disclosure Counsel does not prepare or confirm financial information
- Conducts in-depth review of previous continuing disclosure undertakings and the Issuer's compliance with such undertakings
- Delivers "10b-5" opinion to Issuer (and to Underwriter)

## **Official Statement – At a glance**

- **The Major Sections of the Preliminary Official Statement**
  - **Terms of Offering**
  - **Official Bid Form**
  - **The “front part” of the POS**
    - **Introduction**
    - **Summary of the Bonds/Plan of Financing**
    - **Security and Source of Payment of the Bonds**
    - **Bondholders’ Risks**
    - **Tax Exemption/Tax Matters**
    - **Continuing Disclosure Section**

# Official Statement – At a glance (continued)

## **-Appendices to the POS**

- **Appendix A: Information about the Issuer**
- **Appendix B: Bond Counsel Opinion Form**
- **Appendix C: Audited Financial Statements**
- **Appendix D: Continuing Disclosure Certificate**
- **Depending upon the structure of the financing there could be additional appendices**

## Rule 15c2-12

- Two aspects of the Rule
  - 1) Prohibits an Underwriter from purchasing or selling Bonds without first determining the Issuer has agreed to provide ongoing disclosure of certain information, including
    - Annual financial information (often more than just audited financial statements)
    - Material event notices
  - 2) Requires the final Official Statement to include a description of any *material non-compliance* with continuing disclosure obligations in the five years prior to the offering



## Responsibility for Official Statement

- Issuers are primarily responsible for the content of their disclosure documents, regardless of who prepared the document
- An Issuer does not discharge its disclosure obligations by hiring professionals to prepare the official statement
- An Issuer has “an affirmative obligation” to know the contents of its official statement, including the financial statements
- Executing an official statement without first reading the document to ascertain whether it is accurate may be reckless (the basis for certain anti-fraud causes of action by the SEC)

## Responsibility for Official Statement

- The SEC can bring enforcement actions against Issuers, members of its governing body, government employees and officials, and professionals working on the issue
  - As an example, in 2008 the SEC charged several former San Diego city officials with fraud in connection with false and misleading statements in the official statement. In October of 2010, four of the former San Diego city officials settled with the SEC, agreeing to financial penalties ranging from \$5,000 to \$25,000 (this was the first instance of the SEC securing financial penalties against city officials in a muni bond fraud case).
  - In another example, in 2013, the SEC charged the City of Miami and its former budget director with securities fraud in connection with several bond offerings and disclosures made to the public.

## Final Official Statement

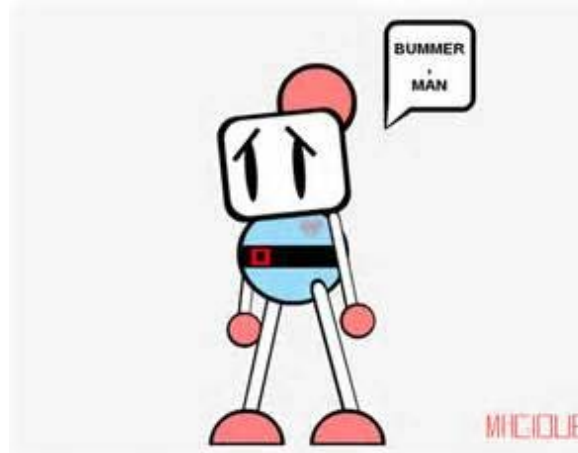
- To satisfy Rule 15c2-12, an Official Statement often includes a statement listing:
  - “any instances in the previous five years in which [the Issuer] failed to comply, in all material respects, with any previous undertakings in a written [disclosure agreement].”
- Example found in an Official Statement:
  - “During the past five years, the Issuer has not failed to comply, in all material respects, with any previous undertakings it has entered into with respect to the Rule”

## Final Official Statement

- If the Issuer has not complied with the continuing disclosure obligations of previous bond issues, but makes the statement shown on the previous slide as to compliance, this could constitute a material misstatement and subject the Issuer to an SEC enforcement action under anti-fraud provisions of federal securities laws
- Examples of noncompliance with continuing disclosure obligations:
  - Failure to report material event
  - Failure to file annual information
  - Late filing of material event or annual information

