California Debt and Investment Advisory Commission

Webinar Transcript
Submitting the Annual Debt Transparency Report as Required by SB 1029:
Commercial Paper (CP) and Mello-Roos Debt
November 15, 2017

(Editor's Note: This transcript has been prepared by the California Debt and Investment Advisory Commission (CDIAC) and it believes it to be a fair and accurate reproduction of the comments of the speakers. Any errors are those of CDIAC and not the speakers.)

Title Slide – Submitting the Annual Debt Transparency Report (ADTR) as Required by SB 1029: Commercial Paper (CP) and Mello-Roos Debt

Robert Berry: Good morning, everyone, and welcome to the California Debt and Investment Advisory Commission's webinar, Submitting the Annual Debt Transparency Report (ADTR) Required by SB 1029. This is the second of our series about the ADTR on Commercial Paper and Mello-Roos debt. My name is Robert Berry, and I'm the deputy director here at CDIAC. Before proceeding, some quick announcements. If you're experiencing technical problems, please contact GoToWebinar at (877) 582-7011 or by clicking on the link on the screen. The website link there can provide you some information on how to troubleshoot your problem.

This webcast also features a live captioning service, which is accessible by clicking on the link on your screen or by entering the address in your browser. The slides for this session and the ADTR submittal scenarios we will be working through are available through our Handout section of your control panel. The slides are also posted to our website. And then one to two weeks following the webcast, we will post a replay of the webinar to our website.

Before we begin our formal agenda, I'd like to take a minute to thank all of you joining us today and recognize those of you who have participated in one of our advisory groups on the development of the new Annual Debt Transparency Report or in our system testing, or both. All of the feedback that we've received since SB 1029 was chaptered has been extremely helpful in getting the report developed and the online system launched. Even still, we understand that the current form of the report and the method by which it is submitted is not ideal for all debt types and issuers, but please be assured that we recognize many of the deficiencies and are already planning improvements. The combination of the enhancements already identified and what we expect to learn from this inaugural reporting cycle, will help shape the next phase of development of the ADTR that we expect to launch in time for the next reporting cycle. We are very grateful to those of you who will be taking this initial journey with us. Our goal at CDIAC is to make the process of submitting the ADTR as simple as possible for issuers and to make the outcome of the process a highly informative and useful database of information for public finance and elected officials, policymakers, academics and, of course, the public.

Slide 2 – Submitting the Annual Debt Transparency Report (ADTR) as   **02:36**
          Required by SB 1029: Commercial Paper (CP) and Mello-Roos Debt

Robert Berry: Our main presenter today is Joyce Ward. Joyce is the manager of CDIAC's Technical Assistance Section, which oversees all the data collection and our educational program. She's been with CDIAC for over seven years, during which she has played a pivotal role in the management of CDIAC's data collection reports, methods and systems. Much of the advancement CDIAC has made in the data collection and distribution is directly attributable to Joyce's efforts day in and day out. Before we transition to Joyce, just a quick poll question that will help us out.

**Polling Question – Did you participate in last week's ADTR Webinar   03:17
           on GO and Revenue Debt?**

Robert Berry: How many of you participated in the webinar last week on GO and revenue bond debt? While you're answering, if you participated last week, you know that we experienced an error that blocked the submittal of our otherwise valid revenue bond report. Our IT team traced the problem and we believe that we have corrected it. The problem has not reoccurred since.

So it looks like a majority of you – 65 percent, is that right? – 65 percent of you participated last week, so this will be a review in many cases.

**Slide 2 – Submitting the Annual Debt Transparency Report (ADTR) as   03:57
           Required by SB 1029: Commercial Paper (CP) and Mello-Roos Debt**

Robert Berry: But Joyce has planned a few twists and turns here that she'll throw in to jazz it up a bit. So with that, let me turn the web cast over to Joyce.

Joyce Ward: Thank you, Robert, and welcome everyone to the webinar. We have quite a few people joining us today, and we're expecting a number of questions. We will be reviewing the questions as they come in, and we will do our best to answer all of them. If we don't get through them all during the program, we will distribute the questions and the answers by email to all participants. With me today are Usha Patel, manager of the Data Unit, and Jeff Field, a Data Unit analyst. He's our lead on the ADTR project. Robert and I will be sharing the moderator duties for today.

Slide 3 –   Annual Debt Transparency Report: Agenda   04:41

Joyce Ward: Here's what we're going to cover in today's webinar. We'll go through a quick overview of SB 1029's reporting requirement, who is required to report and the timeline for reporting. We will also actually complete and submit two sample reports using our web portal. As we move through the presentation, if you have questions, please enter them in the Questions section of the control panel and submit them. Time permitting, we will either answer them during the program or at the end. For those who may be interested, following the main presentation we will have a brief tutorial on how to use DebtWatch to look up a CDIAC number.

Slide 4 –   Annual Debt Transparency Report: Overview   05:23

Joyce Ward: SB 1029 was signed by the Governor in September 2016 and went into effect on January 1, 2017. It amended Government Code Section 8855(i) requiring local submitters to certify as to whether or not they have adopted a debt policy on the Report of Proposed Debt Issuance, and added Section 8855(k), which requires all issuers, state and local, to submit an annual report for debt issuance for which a Report of Final Sale has been submitted to CDIAC on or after January 21, 2017. The annual report that we have named the Annual Debt Transparency Report, or ADTR, is required to be submitted until the debt is no longer outstanding and all debt proceeds have been fully spent.

