

CDIAC

**CALIFORNIA
DEBT AND
INVESTMENT
ADVISORY
COMMISSION**

SESSION THREE: CONTINUING DISCLOSURE RESPONSIBILITIES

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March 19, 2015
Riverside, California

Debt 3: Debt Administration



**Continuing Disclosure Responsibilities
presented at the California Debt and
Investment Advisory Commission Seminar**

Debt 3: Debt Administration

March 19, 2015
Presentation by
Timothy J. Reimers, Esq.

SEC Rule 15c2-12(b)(5)

A. Original Rule Requiring Continuing Disclosure

- SEC Rule 15c2-12(b)(5) was adopted by the SEC pursuant to its regulatory authority over Underwriters (the current Rule 15c2-12(b)(5) is included as Exhibit I);
- Effective July 3, 1996;
- Required Underwriters to obtain an agreement by Issuers to file:
 - Annual Reports disclosing financial and operating information specified in a written continuing disclosure undertaking (CDU), including audited financial statements;
 - Notices of the occurrence of certain Specified Events, if material.

SEC Rule 15c2-12(b)(5)

B. 2008 Amendment Requiring Filing with EMMA

- Effective July 1, 2009;
- Requires Underwriters to obtain an agreement by Issuers to make all filings in electronic form through the Electronic Municipal Market Access (EMMA) System maintained by the Municipal Securities Rulemaking Board (MSRB).

SEC Rule 15c2-12(b)(5)

C. 2010 Amendments – Making Adjustments to Specified Events

- Applicable to all municipal securities that closed on or after December 1, 2010;
- Requires Underwriters to obtain an agreement from Issuers to file Event Notices within 10 Business Days following the **occurrence** of certain Specified Events;
- Modifies and adds Specified Events to require filing of Event Notices upon occurrence **in some cases, regardless of materiality**;
- No longer exempts Variable Rate Demand Obligations issued or remarketed on or after December 1, 2010 from continuing disclosure obligations.

Description of Specified Event	Original Reporting Requirements Effective July 3, 1996	Reporting Requirements For All Municipal Securities Issued on or After December 1, 2010
Principal and interest payment delinquencies	If Material	Report without regard to materiality
Non-payment related defaults	If Material	If Material
Unscheduled draws on debt service reserves reflecting financial difficulties	If Material	Report without regard to materiality
Unscheduled draws on credit enhancements reflecting financial difficulties	If Material	Report without regard to materiality
Substitution of credit or liquidity providers, or their failure to perform	If Material	Report without regard to materiality
Tax status issues	If material, report adverse tax opinions or events affecting the tax-exempt status of the security.	Report any of the following, without regard to materiality: 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 security. Report, if material, any events affecting the tax status of the security (including Build America Bonds).
Modifications to rights of security holders	If Material	If Material
Description of Specified Event	Original Reporting Requirements Effective July 3, 1996	New Reporting Requirements For All Municipal Securities Issued on or After December 1, 2010
Bond calls	If Material	If Material
Defeasances	If Material	Report without regard to materiality
Release, substitution, or sale of property securing repayment of the securities	If Material	If Material
Rating changes	If Material	Report without regard to materiality
Failure to file Annual Report by deadline	Report without regard to materiality	Report without regard to materiality
Tender offers	N/A	Report without regard to materiality
Bankruptcy, insolvency, receivership or similar event of the obligated person	N/A	Report without regard to materiality
Consummation of a merger, consolidation, or acquisition involving an obligated person, or the sale of all or substantially all the assets of the obligated person, other than in the ordinary course of business, the entry of 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	N/A	If Material
Appointment of a successor or additional trustee or the change of name of a trustee	N/A	If Material

Continuing Disclosure Compliance

D. Consequences of Failure to Comply with Continuing Disclosure Undertaking

- Issuers are required to file the missing filings and disclose for **5 years** in all of its Official Statements all failures to comply, in all material respects, with previous obligations to provide continuing disclosure.
- SEC emphasized in the adoption of the December 1, 2010 amendments that Underwriters may be prohibited by the Rule from buying bonds of a municipality that has “***on multiple occasions during past five years failed to provide on timely basis***” annual and events notices required by the Rule.

Continuing Disclosure Compliance

- In 2012 the SEC issued a National Examination Alert highlighting failures in the due diligence process for municipal securities which included an emphasis on underwriting processes to verify compliance with continuing disclosure obligations.
- Underwriters must have a reasonable belief in the truthfulness and completeness of the key representations made in the disclosure documents, including reasonably determining that the issuer will comply with its continuing disclosure obligations. Failure to do so may be grounds for a violation of the anti-fraud provisions of federal securities laws.

Continuing Disclosure Process

E. Issuers should Establish and Follow a Disclosure Process

- Establish a Disclosure Team with Responsibility for Monitoring and Preparing initial Official Statement and Continuing Disclosure;
- Establish written policies and procedures for complying with continuing disclosure undertakings, including an annual review for the requirements in each Continuing Disclosure Undertaking (CDU);
- Consider whether to include information beyond what is specified in the CDU
 - If necessary, to make what is filed not misleading.

Continuing Disclosure Process

SEC has stated that the 10b-5 disclosure obligations of an Issuer requiring that disclosure be accurate and complete applies to annual filings (*i.e.*, do not omit any information if inclusion of such information would change the nature of what has been presented).

(See Exhibit III for SEC Rule 10b-5).

Continuing Disclosure Process

- If desirable to maintain favorable relationship with investors:
 - Gather the required information;
 - Create a disclosure culture;
 - Coordinate, Review and Approve.
- Disclosure is more than updating tables; tell the complete story;
- Finalize the Information for filing with EMMA.

Continuing Disclosure Supplemental Materials

F. Continuing Disclosure Undertaking

- Example of CDU reflecting December 1, 2010 amendments, see Exhibit II;
- Discussion of example CDU.

G. Securities Liability

- SEC Rule 10b-5;
- Section 17(a) of the of the Securities Act of 1933 (included as Exhibit IV);
- Supreme Court.

Continuing Disclosure Hot Topics

H. Certain Enforcement Actions and Other Hot Topics

- Municipalities Continuing Disclosure Cooperation Initiative;
- Harrisburg;
- Selective Disclosure;
- Investor Relations;
- Changes to Rule 15c2-12.

Questions

I. Questions Regarding 2010 Amendments to the Rule

- What is a “rating change” which triggers filing of an Event Notice?
- What if the Issuer does not receive notification of a rating change?
- How does the Issuer know if its ratings have changed?

EXHIBIT I –

§ 240.15c2-12 (Rule 15c2-12)

(a) General. As a means reasonably designed to prevent fraudulent, deceptive, or manipulative acts or practices, it shall be unlawful for any broker, dealer, or municipal securities dealer (a “Participating Underwriter” when used in connection with an Offering) to act as an underwriter in a primary offering of municipal securities with an aggregate principal amount of \$1,000,000 or more (an “Offering”) unless the Participating Underwriter complies with the requirements of this section or is exempted from the provisions of this section.

(b) Requirements.

(1) Prior to the time the Participating Underwriter bids for, purchases, offers, or sells municipal securities in an Offering, the Participating Underwriter shall obtain and review an official statement that an issuer of such securities deems final as of its date, except for the omission of no more than the following information: The offering price(s), interest rate(s), selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, any other terms or provisions required by an issuer of such securities to be specified in a competitive bid, ratings, other terms of the securities depending on such matters, and the identity of the underwriter(s).