## Official Statement-Continuing Disclosure Section

- **What could happen if the Continuing Disclosure Section contains materially inaccurate information?**
  - **Could result in no bids/no sale**
  - **SEC could bring an enforcement action against the County AND the officers/individuals responsible for the preparation of the Official Statement**



# Sample Continuing Disclosure Certificate

## CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of \_\_\_\_\_, Iowa (the "Issuer"), in connection with the issuance of \$5,000,000 General Obligation Corporate Purpose Bonds, Series 2014 (the "Bonds") dated May 15, 2014. The Bonds are being issued pursuant to a resolution of the Issuer approved on April 26, 2014 (the "Resolution"). The Issuer is currently in compliance in all material respects with each undertaking previously entered into by it under the Rule, as hereinafter defined. The Issuer covenants and agrees as follows:

Section 1. **Purpose of the Disclosure Certificate.** This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12.

Section 2. **Definitions.** In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Dissemination Agent" shall mean the Dissemination Agent, if any, designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"Holders" shall mean the registered holders of the Bonds, as recorded in the registration books of the Registrar.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"Municipal Securities Rulemaking Board" or "MSRB" shall mean the Municipal Securities Rulemaking Board, 1900 Duke Street, Suite 600, Alexandria, VA 22314.

"National Repository" shall mean, at any point in time, a nationally recognized municipal securities information repository which is then recognized as such by the SEC; as of the date of this Disclosure Certificate, the sole National Repository is the MSRB, which accepts filings via its Electronic Municipal Market Access (EMMA) system at <http://emma.msrb.org>.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Repository" shall mean each National Repository and each State Repository.

"Rule" shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of Iowa.

# Continuing Disclosure Certificate

- Annual Reports
  - Audited financials
  - Tables, schedules or other financial information contained in the Official Statement, for example:
    - Valuations
    - Gross Taxable Valuation by Class of Property
    - Trend of Valuations
    - Larger Taxpayers
    - Debt Ratios
    - Levies and Tax Collections
    - Tax Rates

# Continuing Disclosure Certificate Material Listed Events

- 1) 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 determinations with respect to the tax status of the bonds
- 7) Modifications to rights of holders, if material
- 8) **Bond calls, if material, and tender offers**
- 9) **Defeasances**
- 10) Release, substitution, or sale of property securing repayment of the securities, if material
- 11) **Rating changes**
- 12) Bankruptcy, insolvency, receivership or similar event of the obligated person
- 13) Merger, consolidation, or acquisition involving an obligated person, if material
- 14) Appointment of a successor or additional trustee or the change of name of a trustee, if material



## Implementing Policies and Procedures Regarding Municipal Securities Disclosure

- To help ensure your compliance with disclosure obligations we recommend Issuers adopt policies and procedures relating to:
  - **Primary Disclosure:** The disclosure document (Official Statement) for the bonds
  - **Secondary Disclosure:** Ongoing disclosures associated with outstanding bond issues (aka “continuing disclosure”)

## Implementing Policies and Procedures Regarding Municipal Securities Disclosure

- The County's Policies and Procedures (the "Policy") addresses three aspects of disclosure:
  - 1) Preparation and approval of official statements in connection with new bond issues;
  - 2) On-going continuing disclosure requirements under a CDC; and
  - 3) Education of staff and elected officials with respect to disclosure matters.

# 1. New Offerings of Bonds – Official Statements of the Issuer

- Under federal anti-fraud law, an OS cannot contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading
- An Underwriter, Municipal Advisor, or law firm may assist you in preparing the OS, but **it is imperative that you review the OS for accuracy before it is published.** Failing to do so could result in untrue statements, thereby subjecting the Issuer and/or individuals to liability

# 1. New Offerings of Bonds – Official Statements of the Issuer (Step 1)

- Appendix I of the Policy provides written procedures for preparing the OS, comprised of 5 steps:
- **Step 1**  
At the commencement of a financing, the appointed Disclosure Officer (ie Dee) shall develop or cause its finance team to develop a plan for preparation of the official statement and a schedule that allows sufficient time for all required work, including appropriate review and participation by members of the financing team and knowledgeable Issuer staff