Slide 5 – Annual Debt Transparency Report: Overview cont.   **06:14**

Joyce Ward: There are three categories of information which comprise the ADTR. First is Debt Authorized. Since the same debt authorization may be used for multiple issuances, this section of the report is not issue-based. You will see how this is represented as we walk through our sample submittal. Submitters must provide the debt authorized at the beginning of the reporting period, if the authorization was increased during the reporting period, the amount of principal issued pursuant to the authorization issue, and if an authorization lapsed during the reporting period. The authorization remaining at the end of the reporting period is also required.

For Debt Outstanding, this section of the report is based only on the principal amount associated with the CDIAC number or issue being reported on. Therefore, it is issue-specific. Submitters must provide the principal balance outstanding at the beginning of the reporting period, principal balance paid during the reporting period, and the principal outstanding at the end of the reporting period.

For Use of Proceeds, this section of the report is also issue-specific. It only pertains to the proceeds of the CDIAC number or issue being reported on. Submitters must provide the proceeds available at the beginning of the reporting period, the amount of proceeds that have been spent during the reporting period, and the proceeds remaining at the end of the reporting period.

Slide 6 – Annual Debt Transparency Report: Who's Required   **07:51**
to Report for the First Reporting Period

Joyce Ward: As stated earlier, all state and local public agencies who have submitted a Report of Final Sale to CDIAC on or after January 21, 2017, and who had debt outstanding during the reporting period, which means if the sale date of your bond was on or before June 30, 2017, *[must submit an ADTR to CDIAC]*.

Slide 7 – Annual Debt Transparency Report: Timeline for Reporting   **08:15**

Joyce Ward: The ADTR went live on October 23, 2017. About two weeks ago, issuers who are required to report should have received a notification from CDIAC listing the CDIAC numbers of issues that have been determined to be subject to this initial reporting cycle. For this first reporting period, we identified the main issuer contact, as identified on the Report of Final Sale, to receive the notification unless we were otherwise notified.

Slide 8 – Annual Debt Transparency Report: Walk-through Sample Submissions   08:47

Joyce Ward: Now we're going to walk through our sample submissions. We made some assumptions in developing these scenarios. We assumed that the authority to issue for these fictitious issuers was approved as an aggregate principal amount outstanding not to exceed or bonded indebtedness not to exceed. We assumed this to mean that as outstanding debt is paid down, the principal amount that has been authorized for issuance would be replenished and again available to be reissued at a later date. We realize this may not be the case for all commercial paper programs or communities facilities districts, but these are the assumptions that we used to create our scenarios.

Slide 9 – Annual Debt Transparency Report: Scenario for the Commercial Paper   09:35

Joyce Ward: Our first scenario is for an issue of commercial paper notes by the Bonanza County Utilities Commission. On January 1, 2015, the Bonanza County Board of Supervisors, the legislative body for the commission, approved Resolution 2333 to create a commercial paper program to fund the construction and maintenance of the Dan Blocker Memorial Hydroelectric Plant. The program allows for the issuance of CP notes not to exceed an aggregate principal amount of $50 million in outstanding notes at any time. On February 1, 2015, the Commission issued series C-1 in the amount of $5 million to begin construction of the plant and submitted their Report of Final Sale within 21 days of the sale date. January 2016, the Commission issued Series C-2 CP notes in the amount of $25 million to purchase the hydroelectric generator to bring the plant online. Again, the Report of Final Sale was submitted within the 21 days. On December 15, 2016, the Commission issued $5 million in public enterprise revenue bonds and used the proceeds to pay down 5 million in commercial paper. The Report of Final Sale was received by CDIAC on January 2, 2017. On March 15, 2017, the Commission issued $1,050,000 in Series C-3 CP notes to install new lighting at the facility. The Report of Final Sale was received by CDIAC on March 31, 2017. Due to the timely submission of the Report of Final Sale for the C-1 notes, C-2 and the public enterprise revenue bonds, they are not ADTR-reportable. However, they must be included in the calculation of the amount of principal available for issue. Let's go to the CDIAC home page.

CDIAC Home Webpage: http://www.treasurer.ca.gov/cdiac/   11:46

Joyce Ward: We're now on the CDIAC home page, where we have links to all of our reporting – ok, I am sorry. Let's go back. Let's click on the Reporting Debt Issuance button on the right side of the page.

Reporting Debt Issuance Webpage: http://www.treasurer.ca.gov/cdiac/reporting.asp   12:03

Joyce Ward: We're now on the CDIAC Reporting Forms page. We have links to all of the reporting forms and instructions for completion on this page. As you can see, there are links to the Annual Debt Transparency Report, instructions for completion, and some examples of how to complete the Authority section of the report are provided. The instructions contain information on how to complete each data element in the ADTR. Let's select Annual Debt Transparency Report.

ADTR Webage: 12:31
        https://cdiacforms.treasurer.ca.gov/(S(sqlq2izhs5roaun0vlbsex3j))/login.aspx?form=adtr

Joyce Ward: Now we're on the landing page where you will enter the CDIAC number and ID or password that was provided to you in the ADTR notification email. For this report, we will enter CDIAC number 2017-3023, and our ID or password is 25016333. Below the ID entry field is the Balance Reported as of field. June 30 will always remain, as that is the end of the reporting period. The year defaults to the current reporting period, but can be edited. In this case, we're going to leave the year as 2017 and select Submit.

Sample CP – ADTR Form Webpage   13:20

Joyce Ward: Now we have accessed the ADTR reporting form. On the top of the report in red, you will see some helpful hints to help in completing the report. Use the Tab key to navigate through the report instead of the Enter key on your keyboard or clicking into the fields with your mouse. Some of the currency fields will only show the currency format when the Tab key is used. Do not use any special characters or commas when entering dollar amounts. The report has been created to allow submitters 60 minutes to enter, verify, and submit their data. At the 45 minute mark, you'll get notification that you have 15 minutes left and asking you if you want to extend the time. Selecting Yes will extend the session for another 60 minutes. If you're not at your computer or don't see the prompt, or select No, the report will time out, taking you back to the ADTR landing page and you will lose any information that you have entered. All right, now let's look at Section I.