(2) Except in competitively bid offerings, from the time the Participating Underwriter has reached an understanding with an issuer of municipal securities that it will become a Participating Underwriter in an Offering until a final official statement is available, the Participating Underwriter shall send no later than the next business day, by first-class mail or other equally prompt means, to any potential customer, on request, a single copy of the most recent preliminary official statement, if any.

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§ 240.15c2-12 (Rule 15c2-12)

(3) The Participating Underwriter shall contract with an issuer of municipal securities or its designated agent to receive, within seven business days after any final agreement to purchase, offer, or sell the municipal securities in an Offering and in sufficient time to accompany any confirmation that requests payment from any customer, copies of a final official statement in sufficient quantity to comply with paragraph (b)(4) of this rule and the rules of the Municipal Securities Rulemaking Board.

(4) From the time the final official statement becomes available until the earlier of—

(i) Ninety days from the end of the underwriting period or

(ii) The time when the official statement is available to any person from the Municipal Securities Rulemaking Board, but in no case less than twenty-five days following the end of the underwriting period, the Participating Underwriter in an Offering shall send no later than the next business day, by first-class mail or other equally prompt means, to any potential customer, on request, a single copy of the final official statement.

(5) (i) A Participating Underwriter shall not purchase or sell municipal securities in connection with an Offering unless the Participating Underwriter has reasonably determined that an issuer of municipal securities, or an obligated person for whom financial or operating data is presented in the final official statement has undertaken, either individually or in combination with other issuers of such municipal securities or obligated persons, in a written agreement or contract for the benefit of holders of such securities, to provide the following to the Municipal Securities Rulemaking Board in an electronic format as prescribed by the Municipal Securities Rulemaking Board, either directly or indirectly through an indenture trustee or a designated agent:

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§ 240.15c2-12 (Rule 15c2-12)

(A) Annual financial information for each obligated person for whom financial information or operating data is presented in the final official statement, or, for each obligated person meeting the objective criteria specified in the undertaking and used to select the obligated persons for whom financial information or operating data is presented in the final official statement, except that, in the case of pooled obligations, the undertaking shall specify such objective criteria;

(B) If not submitted as part of the annual financial information, then when and if available, audited financial statements for each obligated person covered by paragraph (b)(5)(i)(A) of this section;

(C) In a timely manner not in excess of ten business days after the occurrence of the event, notice of any of the following events with respect to the securities being offered in the Offering:

- (1) Principal and interest 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 tax opinions, the issuance by the Internal Revenue Service 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 security, or other material events affecting the tax status of the security;
- (7) Modifications to rights of security holders, if material;

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- (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;

Note to paragraph (b)(5)(i)(C)(12): For the purposes of the event identified in paragraph (b)(5)(i)(C)(12) of this section, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

- (13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, 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;

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§ 240.15c2-12 (Rule 15c2-12)

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material; and

(D) In a timely manner, notice of a failure of any person specified in paragraph (b)(5)(i)(A) of this section to provide required annual financial information, on or before the date specified in the written agreement or contract.

(ii) The written agreement or contract for the benefit of holders of such securities also shall identify each person for whom annual financial information and notices of material events will be provided, either by name or by the objective criteria used to select such persons, and, for each such person shall:

(A) Specify, in reasonable detail, the type of financial information and operating data to be provided as part of annual financial information;

(B) Specify, in reasonable detail, the accounting principles pursuant to which financial statements will be prepared, and whether the financial statements will be audited; and

(C) Specify the date on which the annual financial information for the preceding fiscal year will be provided.

(iii) Such written agreement or contract for the benefit of holders of such securities also may provide that the continuing obligation to provide annual financial information and notices of events may be terminated with respect to any obligated person, if and when such obligated person no longer remains an obligated person with respect to such municipal securities.

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§ 240.15c2-12 (Rule 15c2-12)

(iv) Such written agreement or contract for the benefit of holders of such securities also shall provide that all documents provided to the Municipal Securities Rulemaking Board shall be accompanied by identifying information as prescribed by the Municipal Securities Rulemaking Board.

(c) *Recommendations.* As a means reasonably designed to prevent fraudulent, deceptive, or manipulative acts or practices, it shall be unlawful for any broker, dealer, or municipal securities dealer to recommend the purchase or sale of a municipal security unless such broker, dealer, or municipal securities dealer has procedures in place that provide reasonable assurance that it will receive prompt notice of any event disclosed pursuant to paragraph (b)(5)(i)(C), paragraph (b)(5)(i)(D), and paragraph (d)(2)(ii)(B) of this section with respect to that security.

(d) *Exemptions.*

(1) This section shall not apply to a primary offering of municipal securities in authorized denominations of \$100,000 or more, if such securities:

(i) Are sold to no more than thirty-five persons each of whom the Participating Underwriter reasonably believes:

(A) Has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of the prospective investment; and

(B) Is not purchasing for more than one account or with a view to distributing the securities; or

(ii) Have a maturity of nine months or less.

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§ 240.15c2-12 (Rule 15c2-12)

(2) Paragraph (b)(5) of this section shall not apply to an Offering of municipal securities if, at such time as an issuer of such municipal securities delivers the securities to the Participating Underwriters:

(i) No obligated person will be an obligated person with respect to more than \$10,000,000 in aggregate amount of outstanding municipal securities, including the offered securities and excluding municipal securities that were offered in a transaction exempt from this section pursuant to paragraph (d)(1) of this section;

(ii) An issuer of municipal securities or obligated person has undertaken, either individually or in combination with other issuers of municipal securities or obligated persons, in a written agreement or contract for the benefit of holders of such municipal securities, to provide the following to the Municipal Securities Rulemaking Board in an electronic format as prescribed by the Municipal Securities Rulemaking Board:

(A) At least annually, financial information or operating data regarding each obligated person for which financial information or operating data is presented in the final official statement, as specified in the undertaking, which financial information and operating data shall include, at a minimum, that financial information and operating data which is customarily prepared by such obligated person and is publicly available; and

(B) In a timely manner not in excess of ten business days after the occurrence of the event, notice of events specified in paragraph (b)(5)(i)(C) of this section with respect to the securities that are the subject of the Offering; and

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(C) Such written agreement or contract for the benefit of holders of such securities also shall provide that all documents provided to the Municipal Securities Rulemaking Board shall be accompanied by identifying information as prescribed by the Municipal Securities Rulemaking Board; and

(iii) The final official statement identifies by name, address, and telephone number the persons from which the foregoing information, data, and notices can be obtained.

(3) The provisions of paragraph (b)(5) of this section, other than paragraph (b)(5)(i)(C) of this section, shall not apply to an Offering of municipal securities, if such municipal securities have a stated maturity of 18 months or less.

(4) The provisions of paragraph (c) of this section shall not apply to municipal securities:

(i) Sold in an Offering to which paragraph (b)(5) of this section did not apply, other than Offerings exempt under paragraph (d)(2)(ii) of this section; or

(ii) Sold in an Offering exempt from this section under paragraph (d)(1) of this section.