# 1. New Offerings of Bonds – Official Statements of the Issuer (Step 2)

- **Step 2**

The Disclosure Officer shall be responsible for managing the preparation process for the official statement, and shall obtain the assistance of other participants within the Issuer and legal and financial professionals, as necessary and appropriate

# 1. New Offerings of Bonds – Official Statements of the Issuer (Step 3)

- **Step 3**  
The Disclosure Officer shall be responsible for developing a program for coordinating staff review of the disclosure information and obtaining formal sign-off from staff on the disclosure documents

# 1. New Offerings of Bonds – Official Statements of the Issuer (Step 4)

- **Step 4**  
The Disclosure Officer shall ensure that any previous failure to fully comply with continuing disclosure obligations during the prior five year period is disclosed in the official statement

# 1. New Offerings of Bonds – Official Statements of the Issuer (Step 5)

- **Step 5**

The Issuer's governing body shall be given not less than 7 days to review an official statement prior to being asked to vote on its approval, absent extenuating circumstances. Elected representatives on the governing body shall be directed to contact the Disclosure Officer during the review period to discuss potential issues or comments on the official statement.



## 2. Continuing Disclosure Compliance (CDC Compliance)

- The Issuer will file, or cause to be filed, necessary items under the CDCs in a searchable electronic format at the Electronic Municipal Market Access (EMMA) portal ([www.emma.msrb.org](http://www.emma.msrb.org)).
- To ensure compliance, Appendix II of the Policy provides 13 points for continuing disclosure

## 2. Continuing Disclosure Compliance (CDC Compliance—Appendix II)

### 1. Overall Responsibility for CDC Compliance

The applicable employee of the Issuer (“Disclosure Officer”) shall be responsible for compliance with the Issuer’s CDCs, including:

- Annual filings
- Material event notice filings
- Voluntary filings
- Other filings required by the CDC

## 2. Continuing Disclosure Compliance (CDC Compliance—Appendix II Cont'd)

### 2. Discussion of CDC

Prior to execution of a CDC in connection with a bond issue, to ensure full understanding of the Issuer's obligations, the CDC shall be discussed with:

- Bond counsel
- Underwriter
- Financial Advisor

## 2. Continuing Disclosure Compliance (CDC Compliance—Appendix II Cont'd)

### 3. Public Statements and Information

- The Disclosure Officer shall have primary responsibility for ensuring that statements or releases of information relating to the Issuer's finances to the public that are reasonably expected to reach investors and the financial markets are accurate and not misleading in any material respect, including:
  - Website updates
  - Press releases
  - Market notices
- The public officials and the Disclosure Officer shall work together to ensure that all public statements and information released by the Issuer are accurate and not misleading in all material respects

## 2. Continuing Disclosure Compliance (CDC Compliance—Appendix II Cont’d)

### 4. Outstanding Bond Issues

The Disclosure Officer shall be responsible for compiling and maintaining a list of all outstanding bond issues subject to continuing disclosure, noting the applicable filing dates. Track this information using “Disclosure Table, Part I” of the Policy

Master Tracking Table

Name of Bond Issue	Date of Issue	Final Maturity Date	Dissemination Agent?	CUSIP for Final Maturity	Deadline for Annual Report

## **2. Continuing Disclosure Compliance (CDC Compliance—Appendix II Cont'd)**

### **5. Copies of CDC, OS, Dissemination Agent Agreement Materials.**

The Disclosure Officer shall be responsible for assembling and maintaining copies of the final CDC and final Official Statements for each applicable bond issue, together with any third-party Dissemination Agent Agreements, if applicable

## 2. Continuing Disclosure Compliance (CDC Compliance—Appendix II Cont’d)

### 6. Documentation/Tracking Information to File

The Disclosure Officer shall document and track the required information to be filed, including dates such information is filed, using “Disclosure Table, Part II” of the Policy

[Name of Bonds][date of issue]	Reporting Periods [inset date info was filed on EMMA]			
	FY2013	FY2014	FY2015	FY2016
Description of Financial Information / Operating Data to file on EMMA				
[audit]				
[list applicable tables in Official Statement]				
[unaudited financials, if audit not available by deadline]				
[other information]				

## 2. Continuing Disclosure Compliance (CDC Compliance—Appendix II Cont'd)

### 7. Email Reminders from EMMA

The Disclosure Officer shall be responsible for registering for continuing disclosure filing email reminders from the “EMMA” website (<http://emma.msrb.org>).