Sample CP – ADTR Section I: General Information   14:23

Joyce Ward: Section I, the General Information portion of the report contains prepopulated information which was submitted on the Report of Final Sale. The issuer, project name, and issuer name fields have been conformed to meet CDIAC's database naming convention. The only editable field in this section is G entitled Proceeds Used to Acquire Local Obligations. This field is to be used to enter the amount of proceeds used to acquire local obligations in a Marks-Roos financing. Since this is not a Marks-Roos financing, we will leave the zeros in the field. The Total Reportable Proceeds field is a calculated field. It reflects the sum of the principal issued plus or minus any original issue premium or discount reported minus the amount of proceeds used to acquire local obligations. This is the amount of proceeds issuers will have to account for in Section V, the Use of Proceeds section of the ADTR. For this issue the total reportable proceeds is $1,050,000.

Sample CP – ADTR Section II: Authority   15:33

Joyce Ward: Section II, the Authority section. In fields II.A, B and C, enter the information concerning the debt authorization. In field II.A, we will enter the aggregate principal amount approved by the board of $50 million. In field II.B, we will enter the approval date, January 1, 2015. And in II.C, we will enter Resolution Number 2333.

In order to complete field II.D we need to calculate how much of the total authorization was available for issue at the beginning of the reporting period, July 1, 2016. Since the issuance of the C-1 and C-2 CP notes occurred prior to July 26, 2016, the current reporting period, and the Report of Final Sale for these issues occurred prior to January 21, 2017, they're not reportable under SB 1029, but must be accounted for. So the total amount available at the beginning of the reporting

period is $20 million. That's the $50 million minus the $30 million that has been issued in CP notes. In future reports, our goal is to have this field be prepopulated with the ending balance reported in the prior year.

Field II.E – Debt Authorized During the Reporting Period: Since $5 million of CP notes were repaid by the issuance of $5 million in public enterprise revenue bonds in March 2017, which is during their current reporting period, the assumption is that this amount is again available for issuance as CP notes and therefore increases the debt authorization amount. We will enter $5 million in this field.

Field II.F: II.F is a calculated field. It is the sum of the debt authorized at the beginning of the reporting period plus the debt authorization during the period. We now have a total debt authorized for issuance at $25 million.

Field II.G – Debt Issued During the Reporting Period: This field equals the principal amount issued. We will enter $1,050,000.

Debt Authorized but Unissued [*field II.H*]: This is a calculated field. It is the sum of the total debt authorized minus the debt issued during the reporting period. The principal amount is $23,950,000.

Debt That Has Lapsed *[field II.I]*: If for some reason the issuer has lost the ability to issue any of the authorized amount, that amount, the portion of the authorization that has lapsed should be entered into this field. In this case, we'll enter zero.

Field II.J – Total Debt Authorization Remaining at the End of the Reporting Period: This is a calculated field. It is the sum of II.H minus II.I, the authorized but unissued amount minus any authorization that has lapsed. Total debt authorized at the end of the reporting period for this report is $23,950,000.

Sample CP – ADTR Section III: Principal Outstanding   18:57

Joyce Ward: Principal Outstanding. As Robert said, we used feedback from last week's webinar and changed the label on this field *[III.A: Principal Balance upon sale or at the Beginning of the Reporting Period]* to provide clarity on what data is to be entered. Since this is an initial report, we will enter the amount of principal that was sold, $1,050,000. Going forward we hope to have this field be prepopulated from the ending balance of the principal outstanding from the prior year's report, field III.F.

Field III.B – Accreted Interest During the Reporting Period: Enter the amount of accreted interest associated with any capital appreciation bonds, or CABs, in this field. Since there were no CABs involved in this issuance, we will enter zero in this field.

[Field III.C] – The Total Principal Amount and Accreted Interest is a calculated field. The total should equal $10,050,000.

[Field III.D] – Principal Paid during the Reporting Period with Proceeds from Other Debt Issues: Use this field to enter the amount of principal that has been refinanced or refunded by another issue of debt, which should have been reported to CDIAC. Having none, we're going to enter zero in this field.

[III.E] – Principal Payments (not reported in Section III.D) made during the Reporting Period: There was no principal repaid with other debt issuance so we'll enter a zero in this field. That is wrong. There was no principal repayment – I shouldn't have said with another debt issuance – but from some other source. So we're going to put a zero in there.

[III.F] – Principal Outstanding at the End of the Reporting Period is a calculated field. It is the sum of III.C, the total principal amount and accreted interest, minus the amount entered in fields III.D and E. Our principal outstanding equals $1,050,000. Now Robert will take you through Sections IV and V.A.

Sample CP – ADTR Section IV: Refunding/Refinancing Issues   21:00

Robert Berry: Thanks, Joyce. In our scenario of the commercial paper issuance of the Bonanza County Utilities Commission, we did not report a principal payment from proceeds from another debt issue under III.D. But if we did, filers would complete Section IV. If not, Section IV is skipped over or just tabbed through. It is our expectation that only a small percentage of the filers in this first reporting cycle will use this section.

Section IV is really meant to be a breakdown of the amount reported in Section III.D. The total proceeds reported in Section IV should equal the amount reported under III.D if all the refunding or refinancing debt was reported to CDIAC. The amount reported in Section IV should not be greater than the amount reported in III.D. And in the case of a commercial paper ADTR, which this is, this section should not include commercial paper issuances since only new money CP issues are reported to CDIAC. Section IV in the amount in III.D will include, with respect to CP, the long term debt issues that are used to pay down CP.