(5) With the exception of paragraphs (b)(1) through (b)(4), this section shall apply to a primary offering of municipal securities in authorized denominations of \$100,000 or more if such securities may, at the option of the holder thereof, be tendered to an issuer of such securities or its designated agent for redemption or purchase at par value or more at least as frequently as every nine months until maturity,

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earlier redemption, or purchase by an issuer or its designated agent; provided, however, that paragraphs (b)(5) and (c) of this section shall not apply to such securities outstanding on November 30, 2010, for so long as they continuously remain in authorized denominations of \$100,000 or more and may, at the option of the holder thereof, be tendered to an issuer of such securities or its designated agent for redemption or purchase at par value or more at least as frequently as every nine months until maturity, earlier redemption, or purchase by an issuer or its designated agent.

(e) *Exemptive authority.* The Commission, upon written request, or upon its own motion, may exempt any broker, dealer, or municipal securities dealer, whether acting in the capacity of a Participating Underwriter or otherwise, that is a participant in a transaction or class of transactions from any requirement of this section, either unconditionally or on specified terms and conditions, if the Commission determines that such an exemption is consistent with the public interest and the protection of investors.

(f) *Definitions.* For the purposes of this rule—

(1) The term *authorized denominations of \$100,000 or more* means municipal securities with a principal amount of \$100,000 or more and with restrictions that prevent the sale or transfer of such securities in principal amounts of less than \$100,000 other than through a primary offering; except that, for municipal securities with an original issue discount of 10 percent or more, the term means municipal securities with a minimum purchase price of \$100,000 or more and with restrictions that prevent the sale or transfer of such securities, in principal amounts that are less than the original principal amount at the time of the primary offering, other than through a primary offering.

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(2) The term *end of the underwriting period* means the later of such time as

(i) The issuer of municipal securities delivers the securities to the Participating Underwriters or

(ii) The Participating Underwriter does not retain, directly or as a member or an underwriting syndicate, an unsold balance of the securities for sale to the public.

(3) The term *final official statement* means a document or set of documents prepared by an issuer of municipal securities or its representatives that is complete as of the date delivered to the Participating Underwriter(s) and that sets forth information concerning the terms of the proposed issue of securities; information, including financial information or operating data, concerning such issuers of municipal securities and those other entities, enterprises, funds, accounts, and other persons material to an evaluation of the Offering; and a description of the undertakings to be provided pursuant to paragraph (b)(5)(i), paragraph (d)(2)(ii), and paragraph (d)(2)(iii) of this section, if applicable, and of any instances in the previous five years in which each person specified pursuant to paragraph (b)(5)(ii) of this section failed to comply, in all material respects, with any previous undertakings in a written contract or agreement specified in paragraph (b)(5)(i) of this section. Financial information or operating data may be set forth in the document or set of documents, or may be included by specific reference to documents available to the public on the Municipal Securities Rulemaking Board's Internet Web site or filed with the Commission.

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(4) The term *issuer of municipal securities* means the governmental issuer specified in section 3(a)(29) of the Act and the issuer of any separate security, including a separate security as defined in rule 15c2-5(a) under the Act.

(5) The term *potential customer* means (i) Any person contacted by the Participating Underwriter concerning the purchase of municipal securities that are intended to be offered or have been sold in an offering, (ii) Any person who has expressed an interest to the Participating Underwriter in possibly purchasing such municipal securities, and (iii) Any person who has a customer account with the Participating Underwriter.

(6) The term *preliminary official statement* means an official statement prepared by or for an issuer of municipal securities for dissemination to potential customers prior to the availability of the final official statement.

(7) The term *primary offering* means an offering of municipal securities directly or indirectly by or on behalf of an issuer of such securities, including any remarketing of municipal securities.

(i) That is accompanied by a change in the authorized denomination of such securities from \$100,000 or more to less than \$100,000, or

(ii) That is accompanied by a change in the period during which such securities may be tendered to an issuer of such securities or its designated agent for redemption or purchase from a period of nine months or less to a period of more than nine months.

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(8) The term *underwriter* means any person who has purchased from an issuer of municipal securities with a view to, or offers or sells for an issuer of municipal securities in connection with, the offering of any municipal security, or participates or has a direct or indirect participation in any such undertaking, or participates or has a participation in the direct or indirect underwriting of any such undertaking; except, that such term shall not include a person whose interest is limited to a commission, concession, or allowance from an underwriter, broker, dealer, or municipal securities dealer not in excess of the usual and customary distributors' or sellers' commission, concession, or allowance.

(9) The term *annual financial information* means financial information or operating data, provided at least annually, of the type included in the final official statement with respect to an obligated person, or in the case where no financial information or operating data was provided in the final official statement with respect to such obligated person, of the type included in the final official statement with respect to those obligated persons that meet the objective criteria applied to select the persons for which financial information or operating data will be provided on an annual basis. Financial information or operating data may be set forth in the document or set of documents, or may be included by specific reference to documents available to the public on the Municipal Securities Rulemaking Board's Internet Web site or filed with the Commission.

(10) The term *obligated person* means any person, including an issuer of municipal securities, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the municipal securities to be sold in the Offering (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities).

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(g) *Transitional provision.* If on July 28, 1989, a Participating Underwriter was contractually committed to act as underwriter in an Offering of municipal securities originally issued before July 29, 1989, the requirements of paragraphs (b)(3) and (b)(4) shall not apply to the Participating Underwriter in connection with such an Offering. Paragraph (b)(5) of this section shall not apply to a Participating Underwriter that has contractually committed to act as an underwriter in an Offering of municipal securities before July 3, 1995; *except that* paragraph (b)(5)(i)(A) and paragraph (b)(5)(i)(B) shall not apply with respect to fiscal years ending prior to January 1, 1996. Paragraph (c) shall become effective on January 1, 1996. Paragraph (d)(2)(ii) and paragraph (d)(2)(iii) of this section shall not apply to an Offering of municipal securities commencing prior to January 1, 1996.

[54 FR 28813, July 10, 1989, as amended at 59 FR 59609, Nov. 17, 1994; 73 FR 76132, Dec. 15, 2008; 75 FR 33155, June 10, 2010]

EXHIBIT II –

Form of Continuing Disclosure Undertaking

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the [NAME OF ISSUER] (the “Issuer”) in connection with its issuance of \$ XXX [NAME OF SECURITIES] (the “Bonds”). The Bonds are being issued pursuant to an Indenture, dated as of [DATE] (the “Indenture”), by and between the Issuer and [NAME OF TRUSTEE] (the “Trustee”), by and between the Issuer and the Trustee. The Issuer hereby covenants and agrees as follows:

Section 1. Definitions. In addition to the definitions set forth in the Indenture, 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 that (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 Issuer, acting in its capacity as Dissemination Agent hereunder, or any other successor Dissemination Agent designated in writing by the Issuer.

“EMMA System” shall mean the MSRB’s Electronic Municipal Market Access system, or such other electronic system designated by the MSRB.

“Fiscal Year” shall mean the one-year period ending on June 30 of each year or such other period of 12 months designated by the Issuer as its Fiscal Year.

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“GASB” shall mean the Governmental Accounting Standards Board.

“Listed Events” shall mean any of the events listed in Section 5(a) or 5(b) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any successor thereto.

