CDIAC

CALIFORNIA
DEBT AND
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COMMISSION

SB 1029 PHASE II: MODIFICATIONS TO THE REPORT OF PROPOSED DEBT ISSUANCE AND THE REPORT OF FINAL SALE

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- Upcoming CDIAC Education:
 - Webinar <u>Modifications to the Annual Debt Transparency Report</u>
 November 1, 2018 10:00 AM
 - Seminar <u>Fundamentals of Public Funds Investing</u>
 January 23-24, 2019 Riverside, CA
 - Seminar <u>Municipal Debt Essentials</u>
 February 12-14, 2019 Riverside, CA



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Agenda

- Reasons for Modifications
- Modifications Overview: What's Changed
- Walk Through Modified Submission Process
 - Report of Proposed Debt Issuance (RPDI)
 - Report of Final Sale (RFS)
- Questions

Reasons for Modifications

- SB 1029 [Gov. Code Section 8855(k)] uses the issue as the foundational reporting data element
- CDIAC database is issue-centric
- Debt authorizations are not issue specific
- Authorizations and issues have one-to-many relationships
- Tracking authorization activity and balance on the ADTR was cumbersome and prone to error
- ADTR filing experience and data validity enhanced by collecting authorization data at issuance
- Effect of an issuance is not always a reduction of a debt authorization flexibility to maintain accurate balance

What's Changed

| BEFORE | NOW |
|---|--|
| Only voter approved authorizations were required on the RPDI/RFS | All debt issuance must enter at least one authorization on the RPDI/RFS |
| Only the amount that an issuance reduced an authorization could be submitted | Reductions and replenishments can be provided for each authorization (2) affected by an issuance |
| Only one authorization could be provided | Two authorizations may be associated with any issue |
| Authorization activity and balances had to be submitted and resubmitted on the ADTR | Authorization activity is submitted at issuance and carried forward to the ADTR |



Walk Through Modified Submission Process

Report of Proposed Debt Issuance Report of Final Sale

Issue Affecting One Authorization

Issue Affecting Two Authorizations

Scenario I: One Authorization

On November 2008, the voters of the Big Valley School Unified School District approved general obligation bond Measure E authorizing the issuance of \$93 million for the improvement of school facilities and the construction of arts center.

In January 2009, Big Valley USD issued Series A in the amount \$10 million and submitted their report of final sale.

In January 2012, the district issued Series B in the amount of \$5 million and submitted their report of final sale.

On December 15, 2016, the district issued Series C in the amount of \$13,676,448. The report of final sale was not received by CDIAC until January 24, 2017. \$12 million were current interest bonds and \$1,676,448 were capital appreciation bonds.

On December 15, 2017, the district proposed to issue Series D in the amount of \$22 million and submitted their report of proposed debt issuance. Here is what the Authorization Section of the report should look like.

| Original Authorized Amount: | Amount Authority Replenished (By this Issue): |
|-----------------------------------|---|
| 93,000,000.00 | 0.00 |
| Authorization Date: (MM/DD/YYYY): | Amount Authority Reduced (By this Issue): |
| 11/04/2008 | 22,000,000.00 |
| Authorization Name: | Net Reduction or Increase (By this Issue): |
| Measure E | -22000000.00 |
| uance Authorization 2 | |
| Original Authorized Amount #2: | Amount Authority Replenished (By this Issue) #2: |
| Original Authorized Amount #2: | Amount Authority Replenished (By this Issue) #2: 0.00 |
| | |
| 0.00 | 0.00 |
| 0.00 | 0.00 Amount Authority Reduced (By this issue) #2: |

Scenario II: Two Authorizations

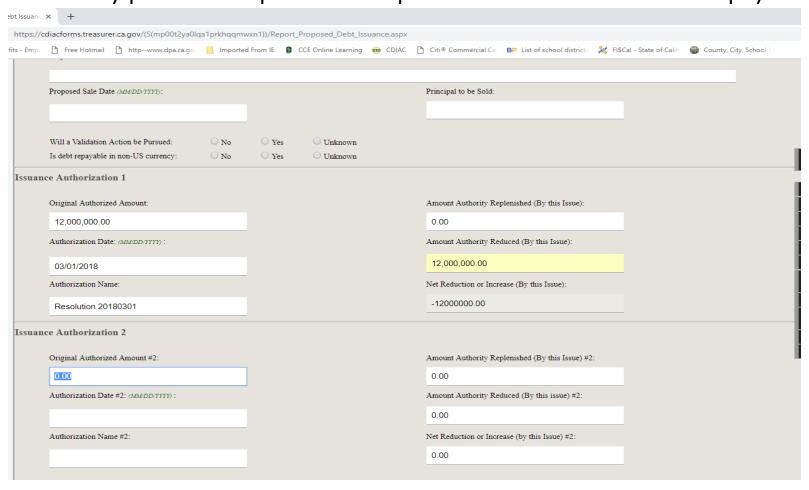
On September 1, 2017, the board of directors of the Cartwright Water District approved the establishment of a commercial paper (CP) program to provide short-term funding for the implementation of its water system improvement project.

The CP program allows the district to have no more than \$25 million in CP notes outstanding at any time. The notes will be repaid with proceeds from the issuance of public enterprise revenue bonds.

On October 1, 2017, the district issued \$5 million CP notes. On January 15, 2018, the district issued an additional \$10 million in CP notes.



On April 1, 2018, the district proposed to issue \$12 million in public enterprise revenue bonds. They plan to use a portion of the proceeds from the bond issue to repay CP.



Review

- Must enter at least Authorization I
 - "Authorization Name" conventions:
 - "Measure" and "Resolution" fully spelled-out
 - "Proposition" abbreviate to "Prop"
 - If you don't conform the name, CDIAC will.
 - The "Amount Authority Reduced (By this Issue)" is a <u>required</u> field.
- If Authorization is not final for the Report of Proposed (i.e. resolution not passed, yet), insert "dummy" data using the following naming convention.
 - Original Authorized Amount = Principal of Issue
 - Authorization Date = Date of report filing
 - Authorization Name = "Authorization TBD"
- If a "dummy" Authorization I was entered on the Report of Proposed, you must update it on the Report of Final by using the "Other" procedure to make the revision.

QUESTIONS?

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