So the first step in completing Section IV is to enter the CDIAC number of the debt issued that was the source of the proceeds for the redemption or pay down. As Joyce mentioned earlier, for those interested, following the main agenda, I'll conduct a brief demonstration of how to use DebtWatch, our online viewer of debt issuance data to look up a CDIAC number.

The next field is simply the amount of the proceeds that were used to pay the principal of the debt that is the subject of the report. The last field is the date that principal redeemed or paid down. This date must be within the reporting period. If the date is outside of the reporting period, the data should be submitted on a report in the subsequent reporting period. If it is outside the period, it will create an error message. Just a quick note, before we get to the section on reporting on the use of proceeds, if you reported in Section IV a refunding/refinancing debt issue used to pay principal and that debt issue was itself also ADTR reportable, then there will be a corresponding use of proceeds entry on the ADTR of the refunding/refinancing debt that will link the two reports. And you'll notice where this linkage occurs in the next section of the report.

Sample CP – ADTR Section V: Use of Proceeds   23:35

Robert Berry: The next section is the Use of Proceeds section, Section V. The first part of this section, V.A, is intended to provide filers with a snapshot of how you've accounted for the use of proceeds in the current and even in the past reports. The good news is this section will auto-populate with either in period data that you're reporting in this report, or data from prior periods. The report period in number 1 there, the report period end will auto-populate from the initial landing page entry. The beginning figure, number 2, will be the proceeds available at the beginning of the reporting period. If this is your first ADTR, the amount will match the proceeds in Section I.H. The spent figure under number 3 will roll up from what you report on the following expenditure sections. And number 4 is simply a calculation of 2 and 3. Each year, the section's beginning, spent, and remaining figures will be added to the chart, and all prior years will be viewable to aid you in the completion of future year's reports. So now I'll pass it back to Joyce and she'll walk you through the detailed expenditure subsections.

Sample CP – ADTR Section V: Use of Proceeds cont.   24:56

Joyce Ward: Ok, now we're at Section V.B. We use this section to establish the fund categories that you will use to show the expenditure of your debt proceeds. You must account for all proceeds of a financing, meaning the total in Section V.B, Available Proceeds, must equal the total proceeds available shown in Section V.A.2.

Let's click the down arrow under the Fund Category column. As you can see, we have populated the report with several commonly used funds, but we have also given the submitter the option to create their own unique fund category by the selection of Other. The fund category that we are going to use is Project Fund. That fund is not listed so we'll select Other, and in the field below, we will enter Project Fund.

In the next field, Total Reportable Proceeds Available, we'll enter the total amount expected to be used to fund the project. Let's enter 1,050,000. Again, we have created these financings to demonstrate the functionality of the report so the entries we make may not necessarily reflect what would occur in a natural financing. In order to capture all entries in this section, you must select Add Fund after each entry. Let's click the Add Fund button. Ok. As you can see, our fund category has been created below in Section V.B. And the total proceeds have been accounted for. Since all the proceeds for this issuance has been accounted for, we do not need to create any other categories.

So now let's go to Section V.C and enter the details of our expenditures during the reporting period. Since we have only created one fund category, there is only one category under the Fund Category column available for use. If more than one category had been created, they would appear in the list. In the Purpose detail column, we're going to enter Lighting Fixtures as the purpose of the expenditure. And we're going to enter 1,045,000 for the amount for Expenditure In Current Period field. We won't make an entry in the Refunded CDIAC# column because no refunding was involved and we're going to select Add Details.

Now you can see that there is also an entry made in Section V.B above. The expenditure was captured in the Proceeds Spent Current Reporting Period column and the Proceeds

Unspent/Remaining has also been calculated and updated. Now let's add another expenditure for the Project Fund in Section V.C. So let's enter Installation Labor Costs and for the amount, we'll enter $5,000. And then click Add Details.

As you can see, there are now two entries for Project Fund in the table under V.C, but only one aggregated entry in the table in V.B, and we've expended all of our proceeds. Let's take a look at Section V.A. Our total proceeds spent has been updated in the reporting period, and the total proceeds remaining have also been updated in this section of the report. You can see we have spent all of our proceeds. So let's go to Section VI of the ADTR.

Sample CP – ADTR Section VI: ADTR Reportable   29:11

Joyce Ward: This section gives the submitter the ability to tell us whether or not the debt is reportable in the next reporting period. Since we know that there is still debt outstanding, we will select Not Retired for the Principal Balance has been field. And yes, the proceeds have been fully spent. The Reportable in Next Fiscal Year field auto-populates based on your selections. Since we have said our proceeds have been fully spent, we need to enter a date. The date entered in this section must be within the reporting period. If you enter a date outside of the reporting period, you'll get an error message notifying you of that fact. We will enter July 7, 2017 for the date.

Sample CP – ADTR Section VII: Name of Party Completing this Form   30:05

Joyce Ward: Section VII - Name Of Party Completing This Form. For this initial report, we have populated this section with the contact information for the main issuer contact as identified on the Report of Final Sale. The person identified in this section will receive the ADTR reporting notice in the next reporting period. If you have identified someone else to be the ADTR contact, please edit this section. Upon submittal of the report, the ADTR contact information will be updated, and that person will receive next year's notification. The Date of Report field is non-editable and is populated by the date that the report was submitted.

Sample CP – ADTR Section VIII: Additional Comments; Validate and Submit   30:50

Joyce Ward: In Section VIII, please add any additional comments concerning this debt you feel may clarify any entries you have made.