“Official Statement” shall mean the final official statement of the Issuer relating to the Bonds.

“Owner” shall mean a registered owner of the Bonds.

“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.

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

“SEC” shall mean the Securities and Exchange Commission.

“State” shall mean the State of California.

Section 2. Purpose of this Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Owners and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule.

Section 3. Provision of Annual Reports.

- a) The Issuer shall, or shall cause the Dissemination Agent, if the Dissemination Agent is other than the Issuer, to, not later than 180 days following the end of each Fiscal Year of the Issuer (which Fiscal Year currently ends on June 30), commencing with the report for Fiscal Year ending June 30, 2013, provide to the MSRB through the EMMA System, in an electronic format and accompanied by identifying information all as prescribed by the MSRB and/or the Rule, an Annual Report relating to the immediately preceding Fiscal Year that is consistent with the requirements of Section 4 of this Disclosure Certificate, which Annual

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Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that any audited financial statements may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Fiscal Year for the Issuer changes, the Issuer shall give notice of such change in the same manner as for a Listed Event under Section 5(e).

- b) If in any year, the Issuer does not provide the Annual Report to the MSRB by the time specified above, the Issuer shall file a notice with the MSRB through the EMMA System in substantially the form attached as Exhibit A hereto.
- c) If the Dissemination Agent is not the Issuer, the Dissemination Agent shall:
 - (1) file a report with the Issuer certifying that the Annual Report has been filed pursuant to this Disclosure Certificate and listing the date(s) of the filing(s); and
 - (2) take any other actions mutually agreed to between the Dissemination Agent and the Issuer.

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Section 4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

- a) The Issuer's audited financial statements for the prior Fiscal Year, prepared in accordance with generally accepted accounting principles as promulgated from time to time by GASB and all statements and interpretations issued by the Financial Accounting Standards Board which are not in conflict with the statements issued by GASB, provided however that the Issuer may from time to time, in order to comply with federal or State legal requirements, modify the basis upon which such financial statements are provided notice. Nothing of any such modification shall be provided to the MSRB and shall include a reference to the applicable law or requirement describing such accounting basis. If the Issuer's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.
- b) Information in form and substance similar to the following tables set forth in the Official Statement for the most recently completed Fiscal Year: **[ADD LIST OF FINANCIAL AND OPERATING DATA TO BE UPDATED]**

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Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities that have been submitted to the MSRB through the EMMA System. In the event that information necessary to prepare the tables listed above becomes unavailable due to changes in accounting practices, legislative changes or organizational changes, the Issuer shall state in its Annual Report that such table will no longer be included in the Annual Report and the reason therefore and the Issuer will provide comparable information if available.

Section 5. Reporting of Significant Events.

- a) The Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds not later than ten business days after the occurrence of the event:
- (1) Principal and interest payment delinquencies;
 - (2) Unscheduled draws on debt service reserves reflecting financial difficulties;
 - (3) Unscheduled draws on credit enhancements reflecting financial difficulties;
 - (4) Substitution of credit or liquidity providers, or their failure to perform;
 - (5) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);
 - (6) Tender offers;
 - (7) Defeasances;
 - (8) Rating changes; or
 - (9) Bankruptcy, insolvency, receivership or similar event of the Issuer;

EXHIBIT II –

Form of Continuing Disclosure Undertaking

Note: for the purposes of the event identified in Section 5(a)(9) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

- b) The Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, not later than ten business days after the occurrence of the event:
- (1) Non-payment related defaults;
 - (2) Unless described in paragraph 5(a)(5), other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
 - (3) Modifications to rights of the Owners of the Bonds;
 - (4) Bond calls;
 - (5) Release, substitution or sale of property securing repayment of the Bonds;
 - (6) The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, 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; or
 - (7) Appointment of a successor or additional trustee or the change of name of a trustee.

EXHIBIT II –

Form of Continuing Disclosure Undertaking

- c) The Issuer shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 3(a), as provided in Section 3.
- d) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event described in Section 5(b), the Issuer shall determine if such event would be material under applicable federal securities laws.
- e) If the Issuer learns of an occurrence of a Listed Event described in Section 5(a), or determines that knowledge of a Listed Event described in Section 5(b) would be material under applicable federal securities laws, the Issuer shall within ten business days of occurrence file a notice of such occurrence with the MSRB through the EMMA System in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsections (a)(7) or (b)(4) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Owners of affected Bonds pursuant to the Indenture.

Section 6. Termination of Obligation. The Issuer's obligations under this Disclosure Certificate with respect to a Series of the Bonds shall terminate upon the maturity, legal defeasance, prior redemption or payment in full of all of such Series of the Bonds. In addition, in the event that the Rule shall be amended, modified or repealed such that compliance by the Issuer with its obligations under this Disclosure Certificate no longer shall be required in any or all respects, then the Issuer's obligations hereunder shall terminate to a like extent.

Section 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such dissemination agent, with or without appointing a successor dissemination agent. If at any time there is not any other designated dissemination agent, the Issuer shall be the dissemination agent. The initial dissemination agent shall be the Issuer.

EXHIBIT II –

Form of Continuing Disclosure Undertaking

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, without the consent of the Owners of the Bonds, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that, in the opinion of nationally recognized bond counsel, such amendment or waiver is not prohibited by the Rule. The Issuer shall give notice of any amendment in the same manner as for a Listed Event under Section 5(e).

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall not thereby have any obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any Owner or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate; provided that any such Owner or Beneficial Owner may not take any enforcement action without the consent of the Owners of not less than 25% (twenty-five percent) in aggregate principal amount of the Bonds that at the time are Outstanding. A default under this Disclosure Certificate shall not be deemed a default under the Indenture and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance. Under no circumstances shall any person or entity be entitled to recover monetary damages hereunder in the event of any failure of the Issuer to comply with this Disclosure Certificate. No Owner or Beneficial Owner of the Bonds may institute such action, suit or proceeding to compel performance unless they shall have first delivered to the Issuer satisfactory written evidence of their status as such, and a written notice of and request to cure such failure, and the Issuer shall have refused to comply therewith within a reasonable time.

EXHIBIT II –

Form of Continuing Disclosure Undertaking

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. Any Dissemination Agent appointed hereunder shall have only such duties as are specifically set forth in this Disclosure Certificate, and shall have such rights, immunities and liabilities as shall be set forth in the written agreement between the Issuer and such Dissemination Agent pursuant to which such Dissemination Agent agrees to perform the duties and obligations of Dissemination Agent under this Disclosure Certificate.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, if any, and the Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity. This Disclosure Certificate is not intended to create any monetary rights on behalf of any person based upon the Rule.

Section 13. Notices. Any notices or communications to the Issuer may be given as follows:

[ADD NOTICE ADDRESS]

Section 14. Partial Invalidity. If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the Issuer shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof, and the Beneficial Owners of the Bonds shall retain all the benefits afforded to them hereunder. The Issuer hereby declares that it would have executed and delivered this Disclosure Certificate and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

EXHIBIT II –

Form of Continuing Disclosure Undertaking

Section 15. Governing Law. This Disclosure Certificate was made in the City of **[CITY]** and shall be governed by, interpreted and enforced in accordance with the laws of the State of California and the City of **[CITY]**, without regard to conflict of law principles. Any litigation, action or proceeding to enforce or interpret any provision of this Disclosure Certificate or otherwise arising out of, or relating to this Disclosure Certificate, shall be brought, commenced or prosecuted in a State or Federal court in the County of **[COUNTY]** in the State of California. By its acceptance of the benefits hereof, any person or entity bringing any such litigation, action or proceeding submits to the exclusive jurisdiction of the State of California and waives any defense of forum non conveniens.

