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DEVELOPING A DISCLOSURE POLICY, PART 2: WORKING GROUPS – THEIR ROLES AND RESPONSIBILITIES

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DISCLOSURE PRACTICES WORKING GROUPS: WHY THEY ARE IMPORTANT AND HOW TO FORM THEM



Why are Disclosure Working Groups important?

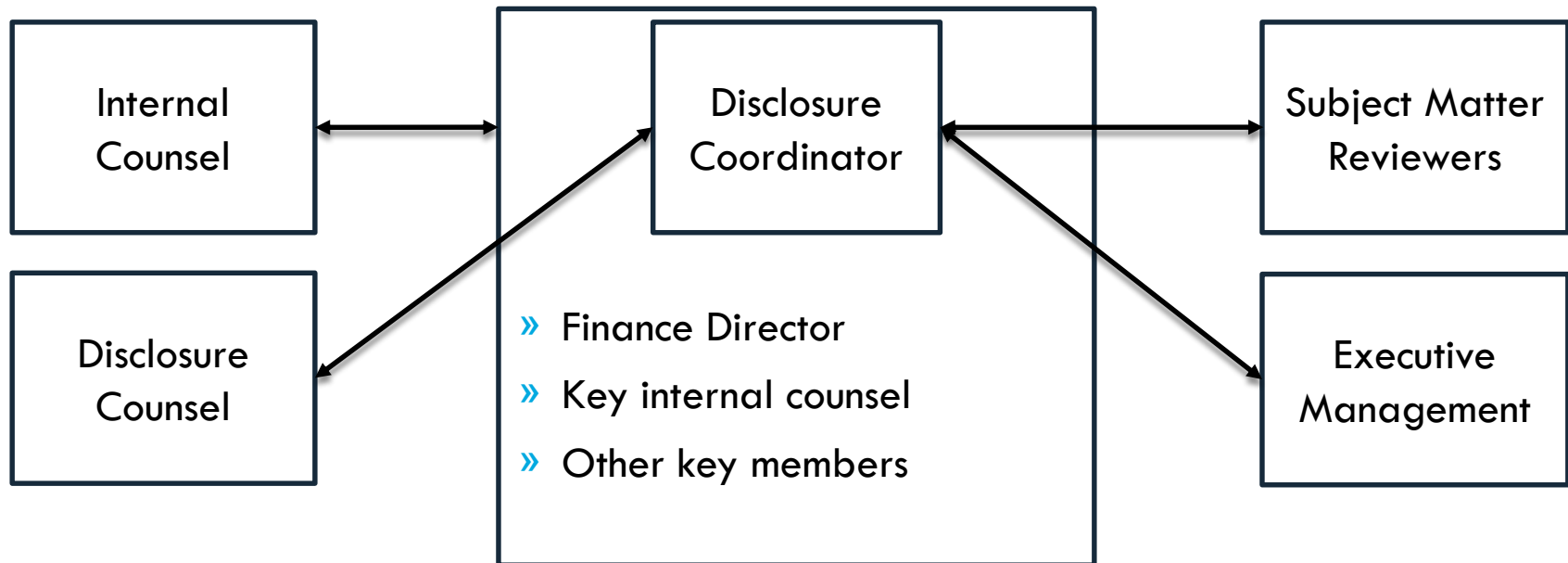
- Help address key problems SEC has found in municipal securities market
 - ▣ “Silo” effect
 - Where a government is so divided into bureaucratic departments that they do not effectively communicate or share information
 - ▣ Sensitive to “those in the room”
 - Where a government sensitizes itself to the voices in the local political dialogue and thus can be insensitive to the perspectives and needs of investors who are outside of the room
 - ▣ Political influence
 - Where a government’s political or policy narrative can come to dominate the content and process of disclosure.

Why are Disclosure Working Groups important?

- Disclosure working groups can help these problems:
 - ▣ “Silo” effect
 - By making sure all of the right people are in the group and by making sure that the group asks the right questions, the group can help break down “silo” walls.
 - ▣ Sensitive to “those in the room”
 - By making sure that the group exists only for the purpose of thinking about the issuer from the investor’s perspective, it sensitizes the issuer to the needs of investors.
 - ▣ Political influence
 - By ensuring that the group is focused just on investors and is a “no spin” zone for the issuer, the group can help to create an autonomous understanding of the financial and operating condition of the issuer and this counteract potential political forces.

Example of a Disclosure Working Group

Disclosure Working Group



Typical duties

□ Disclosure Working Group

■ Responsibilities

- General oversight of disclosure process
- Identify Subject Matter Reviewers
- Review each disclosure document
- Participate in due diligence activities
- Periodically review the Disclosure Policy & Procedures
- Periodically review compliance difficulties & recommend changes
- Waive procedures when appropriate

LAUSD's Working Group

- LAUSD Working Group members:
 - CFO
 - Deputy CFO (Chief Disclosure Officer)
 - Director of Capital Fund Compliance (Disclosure Coordinator)
 - Deputy Controller
 - External Counsel
 - Municipal Advisor
 - Others as needed

- More information available in LAUSD's Continuing Disclosure Policy:
<http://achieve.lausd.net/cms/lib08/CA01000043/Centricity/Domain/372/Policies%20SEPs/DEBT%20MANAGEMENT%20POLICY%202016.pdf#page=36>

LAUSD's Working Group

- Working Group responsibilities:
 - Reviewing and approving all Continuing Disclosure Documents as contained in the District's Preliminary and Final Official Statements before such documents are posted
 - Reviewing annually the District's status and compliance with continuing disclosure obligations including filings of Annual Reports and Notices of Listed Events
 - Reviewing any items referred to the Disclosure Working Group
 - Evaluating the effectiveness of these Continuing Disclosure Procedures and approving changes to these Continuing Disclosure Procedures

LAUSD's Chief Disclosure Officer

- Chief Disclosure Officer (currently the Deputy CFO) responsibilities:
 - Approving the Continuing Disclosure Documents, Listed Event Notices, and Voluntary Filings
 - Overseeing the work of the Disclosure Coordinator

LAUSD's Disclosure Coordinator

- Disclosure Coordinator (currently the Director of Capital Fund Compliance) responsibilities include:
 - Preparing and filing the Continuing Disclosure Documents
 - Monitoring compliance by the District with these Continuing Disclosure Procedures, including timely dissemination of the annual report and event notices
 - In anticipation of preparing Continuing Disclosure Documents, soliciting “material” information (as defined in Securities and Exchange Commission Rule 10b-5) from District units
 - Maintaining records documenting the District's compliance with these Continuing Disclosure Procedures
 - Monitoring the websites and subscribing to the communications (e.g., news alerts, press releases, etc.) of each Rating Agency and Bond Insurer in order to be aware of any rating change as described in each Continuing Disclosure Document

LAUSD's Disclosure Timeline