Now we're ready to validate our entries. Let's select Validate *[Form]*. Uh oh, we've got an error. [Laughing]. If you made any errors in the mandatory entry fields, you will get an error message, which we got. Prompts to enter the correct data will appear in red next to the fields that are incorrectly completed. In this case, you can see the error message is telling us that the date must be within the current reporting period. If the date you've entered is correct, you will have to make changes to Sections V.C to show what amounts were not spent during the reporting period. You'll also have to change V.B to No because the proceeds were not fully spent during the period. If the date is incorrect, you then must change the date to one that is within the reporting period. Let's change our date to June 7, 2017. And select Validate *[Form]* again.

Success. We've got Confirm [*Data*]. So we can now click…select Confirm Data. We will have the opportunity to review all of our entries. If you need to update any fields, select No at the bottom of the screen. Once you are to the bottom, you'll see a Yes/No button. If you need to make any corrections, select No. It'll take you back to the report, and you can make your updates. Everything looks good for us, so we're going to select Yes.

Alright. Now we've got our message that our report has been submitted. We're going to click OK, and then we'll have the opportunity to print our report. Click the Print PDF button only once. Depending on your system, it may take the report several minutes to generate. Once it appears, you can either print or save the report. Alright. So we've completed our CP report. It's been submitted. Jeff, do we have any questions?

Sample CP – ADTR Submittal Questions and Answers 33:25

Jeff Field: We do. Okay, I'll just read this right off the screen. What if there are multiple issuances of CP during the reporting period? How would we fill out the authorized amount given they are all issued under the same authorization?

Joyce Ward: If there are multiple issuances of CP during the same reporting period in field – let me get to my fields here. Go back up Usha. So under the Authority section in field II.G, Debt Issued During the Reporting Period, that should be a sum of all of your CP issuances that occurred during the reporting period under that authority. So you would total them all up and that's what you would put. And on every ADTR for all of those CP issuances, the Authority section should be exactly the same.

Jeff Field: Okay, and then we have a question about…and this came up last week as well, the level of detail basically for the Expenditure of Proceeds section.

Joyce Ward: That is totally up to the submitter. You can see we're being thoroughly detailed in our example just so that we can show the functionality in how Sections V.B and C work together with V.A. But it's up to you how detailed you would like to be in completing Section V.B.

Robert Berry: This is Robert Berry. In terms of the detail that you provide in the report, you just need to know that CDIAC is required to provide this information to the public. And so it is our intent shortly after the close of the first reporting cycle to display all the information collected through the ADTR process on our DebtWatch website. And so really it's a reflection of what you want to portray to the public, how you want to categorize and how you want to – the level of detail that you provide should be a reflection of your desire to communicate a level of detail to the public that works for you.

Jeff Field: Okay, and I have one more here if I can find it. Let's see. What happened to it? Oh yes, interest earnings on the bond proceeds. If there's interest earned on unspent bond proceeds, should that be reported? And if so, how?

Robert Berry: So we are not collecting information on interest earned from bond proceeds. So the report is only relevant to the bond transaction, not on any other interest earnings or comingled

funds. So that would not be subject to the report. Should, for instance, interest earnings from bond proceeds be used to pay off another ADTR reportable debt, then those proceeds would simply be entered into the principal repaid from...

Joyce Ward: Section III.E.

Robert Berry: Section III.E. So that would just be a principal repayment, and there's no requirement to track that separately.an

Joyce Ward: Is that it, Jeff?

Jeff Field: I believe that covers everything.

Joyce Ward: Alright. So let's go back to our PowerPoint so we can look at the scenario for our Mello-Roos.

Slide 10 – Annual Debt Transparency Report: Scenario for Mello-Roos Bonds   37:43

Joyce Ward: On November 2, 2014, an election was held and the land owners eligible to vote approved Proposition 2014-0937 authorizing the establishment of the Maverick Communities Facilities District No. 2014-01, and the issuance of debt in an amount not to exceed $50 million to finance the design, construction, expansion, acquisition, leasing and rehabilitation of certain public facilities within the district and the levying of special taxes.

On February 2, 2015, the Maverick City Council, acting as the legislative body for the district, adopted Resolution 2015-001, authorizing the issuance of a $5 million loan to finance the design and construction of a parking structure. That Report of Final Sale was submitted to CDIAC within the required 21-day period.

On February 2, 2017, the city council approved the issuance of $14,225,000 in limited tax obligation bonds. Five million of the issuance was to repay the loan and $9,225,000 was issued in new money to pay cost of issuance and finance the construction of a teen recreation center and a retrofit of the fire station. The Report of Final Sale was received on March 1, 2017, within the 21-day period. There was $1,165,392 of original issue premium involved in this financing.

CDIAC Home Webpage: http://www.treasurer.ca.gov/cdiac/   39:25

Joyce Ward: So let's go back to the CDIAC home page. We're going to again select Reporting Debt Issuance.

Reporting Debt Issuance Webpage: http://www.treasurer.ca.gov/cdiac/reporting.asp   39:45

Joyce Ward: Annual Debt Transparency Report.

ADTR Webage: 39:48
    https://cdiacforms.treasurer.ca.gov/(S(sqlq2izhs5roaun0vlbsex3j))/login.aspx?form=adtr

Joyce Ward: And now we're going to enter our CDIAC number and ID or password, 2017-3022 and the password is 25016331. Click Submit. Again, as you can see, the date, the year has defaulted to the current reporting period. We're going to leave it as 2017 and click Submit.

Sample Mello-Roos Bonds – ADTR Form Webpage; Section I   40:16

Joyce Ward: Again, Section I is prepopulated with the information submitted on the Report of Final Sale conformed to CDIAC's naming convention. Since this is not a Marks-Roos issue, we would leave the zero in Section I.G. As you can see, the original issue premium has been added to the *[Original]* Principal Amount of Issue. The Total Reportable Proceeds is the sum of the principal amount issued and the original issue premium, $15,390,392.20. That twenty cents is very important. You'll see how that plays out later.