EXHIBIT III – SEC RULE 10b-5

It shall be unlawful for any person, directly or indirectly, by the use of any means or instrumentality of interstate commerce, or of the mails or of any facility of any national securities exchange,

- 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.

(Sec. 10; 48 Stat. 891; 15 U.S.C. 78j)

[13 FR 8183, Dec. 22, 1948, as amended at 16 FR 7928, Aug. 11, 1951]

EXHIBIT IV –

Section 17(a) of the Securities Act of 1933

Use of Interstate Commerce for Purpose of Fraud or Deceit

It shall be unlawful for any person in the offer or sale of any securities (including security-based swaps) or any security-based swap agreement (as defined in section 78c(a)(78)[1] of this title) by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly—

- to employ any device, scheme, or artifice to defraud, or
- to obtain money or property by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or
- to engage in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser.

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Municipal Securities Rulemaking Board

Putting EMMA[®] to Work for You

March 19, 2015 | CDIAC Municipal Debt Essentials Conference



Justin Pica, Director of Product Management

Municipal Securities Rulemaking Board

Presentation Outline

- Role of the MSRB
- About **EMMA**®
- **EMMA**® Tools for Issuers
- Understanding and Complying with Financial Disclosure Obligations
- Submitting Voluntary Disclosures to **EMMA**®
- MSRB Resources



Role of the MSRB

About the MSRB



- A self-regulatory organization created by Congress in 1975
- Protects investors and issuers of municipal securities
- Promotes a fair and efficient municipal market

How the MSRB Fulfills its Mission

- Regulates municipal securities dealers and municipal advisors
- Operates market transparency systems including the **EMMA**® website
- Conducts education, outreach and market leadership



Municipal Securities Rulemaking Board

About EMMA[®]

The EMMA[®] Website



emma.msrb.org

- Serves as official, free and public source of trade data and disclosure information on virtually all municipal securities
- Provides a platform for issuers to communicate with investors

Data Available on EMMA

- Trade Prices and Yields
- Credit Ratings
- Variable Rate Securities Information
 - Interest rate resets
 - Credit enhancement documents
- Market Statistics
 - New issuance
 - Trade statistics
 - Disclosure statistics

Maturity Date	Interest Rate (%)	High/Low Price (%)	High/Low Yield (%)	Trade Count	Total Trade Amount (\$)	Ratings	
						Fitch	S&P
07/01/2033	5.25	100.092 / 97.934	5.426 / 5.242	25	2,000,000	-	<u>AA-</u>
06/01/2026	3	102.585 / 100.006	2.999 / 2.695	17	19,465,000	AAA	<u>AAA</u>
07/15/2026	5.25	113.898 / 112.898	1.284 / 1	12	4,060,000	-	<u>AA+</u>
06/15/2016	3	104.507 / 104.507	0.4 / 0.4	11	1,000,000	-	<u>A+</u>
03/15/2042	5	110.513 / 110.453	3.408 / 3.4	11	1,950,000	AA+	<u>AAA</u>
08/01/2041	5.25	78.737 / 76.81	7.215 / 7.019	10	1,420,000	BB-	<u>BBB-</u>
02/01/2029	3	100 / 98.19	3.157 / 3	10	3,760,000	AA+	<u>AA+</u>
08/01/2037	-	28.245 / 27.784	4.23 / 4.041	9	2,775,000	-	<u>AA</u>
03/01/2029	3	100 / 97.625	3.206 / 3	9	420,000	-	-
06/15/2042	5	111.025 / 110.663	3.421 / 3.371	9	140,000	-	<u>AA</u>
12/01/2027	4	110.282 / 107.62	2.89 / 2.524	9	370,000	AA-	<u>AA-</u>
03/01/2037	5	105.858 / 105.858	2.529 / 2.529	9	100,000	BBB+	<u>A-</u>
04/01/2035	5.125	99.555 / 99.055	5.2 / 5.16	8	100,000	-	-
01/01/2037	.967	89.76 / 88	1.509 / 1.509	8	740,000	AA-	<u>AA-</u>
07/01/2023	.02	100 / 100	-	8	5,200,000	A+	<u>AAA</u>

Disclosures Available on EMMA



- Official Statements
- Ongoing Financial Disclosures
- Event Notices
- Advance Refunding Documents
- 529 Plan Disclosure
- Political Contribution Disclosure

Navigating EMMA

The screenshot shows the EMMA website interface. At the top left is the EMMA logo with the tagline 'Electronic Municipal Market Access, A service of the MSRB'. To the right are links for 'MyEMMA', 'EMMA Dataport', and 'Contact Us'. Below this is a 'Quick Search' box with the placeholder text 'Enter CUSIP or Name' and a search button. A green navigation bar contains the following links: 'ADVANCED SEARCH', 'BROWSE ISSUERS', 'FIND 529 PLANS', 'MARKET ACTIVITY', and 'EDUCATION CENTER'.

The main content area is divided into several sections:

- Are you new to EMMA?** A sidebar with four links: 'Find prices, disclosures and other information for a specific municipal bond.', 'Browse municipal securities information by issuer.', 'Explore municipal market trends and data.', and 'Learn how the MSRB protects municipal market participants.'
- Welcome to EMMA** A central section with a welcome message: 'EMMA is the official repository for information on virtually all municipal bonds, providing free public access to official disclosures, trade data and other information about the municipal securities market.' Below this are three callouts: 'EMMA 101' (with a video thumbnail), 'EMMA for Investors' (with a user guide thumbnail), and 'EMMA for Issuers' (with a dome icon).
- EMMA Education Center** A sidebar with the text: 'Learn more about the municipal bond market and how to use EMMA to make informed decisions.'
- MUNICIPAL MARKET RECAP** A table titled 'Most Actively Traded Fixed Rate Securities for 1/29/2014'. The table has columns for Security Description, Maturity Date, Interest Rate (%), Price Average, Yield Average, and Number of Trades. The first row shows: MAINE ST HSG AUTH MTG PUR-SER A-2 (02/27/2014), 11/15/2028, 4, 99.864, 4, 130.

