



FISCAL STRESS AND PERSONAL LIABILITY FOR LOCAL GOVERNMENT OFFICIALS

THE GAME HAS CHANGED!

CDIAC/CSMFO Pre-Conference

Jay M. Goldstone, Chief Operating Officer

City of San Diego

February 29, 2012



OVERVIEW

- The economic/political pressures/reality
- Your obligations as an issuer
- Your exposure/risk as an issuer
- How can you protect yourself/staff/agency?
- San Diego Disclosure Improvements/
Enhancements



ARE YOU FEELING THE PRESSURE?

- Revenues are down
- Pension payments are up
- Locked into multi-year labor agreements
- Labor unwilling to talk
- Demand for services are not going away
- City Council does not want to face the realities

LET'S GET CREATIVE



WHAT ARE YOUR PROFESSIONAL RESPONSIBILITIES?

- Due diligence
 - Be thorough
 - Everything matters
- Can't just rely on your financing team
- Understand the importance of your CAFR
 - Numbers are not enough
 - What's in the notes
- Understand the importance of your POS/OS
- **ACCURACY/TRANSPARENCY IS AN OBLIGATION**



WHAT IS THE ISSUER'S EXPOSURE?

- POS/OS is your document and everything contained in it is your responsibility – **own it!**
- Misinformation (no matter the intent) could equal securities fraud
- You could be held **personally** liability
- Elected officials can't ignore their obligations

**IN THE END: COULD BE A CAREER KILLER
OR WORSE**



PROTECT YOURSELF, YOUR STAFF, YOUR AGENCY

- Establish systems of checks and balances
- Internal/External Working Group
- **YOU CAN'T RELY ON THE PROFESSIONALS**
- Understand your roles/responsibilities/relationship
- Educate/train your staff!!!!
- Educate/train your elected officials
- **Read carefully before you sign!!**



SAN DIEGO DISCLOSURE IMPROVEMENTS/ENHANCEMENTS

- Consolidated financial operations
- Develop a debt policy and procedures
- Established the Disclosure Practices Working Group (DPWG)
 - Multi-disciplinary group
 - Reviews virtually every document/statement expected to reach the financial markets
- Established an investor web page



SAN DIEGO DISCLOSURE IMPROVEMENTS/ENHANCEMENTS - (cont.)

- Provide training to City Council
- Provide training to City staff
- Staff personal signoff on information
- DPWG Certification
- Mayor/City Attorney Certification



QUESTIONS