Sample Mello-Roos Bonds – ADTR Section II: Authority   41:01

Joyce Ward: In the Authority section, you'll enter the Original *[Voter/Legislative Body]* Authorized Amount as not to exceed amount approved by the board of $50 million. The Authorization Date is December 2, 2014, and the Authorization Measure *[Resolution Name and number]* is Proposition 2014-0927.

For Debt Authorized During the Reporting Period…we're going to enter…the Debt Authorized at the Beginning of the Reporting Period is going to be the $45 million. That's the $50 million authorization minus the $5 million loan. The $5 million loan repayment is reflected in field II.E. Since this increased amount authorized for issue, the total debt authorization remaining for the issuance is again at the maximum amount or $50 million. We issued $14,225,000 in this period so that's what we're going to put in Section II.G. No data has lapsed, so we'll enter zero in this field. That leaves us with the remaining authorization of $35,775,000 at the end of the reporting period.

Sample Mello-Roos Bonds – ADTR Section III: Principal Outstanding   42:22

Joyce Ward: Now we're going to go to the Principal Outstanding section. We'll enter the $14,225,000, the amount of the principal sold in field III.A. There were no CABs involved in this financing, so we'll leave zero in this column. And our principal amount remains of the $14 million. With no principal payment from other debt issued or other sources during this reporting period, we'll enter zeros in fields III.D and III.E. Our principal balance at the end of the reporting period remains the principal amount issued, $14,225,000.

Sample Mello-Roos Bonds – ADTR Section IV: Refunding/Refinancing Issues   43:03

Joyce Ward: Since this issue was not refunded or refinanced, Section IV is left blank.

Sample Mello-Roos Bonds – ADTR Section V: Use of Proceeds   43:10

Joyce Ward: Section V.A has been populated. Section V.A has been populated with the total proceeds available from Section I.H.

Now let's go to Section V.B and establish our funds. Our first category is going to be Cost of Issuance. So let's select Cost of Issuance from the Fund Category column. And we're going to issue $311,201.50.

Now let's establish our funds to build a teen recreation center and refurbish the fire station. We'll select Other and enter Teen Recreation Center as the Fund Category. And for the total reportable proceeds, we're going to enter $4,555,000. And select Add Fund.

Now we're going to enter the funds for our fire station retrofit. Let's again select Other. And for our category name we're going to put Fire Station Retrofit. For the amount of funds allocated we're going to put 5,524,191 and select Add Fund.

Alright, now we're going to establish our refunding escrow fund to pay off our loans. Click the down arrow, select Refunding Escrow Fund, and enter $5 million for the amount available and select Add Fund. We've accounted for all of our proceeds.

So let's proceed to Section V.C. Expenditure *[of Proceeds]* details section. During this reporting period, we spent all of our cost of issuance, so we'll select that fund category, but we want to track the underwriter's fees separately. So we'll enter them separately in this section. The first entry will be Cost of Issuance for the Fund Category and Financing Participant Fees for the Purpose. And we're going to enter $183,164.96 for the fees paid. I'm going to select Add Details.

Next, we are going to select Cost of Issuance again for the Fund Category, and for the Purpose, we're going to put UW Spread for underwriter. Now we're going to enter $128,036.24 and click Add Details. As you can see in Section V.C, we have two entries for Cost of Issuance and Section V.B, there's one aggregated entry for Cost of Issuance.

Our next entry will be for the Refunding Escrow Funds category. So we're going to select Refunding Escrow Funds. We're going to put $5 million for the amount. We're going to put Loan Paydown for the Purpose and $5 million for the amount in the current period. And the CDIAC number for the loan that we're refunding is 2015-0090.

We also began construction on our teen center and we began the retrofit of the fire station. So let's enter those expenditures. Select Teen Recreation Center for the Fund Category. Enter Site Prep for the Purpose, and we spent $250,000 for the expenditure. Click Add Details.

Since we can be as detailed as we like, we're going to select Teen Recreation Center for the Fund Category again, and then we're going to put Onsite Utilities for the Purpose. And we spent $100,000. Remember the level of detail is up to you. Click Add Details.

Now for the fire station retrofit, let's select Fire Station Retrofit for the Fund Category and Personnel Quarters for the Purpose. And $300,000 for the expenditure amount. Okay, it looks like our fingers slipped a little bit for that teen recreation center for our expenditures for the period, we got a million instead of 100,000. So we'll click Edit. We're going to change that number to 100,000. And then we're going to click Update once we get our little floating bar out of the way. There you go. Hit Update. So we've updated that, and our calculation should be that. Alright.

So now, as you can see again, we've got in Section V.C, there's two entries for the Teen Recreation Center and two entries for Cost of Issuance but one aggregated entry up in V.C.

Sample Mello-Roos Bonds – ADTR Section VI: ADTR Reportable   49:30

Joyce Ward: Now, alright now let's go to Section V.I, the ADTR Reportable section. Since we know there's still debt outstanding, we're going to click Not Retired, and we can see we have not spent all of our proceeds. So we're going to click No for Proceeds have been fully spent. Reportable in Next Fiscal Year prepopulates. We don't have any dates to enter.

Sample Mello-Roos Bonds – ADTR Section VII: 49:56
     Name of Party Completing this Form

Joyce Ward: So let's go to Section VII. We've been having problems with this issue for some reason. It's not populating the information from our database, so we're going to have to enter that manually. So the title of the person…the first name of the person submitting this report is James, and his last name is Garner. His title is Fiscal Maverick. He is a fiscal maverick. Alright, we've got the name of his agency. The address is 92257 Roy Higgins Plaza. For the city, it's going to be Half Moon Bay. State, of course, is California. The ZIP code is 94019. His area code is 650. Phone number is 555-5727. He has no extension. Yeah, put a dash in there. There you go. And now you can see the date of the report is prepopulated with today's date.