- Browse for information by:
 - Issuer
 - Security
 - CUSIP
- View real-time market data

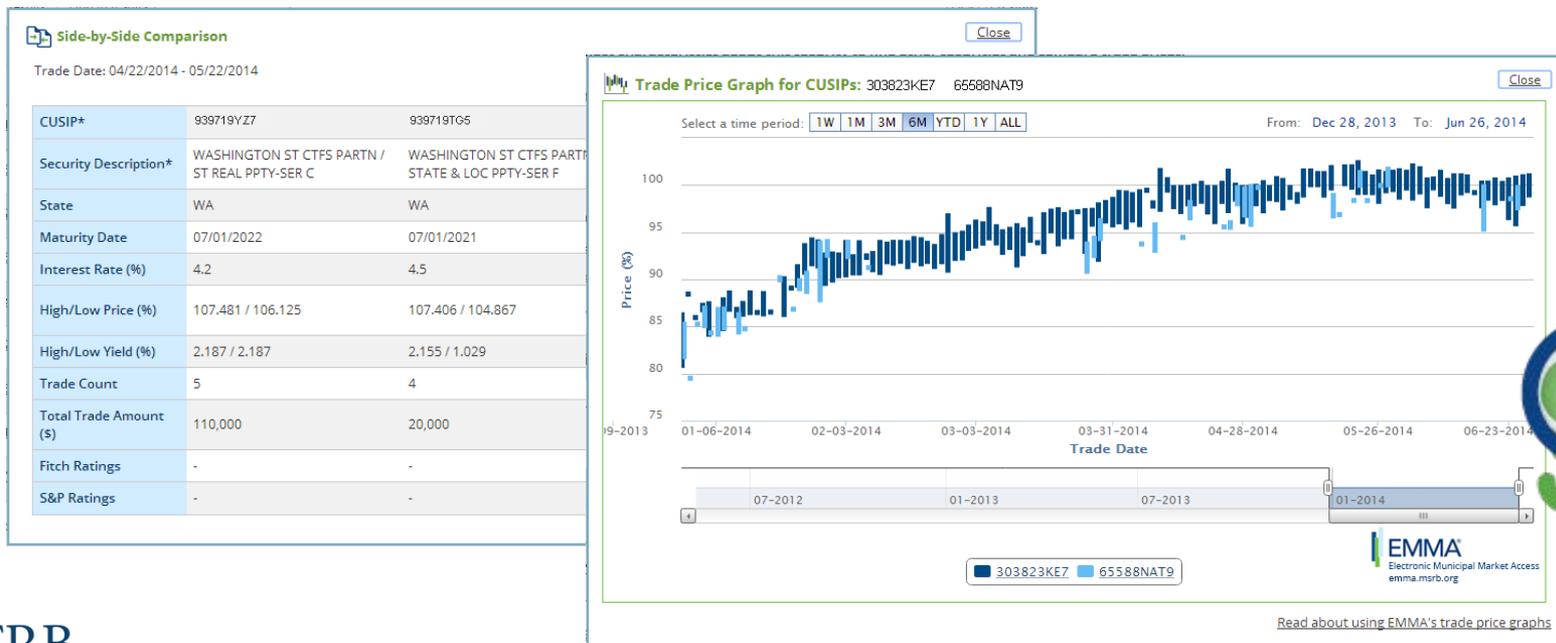
Price Discovery Tool

- New **EMMA**® feature aims to enhance municipal market price transparency
- munipricediscovery.org

The screenshot shows the EMMA (Electronic Municipal Market Access) website interface. At the top, there is a navigation bar with links for MyEMMA, EMMA Dataport, and Contact Us. Below this is a search bar labeled 'Quick Search' with a placeholder 'Enter CUSIP or Name'. A green navigation bar contains links for 'ADVANCED SEARCH', 'BROWSE ISSUERS', 'FIND 529 PLANS', 'MARKET ACTIVITY', and 'EDUCATION CENTER'. The main content area features a large 'Price Discovery' heading with a magnifying glass icon over a dollar sign. Below the heading is the text 'Find and compare trade prices of municipal bonds with similar characteristics.' and a search input field labeled 'Enter CUSIP-9'. A green 'Start Search' button is positioned below the input field. The bottom section of the page is divided into two columns: 'How It Works' and 'See It Work'. The 'How It Works' section explains that the tool helps find prices for bonds that haven't traded recently and lists three capabilities: adjusting search parameters, side-by-side comparison of up to five bonds, and graphing trade prices over time. The 'See It Work' section features a video player with the MSRB logo and the text 'HOW TO USE EMMA'S PRICE DISCOVERY TOOL'.

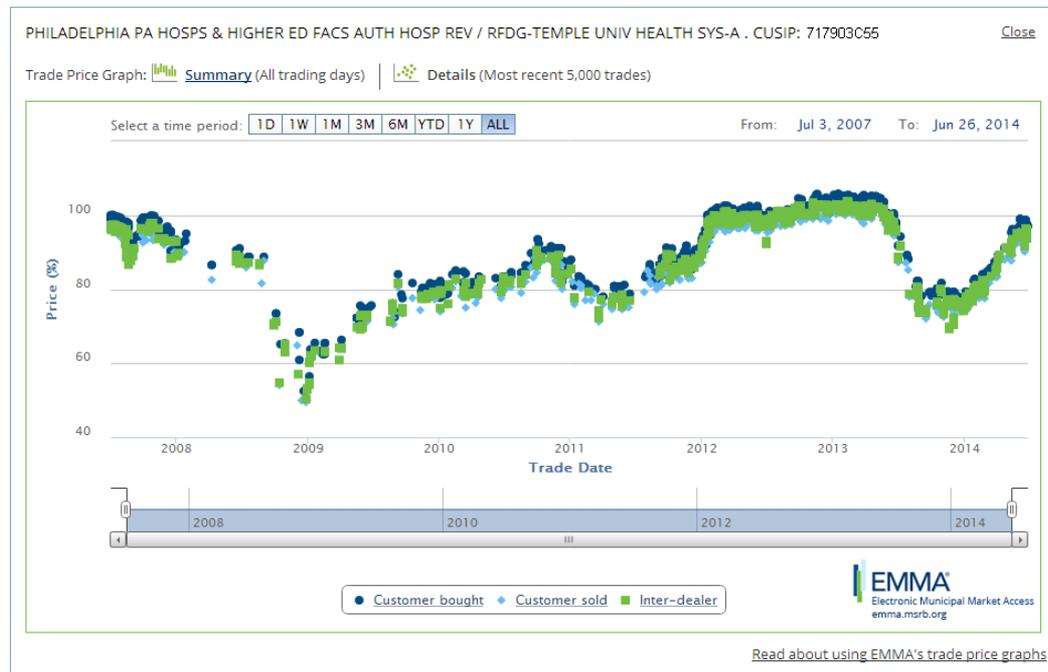
Price Discovery Tool (cont.)

- Users can easily compare trade prices of securities with similar characteristics
 - Side-by-side comparison
 - Trade Price Graph



Enhanced Trade Data Display

- See daily high and low price for individual securities
- Visualize historical trading trends for every security





EMMA[®] Tools for Issuers

Top Ways Issuers Use EMMA

- Provide Information to Investors
- Comply with Financial Disclosure Obligations
- Monitor Outstanding Issues
- Research Municipal Market Activity

Issuer Homepages

- **Pilot! EMMA®** Issuer Homepages display issuer information in a single location
 - Geographic search
 - More intuitive access to information on issuers for users
 - emma.msrb.org/IssuerHomePage

ADVANCED SEARCH BROWSE ISSUERS FIND 529 PLANS MARKET ACTIVITY - EDUCATION CENTER

PILOT

Find an Issuer

Find any municipal securities issuer by state. Click on a state in the interactive map to browse a searchable list of cities, counties and other issuing authorities and access information about their municipal securities.

Michigan
Browse the list of municipal securities issuers below.