## 2. Continuing Disclosure Compliance (CDC Compliance—Appendix II Cont'd)

### 8. Compile Information Required by the CDCs

At least 30 days prior to the earliest filing deadline listed on the Disclosure Table, the Disclosure Officer shall begin the process of compiling necessary information required by the CDCs

- This may require coordinating with outside professionals hired to compile this information, such as Dissemination Agent or Municipal Advisor

## 2. Continuing Disclosure Compliance (CDC Compliance—Appendix II Cont'd)

### 9. Ensure Completeness of Filing

At least 10 days prior to each filing deadline, the Disclosure Officer shall determine whether all necessary items have been compiled for filing pursuant to the CDC requirements

- This may require coordinating with outside professionals hired to compile this information, such as Dissemination Agent or Municipal Advisor

## 2. Continuing Disclosure Compliance (CDC Compliance—Appendix II Cont'd)

### 10. Conduct Filing

- At least 3 days prior to each filing deadline, the Disclosure Officer shall file (or cause any Dissemination Agent to file) the necessary items on the EMMA website
- After filing, the Disclosure Officer shall confirm that all items have, in fact, been filed on EMMA as required, and shall note the filing date on the Disclosure Table

## 2. Continuing Disclosure Compliance (CDC Compliance—Appendix II Cont'd)

### 11. Listed Event Filings

- In addition to the continuing disclosure filings, the Disclosure Officer shall be responsible for determining whether any “listed events” have taken place
- If such an event has taken place, the Disclosure Officer must discuss the same with its external legal and financial professionals and cause the filing of notice to be made on EMMA within ten business days of such events.
- The 14 Listed Events are included on the following slide (same as earlier slide re Material Listed Events)

## 2. Continuing Disclosure Compliance (CDC Compliance—Appendix II Cont'd)

- 1) 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 determinations with respect to the tax status of the bonds
- 7) Modifications to rights of holders, if material
- 8) Bond calls, if material, and tender offers
- 9) Defeasances
- 10) Release, substitution, or sale of property securing repayment of the securities, if material
- 11) Rating changes
- 12) Bankruptcy, insolvency, receivership or similar event of the obligated person
- 13) Merger, consolidation, or acquisition involving an obligated person, if material
- 14) Appointment of a successor or additional trustee or the change of name of a trustee, if material

## **2. Continuing Disclosure Compliance (CDC Compliance—Appendix II Cont'd)**

### **12. Contact Person for Investor Inquiries**

The Disclosure Officer shall be the primary contact person for responding to inquiries from investors and for maintaining the investor relations portion of the Issuer's website, if any.

## **2. Continuing Disclosure Compliance (CDC Compliance—Appendix II Cont'd)**

### **13. Voluntary Information Filing**

The Disclosure Officer shall be responsible for coordinating and filing any voluntary information with EMMA, after consultation with the Issuer's legal and financial professionals.

### 3. Systematic Training of Staff and Governing Body Members

- Staff and members of the governing body must also be aware of these procedures. Accordingly, continuous training is important to teach new individuals and remind current individuals of the Issuer's continuing disclosure obligations.
- Three formats of training will aid in maintaining effective disclosure policies and procedures
  1. Annual Training
  2. Specific Training
  3. Governing Body Training



## Disclosure Update Take-Aways

- The Official Statement tells the City's Story to the Bondholders:
  - Be accurate
  - Read the Official Statement
  - Actively Participate in the Preparation
- Responsibilities don't end with closing--There are ongoing, "post-issuance" disclosure requirements
  - Annual report disclosure
  - Material event disclosure

## Disclosure Update Take-Aways

- Post-issuance compliance is taking on more significance in light of increased regulatory scrutiny
- Adopt **and** follow policies and procedures to comply with federal securities disclosure laws
- Make friends with EMMA

# Questions?