Sample Mello-Roos Bonds – ADTR Section VIII: Additional Comments;   51:48
     Validate and Submit

Joyce Ward: We don't have any additional comments. So let's validate our report.
Oh, no, we've got an error. Let's see what our error is. We did not put in Jim's email. So his email is jimgarner@cityofmaverick.org.

Let's see if we made any other errors. They'll show up in red. Wherever we've made a mistake it should show up in red print. Oh, no, our total available does not equal the amount of proceeds that we've accounted for in section V.B. I see what we did. For Cost of Issuance, we have $311,201.50, and it should be 20 [*cents*]. So let's edit. And let's change that fifty cents to twenty cents. Click Update. Now let's go back down and let's validate our report one more time.

Success. [Laughing]. Let's click Confirm Data, and let's review all of our entries. Looks like we've got everything entered correctly. Everything's right. So we're going to select Yes at the bottom of our report. And it shows that our report has been submitted to CDIAC. Click OK, and now we'll have the opportunity to print. You're going to click Print PDF. You're going to click it one time. The report is going to generate, and now we can either save our report or we can print it.

Annual Debt Transparency Report: Questions   54:00

Joyce Ward: Ok, Jeff, do we have any questions?

Jeff Field: We have – one moment. What if the debt being refunded by the issuer was not properly reported to CDIAC and there is no associated refunded CDIAC number?

Joyce Ward: Hmm, so I believe you would have two choices. If it's a type of debt that should have been reported to CDIAC, you will have the opportunity to submit a report. That report will should of course be dated back to whenever the debt really occurred, but once it's reported, it will also be ADTR reportable because it will have been received after January 21, 2017. That's the proper way to do it if it's a type of debt that should have been reported. Robert, do you have any comments?

Robert Berry: Yes, so otherwise, you would reflect that – if you scroll down to the Principal Outstanding there, Usha, it should be reflected in….Can you scroll down?

Usha Patel: Sorry.

Robert Berry: It should be reflected in III.D. It just won't appear down in Section IV in the Refunding/Refinancing Issues because there's no corresponding CDIAC number. So you wouldn't be able to enter that into that section. It would give you an error message.

Joyce Ward: So if they put it in III.D, which is where it should be, and they don't make any entries in Section IV….

Robert Berry: It would probably be a great idea if you put a comment in the Comment section to let us know that it wasn't reported and that the number in III.D exceeds Section IV.

Jeff Field: You can tell this is a very detail-oriented group we've got here today. Several people picked up on the fact that we entered December 2, 2014, for the election authorization date and not November 2nd.

Joyce Ward: Did my scenario say November?

Jeff Field: I believe the scenario says November.

Joyce Ward: Says November. That is as – you guys are great for pointing these out. I try to do at least one every webinar for you guys to pick up on and you got it.

Jeff Field: So there's that. And let's see. We have one more. This is also related to refunding. If we issue a refunding CFD bond and all the proceeds were used to pay down the refunded CFD bond within the same reporting period, do we still need to file this report in the next fiscal year?

Joyce Ward: So are you saying if you refunded this issue, this current issue that we're doing this report for, and you refunded it during the current reporting period with another issuance of bonds that occurred during the same period? Is that the question?

So in that case, you would do two reports. You would complete this report. You would show it as all the principal outstanding being zero because it's been refunded. So it would be zero. You would

have to account for all of your proceeds because, remember, this report has to be – you have to continue to submit until the principal is no longer outstanding and all the proceeds have been spent. So the principal we've taken care of, that would be zero. You'd also have to account for all of your proceeds. If you account for all your proceeds and you can show that they have all been fully spent, then this would be the last report for this current issue, and you would only have to report going forward on the refunding bond. Now, in this current period, there should also be a corresponding report for the refunding bond, showing that a portion of their proceeds was used to pay off these bonds.

Jeff Field: Excellent. Just very thoroughly I'm still trying to wrap my head around the question. Okay. Let's see. Okay, I think we're good.

Joyce Ward: Alright, great, okay. So let's go back to our presentation. We've answered all the questions.

Slide 12 – Annual Debt Transparency Report: CDIAC Contacts   59:15

Joyce Ward: Here's our contact information. You have got mine and Robert's, Jeff's, and Usha's. I would ask if you do have any questions pertaining to the ADTR, that you also include the Data Unit mailbox. If you submit it by email, please use the Data Unit mailbox. That's that CDIAC_Issuance@treasurer.ca.gov. In that case, if Jeff happens to be out, someone else in the Data Unit would be able to respond to your questions. Alright, so we finished the main portion of our presentation.

Slide 13 – Upcoming CDIAC Education Seminars   59:53

Robert Berry: So that concludes our formal agenda. But for those of you that would like to remain, I will conduct a brief tutorial on how to look up a CDIAC number on DebtWatch. Before we transition to the DebtWatch tutorial, I would like to thank Joyce for walking us through the process today and thanks to all of you for joining us this morning and for your excellent questions.

Before everyone logs off, just a brief commercial for a couple of CDIAC's upcoming programs. Registration is open for CDIAC's Advanced Public Funds Investing seminar on portfolio analytics. We are co-hosting the seminar with the California Municipal Treasurers Association in Carmel on January 17th and 18th at the Carmel Mission Inn. Also open for registration just opened yesterday is our Municipal Market Disclosure seminar, and that is going to be on February 7, 2018, at the Doubletree Fresno Convention Center. Information on both seminars is available on CDIAC's website. And like I said, registration is open. If you're leaving us now, thanks very much for your participation, and we look forward to your participation again in the future.