Consolidated issuer information
These pages provide a consolidated view of the information available on EMMA for each issuer. By default, this consolidation has been performed using certain third-party information that excludes matured securities and may contain errors or omissions. Issuers can customize their "homepages" to confirm the consolidation of their securities information and provide contact information to investors. Customized homepages are labeled and listed first to assist users in exploring this pilot functionality. Homepages, including those that have been customized, may not reflect all outstanding securities for an issuer. To learn about additional methods for finding information, [read about EMMA's search features](#). [Read instructions for issuers on how to customize an EMMA issuer homepage](#). Please contact us to provide feedback on the pilot or to report any errors or omissions.

View: All Issuers State Issuers City Issuers County Issuers Other Issuers (Conduits, Localities, etc.)

Click on an issuer name to access information about its municipal securities. Issuers that have customized their information are displayed first.

Display results Find in results:

Displaying 1 to 20 of 1,948 results.

Issuer Name	Issuer Type
MICHIGAN STATE UNIVERSITY <small>CUSTOMIZED</small>	Other
VICKSBURG COMMUNITY SCHOOLS <small>CUSTOMIZED</small>	Other
ACADEMY SACRED HEART MTG. REV.	Other
ADA TWP. MICH.	City
ADAMS DRAIN DRAIN DIST. MICH.	City
ADAMS TWP. MICH.	City
ADAMS TWP. MICH. SCH. DIST.	City
ADDISON MICH. CMNTY. SCH. DIST.	City
ADRIAN MICH.	City
ADRIAN MICH. CITY SCH. DIST.	City
ADRIAN MICH. HOSP. FIN. AUTH. REV.	City
ADVANCED TECHNOLOGY ACADEMY PUB. SCH. ACADEMY MICH. REV.	City
ADRIAN MICH. CMNTY. SCH. DIST.	City

Issuer Homepage Features

- Listing of bond issues
- Trade activity
- Pre-sale documents
- Official statements
- Financial and event disclosures
- Refunding escrows

ADVANCED SEARCH BROWSE ISSUERS FIND 529 PLANS MARKET ACTIVITY EMMA HELP

Home > Issuers By State > Michigan > Issuer Homepage

MICHIGAN STATE UNIVERSITY (MI)
Customized by Board of Trustees of Michigan State University
Click on a tab to access data and documents about this issuer's municipal securities.

Issuer's Contact Information

Contact	Address
Investments and Financial Management	426 Auditorium Road
City, State, Zip	Phone Number
East Lansing, MI 48824	(517) 355-5018
Email Address	Issuer Website(s)
ifm@ifm.msu.edu	Michigan State University

Issues Trade Activity Pre-Sale Documents Official Statements Refunded Issues Financial Disclosures Event-Based Disclosures

Click on the issue description to view details about the issue.
Display 10 results Find in results:

Issue Description	Dated Date
GENERAL REVENUE BONDS SERIES 2013A	05/15/2013
GENERAL REVENUE REFUNDING BONDS SERIES 2010_C	05/17/2010
GENERAL REVENUE BONDS SERIES 2010_A (TAXABLE-BUILD AMERICA BONDS)	04/28/2010
GEN-SER_A	05/17/2007
GEN-SER_B	05/17/2007
GENERAL REVENUE BONDS SERIES 2005	06/09/2005
GEN-SER_C	12/11/2003
REDFG-GEN-SER_B	12/11/2003
GENERAL REVENUE BONDS SERIES 2003A	12/11/2003
GEN-SER_B	08/08/2002

Displaying 1 to 10 of 15 results

Manage Issuer Homepages

- Customize and consolidate issuer information in a single location on **EMMA**®
 - Customize plain-English name of issuer and bond issues
 - Edit issue list, contact information and website links
 - Minimal annual maintenance needed – receive email alert when new issue is added to an issuer homepage

Sign Up for Email Reminders

- Issuers can schedule automated emails from **EMMA**® to be reminded of approaching annual or quarterly financial disclosure filing deadlines
- Include additional contacts to ensure all those responsible for disclosures are alerted



Export Trade Data

- Use EMMA Trade Monitor to export trade data from **EMMA**® to a desktop application
 - Analyze the prices, yield and amount of secondary market trade activity of municipal bonds
 - Support evaluation of pricing for new issues
 - Access with an organization account



Set Up an Organization Account

- Creates single continuing disclosure submission account for all staff of an issuer
- Allows master account administrator to securely and independently manage staff access
- Required to customize Issuer Homepage and export data with Trade Monitor



dataport.emma.msrb.org/AboutDataport.aspx



Understanding and Complying with Financial Disclosure Obligations

The Disclosure Framework

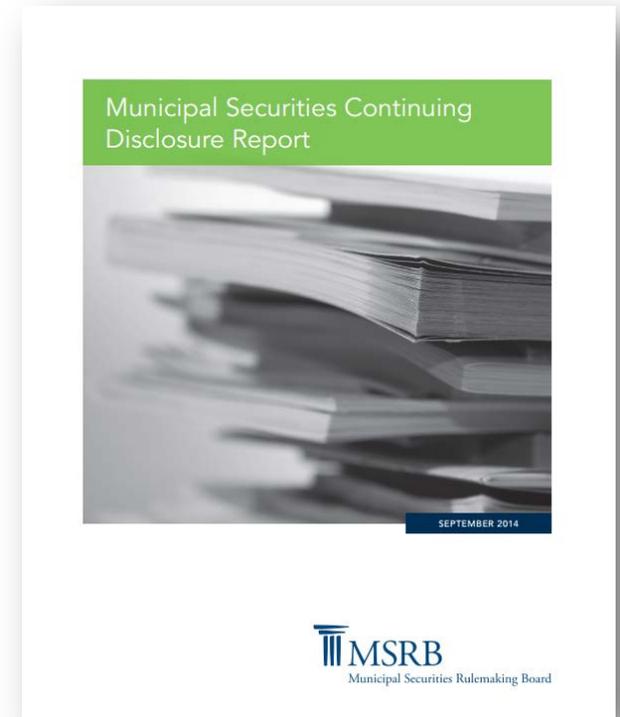
- Securities Exchange Act of 1934
 - Prohibits fraudulent, inaccurate or misleading information in disclosures to investors
 - Material information may not be omitted
- SEC Rule 15c2-12
 - Financial and Operational Information
 - Event Notices
- Continuing Disclosure Agreements
 - When, how and for which parties disclosures are to be provided

Improving Municipal Financial Disclosure

- SEC's July 2012 report on the municipal securities market highlighted issue of inadequate disclosure
- SEC's March 2014 Municipalities Continuing Disclosure Cooperation (MCDC) Initiative
 - Voluntary program
 - Encourages issuers and underwriters to self-report disclosure violations
 - Reduced sanctions if violations reported before enforcement investigation uncovers them

Improving Municipal Financial Disclosure (continued)

- 40% increase in financial and operating disclosure submissions to **EMMA**® in June 2014 versus June 2013, attributable to MCDCC
 - Average year-to-year increase in June filings is 7%
 - CAFR submissions also up over 30%
- Overall steady increase in continuing disclosure filings
 - + 5.4% from 2012 to 2013
 - + 19% from 2013 to 2014



<http://www.msrb.org/msrb1/pdfs/MSRB-Continuing-Disclosure-Report-September-2014.pdf>