Slide 14 – Thank you for your participation   01:01:03

Robert Berry: So now, for those of you that will remain, we'll shift gears, and I'll walk you through a couple brief examples on a method for looking up a CDIAC number on DebtWatch.

CDIAC Home Webpage: http://www.treasurer.ca.gov/cdiac/   01:01:17

Robert Berry: So the first thing that I would do is go to the CDIAC website to access DebtWatch. The DebtWatch site is also accessible through the Treasurer's Office main page. There are various methods for looking up data in this system, but I'll just – I'll demonstrate the best way of finding a particular issue's CDIAC number. First, you roll down to the bottom of the site and click on the Explore – I'm sorry, the DebtWatch icon here on the left.

DebtWatch Webpage: http://debtwatch.treasurer.ca.gov/; Tutorial   **01:02:00**

Robert Berry: And then it brings up the DebtWatch site. And if you roll down to the very bottom of the DebtWatch site, there's a wheel No. 3 that says Explore All Data. And if you click in the center of that, then we come up here and it says Explore Data. Pull down that arrow and click on View Data.

So the resulting output on the screen is a list of all 59,000 debt issuances in the California Debt Issuance database. The main tool that I'm going to use here to find the CDIAC number is this Filter tool here. Those of you who that have experience using the filtering tools in Excel, this operates very similarly. Just doesn't require you to download all 59,000 records into Excel and the sort from there. So you can actually sort in this system and filter out your results or download your results.

So let's just walk through a couple of quick scenarios. The first thing I'm going to do is look for an issue of the Anaheim Housing Authority. And all I know is it's issued sometime in 2015 or 2016. So the first thing I'm going to do is click on the blue Filter button, and it's going to bring up the filter function on the left hand side. What I want to do is add a new filter condition. This pull down here allows us to search on any of the columns or any of the 62 fields for every debt issue.

In this case I want to search….Since I'm looking for Anaheim, I'm going to first filter on county, Issuer County, and I'm going to say Orange. And if I click the box next to it, now my list of 59,000 records is narrowed to everything that has been issued by an issuer in Orange County.

The next thing I want to do is add a new filter condition. And I know that I'm looking for an issue in 2015 or 2016. So what I'm going to do is pull down the column filter and look for the Sale Date. And then there's some functions here that will allow me to narrow that search. So I'm going to say is between. So my sale date is between 1/1/2015 and 12/31/2016. So again, now I have everything within that date range. And my output is narrowed even more.

So now, if I really want to narrow in on my number here, I'm going to add another filter condition, and I'm going to ask it to tell me – I'm going to sort by Issuer. I'm going to say, give me everything that contains Anaheim. So now I've taken 59,000 records and narrowed it down to – what do we have here? – 13 records. So now I can see from Anaheim Housing Authority, there's a handful of issues. And I should be at this point able to, by looking at the screen and narrowing in on the principal amount or a particular characteristic of the debt issue, exactly the issue that I'm looking for, and of course the CDIAC number is here in this left hand column, the very first column.

Joyce Ward: Yeah, as they're doing the filtering, you can see that it's not case-specific. Robert made all of his text entries in lower case, and you can see that the issuer name is actually in upper and lower. So it's not case-specific.

Robert Berry: So let's run another quick scenario. Give it one more try here. What I want to do is revert – press this Revert button, and it'll take you back to the original 59,000 records. You can see my filter function has gone away, so I'm going to reactivate the filter. And in this scenario, I'm going to look for an issue of the Oakland Unified School District. I know it's a refunding done some time since 2009. Very similar methodology I'll use here. I'm going to add a filter condition. I know Oakland is in Alameda County. Okay.

I'm going to add another filter condition on my Sale Date. And in this case, I'm going to say – I could say is after. I can say is between. Let's say is after in this case, so I'll say after 1/1/2009.

Alright. Now let's add another condition. I'm going to go to the Issuer field, and then I'm going to ask it to tell me the issuers here that contain Oakland Unified. Now I have quite a few issues here if you see on Oakland Unified since 2009, but I'm interested in the refunding issues. So I can either go through this data and find them, or I can add another filter condition and say – I can roll down to the refunding amount and say refunding amount is greater than zero.

So now this has narrowed it down to any refundings by Oakland Unified School District since 2009 that have a refunding amount. You see over here, these are all refunding amounts, refunding bonds. So you can use the same filtering method on any one of the 62 various data points collected on each issue, as I mentioned before. Or if you know a specific data point that's likely to generate a small set of results, you can use the general search field at the top of the page. And I'll show you.

So I'm going to revert back to the 59,000 records, and let's just do another quick scenario about how we can use this search field right here. And let's look for the Lone Pine School District. So I'll enter Lone Pine School. Now, what it's going to do is it's going to – it should…there we go – it's going to look for that text string in all 59,000 records. And you can see here all issues of the Lone Pine School District have popped up here. There's 13 issues that we have in our database going back to 1993. So again, by virtue of the other data listed here, you can certainly find the one that you're interested in in particular. Alright.

So that's just a couple of methods that you can use to find CDIAC numbers and other issuance information by using DebtWatch. The site also provides a number of other useful tutorials up here in this Tutorial button, if you want to go take some time to go through, that might help you to not only use these search features but also some of the other interesting features that you can learn from the front page of the website.

So again, we appreciate everyone joining us today. I hope that you found this brief tutorial useful, and we wish you the best of luck with your ADTR reports. And one thing that we did not mention is we're here to help you. And if you do encounter problems, please, as Joyce mentioned, send an email to our CDIAC mailbox or contact one of the contact folks on the screen in the slide deck. Again, thanks everyone, and have a great day.