Improving Municipal Financial Disclosure *(continued)*

- Recent SEC securities fraud charges
 - **City of Allen Park, MI:** *false and misleading statements in bond offering documents; mayor fined and barred from municipal offerings*
 - **Harvey, IL:** *Diverting bond proceeds from intended use; comptroller fined and barred from municipal offerings*
 - **State of Illinois:** *Inadequate pension disclosures*
 - **Harrisburg, PA:** *Misleading statements made outside of its securities disclosure documents*
 - **Victorville, CA:** *Inflated property valuations of security for bonds*
 - **West Clark Community Schools, IN:** *False statements and noncompliance with continuing disclosure obligations*
 - **Wenatchee, WA:** *First SEC issuer fine (primary disclosure document)*

Submitting Voluntary Disclosures

- Issuers may provide additional information to market participants on a voluntary basis via **EMMA**[®] including:
 - Pre-sale information such as preliminary official statements or investor and rating agency presentations
 - Information about the timing of and accounting standard used to prepare annual financials
 - Investor website address
 - Information about bank loans

Bank Loan Disclosure

- MSRB recently renewed its calls for better disclosure of bank loans and other debt-like obligations on **EMMA**®
 - [Market Advisory, Jan. 2015](#)
 - [Letter on SEC Rule 15c2-12, Jan. 2015](#)
 - [Notice on Voluntary Disclosure Process, April 2012](#)
 - [Notice on Direct Purchases and Bank Loans as Securities, Sept. 2011](#)



MSRB Resources on Bank Loans and Other Debt-like Obligations

The Municipal Securities Rulemaking Board (MSRB) believes that the availability of timely disclosure of additional debt in any form and debt-like obligations is beneficial to foster market transparency and to ensure a fair and efficient municipal market. The MSRB is concerned that investors and other market participants are often unaware of the potential impact of bank loans and other debt-like obligations on the seniority status of existing bondholders and the credit or liquidity profile of an issuer, among other implications. The MSRB developed the below resources to encourage voluntary disclosure of bank loans and other debt-like obligations of municipal securities issuers.

▶ **MSRB Market Advisory on Disclosure of Bank Loans**

January 2015

The MSRB advocated for enhanced transparency of undisclosed debt and provided best practices to support voluntary disclosure of bank loan information through the MSRB's EMMA website.

[Read the advisory.](#)

▶ **MSRB Comment Letter on Securities and Exchange Commission Rule 15c2-12**

January 2015

The MSRB urged the SEC to revisit its municipal market disclosure rule, Rule 15c2-12, and to consider changes to improve its operation and reflect current market practices. The letter encouraged the SEC to look to its disclosure standards for the corporate market as a precedent for disclosure of off-balance sheet obligations such as bank loans.

[Read the comment letter.](#)

▶ **MSRB Notice Concerning Voluntary Disclosure of Bank Loans to EMMA®**

April 2012

The MSRB first encouraged state and local governments in 2012 to make information about their bank loans publicly available on a voluntary basis on the EMMA website.

[Read the regulatory notice.](#)

▶ **MSRB Notice on Potential Applicability of MSRB Rules to Certain "Direct Purchases" and "Bank Loans"**

September 2011

The MSRB advised the market that bank loans could, depending on the nature of the transaction, be a private placement of municipal securities and therefore subject to specific regulatory requirements, including disclosure. Because determining whether these products are loans or securities is not a straightforward analysis, the MSRB encouraged the SEC to provide further guidance on this issue.

[Read the regulatory notice.](#)

Market Advisory on Bank Loan Disclosure

- MSRB's recent advisory aims to:
 - Call attention to potential impact of undisclosed obligations
 - Reiterate encouragement of voluntary disclosure
 - Offer a new list of suggested best practices
- Prompted by increasing use of bank loans and continued lack of voluntary disclosure on EMMA
 - Since 2012, only 88 properly submitted filings on **EMMA**[®]
 - Hundreds more bank loans going unreported
- Investors and other market participants need fullest picture of an issuer's liquidity or credit profile



Resources



MSRB Education Center



- Single location for free educational resources on the municipal market
- Three easy ways to learn about the municipal market:



Videos



Fact Sheets



Podcasts

- msrb.org/EducationCenter.aspx



Welcome to the MSRB Education Center. This free and objective set of resources seeks to educate investors, state and local governments, and others interested in learning about the \$3.7 trillion municipal securities market. A multimedia library of information explains how the market works and how participants can make more informed decisions.

Understanding the Municipal Market

-  About Municipal Securities
-  Lifecycle of a Bond
-  529 College Savings Plans

For Investors

-  Preparing to Invest
-  Buying and Selling Bonds
-  Monitoring Bonds

For State & Local Governments

-  Issuing Municipal Securities
-  Monitoring Securities
-  Disclosing Information to Investors

Educational Resources on Financial Disclosures

- Educational podcasts
- Checklist on preparing to submit
- Video tutorials

STATE AND LOCAL GOVERNMENT TOOLKIT

MSRB Financial Disclosure: Preparing to Submit

Municipal securities issuers, obligated persons and agents acting on their behalf provide financial and other information under continuing disclosure agreements for most new offerings of municipal securities to the MSRB for posting on the Electronic Municipal Market Access (EMMA®) website. This document outlines the information required to successfully complete a financial disclosure submission to the EMMA website. When preparing to start a submission, gather the information listed below.

- MSRB Gateway Account Information**
An MSRB Gateway user name and password is required to submit
- Contact Information**
Contact information for an issuer official and/or obligated person is displayed on EMMA to assist the public with questions about the disclosures. The submitter's contact information will be displayed if no other contact is provided.
- Financial Disclosure Documents and Files**
All documents must be word-searchable PDFs, configured to be saved, viewed, printed and re-transmitted by electronic means.
- Email Addresses and Dates for Automated Reminders of Recurring Financial Disclosures**
Schedule email reminders for multiple recipients to keep track of due dates for recurring financial disclosures.

With this information in hand, issuers and other submitters of financial disclosures can begin the submission process. [Watch a tutorial](#) about submitting financial disclosures to the EMMA system.

Subscribe to issuer education and EMMA email updates from the MSRB.



Submitting Financial Disclosures

Providing Disclosure Information to Investors

Getting Started

- ✓ **Set up an organization account**
 - Streamline disclosure submission process
 - Customize Issuer Homepage
 - Access EMMA Trade Monitor

- ✓ **Sign up for financial disclosure email reminders**
 - Ensure anyone responsible for timely filing receives an automated reminder
 - Keep track of filing deadlines

- ✓ **Manage your issuer homepage**
 - Customize your issuer homepage
 - View all outstanding issues in a single location
 - Help investors find information about your bond issues

dataport.emma.msrb.org/AboutDataport.aspx

MSRB Support

- MSRB provides one-on-one phone and webinar appointments to assist with:
 - Setting up an organization account to submit disclosures
 - Signing up for email reminders
 - Customizing your issuer homepage
- Fill out the detachable contact card to request an appointment with MSRB Support
- **MSRB Support**
703-797-6668
MSRBsupport@msrb.org

Contact the MSRB

MSRB Online

msrb.org

emma.msrb.org

MSRB Support

703-797-6668

Hours of Operation:

7:30 a.m. - 6:30 p.m. ET

MSRBsupport@msrb.org

MSRB Email Updates

– Subscribe at msrb.org

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