

CDIAC

**CALIFORNIA
DEBT AND
INVESTMENT
ADVISORY
COMMISSION**

POST-ISSUANCE FILING AND REPORTING AND MANAGING DEBT POLICIES

Ronda Chu, Acting Capital Finance Director,
San Francisco International Airport

Brooke Abola, Deputy City Attorney,
City and County of San Francisco

Ongoing Debt Administration
September 6, 2017

Overview

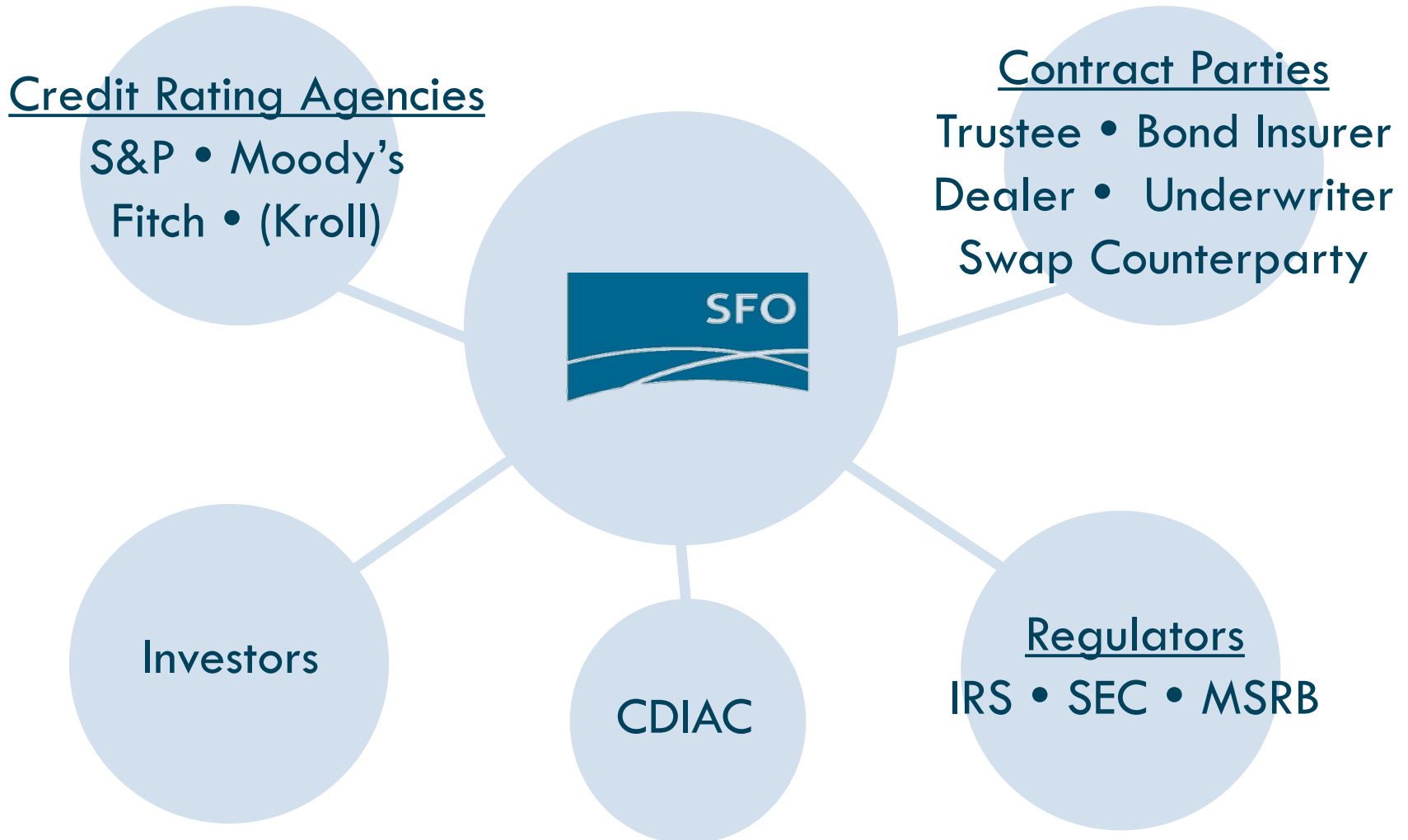
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- Best practices in post-issuance reporting and compliance
- SB 1029 Reporting Requirements

THE CLOSING...

IS JUST THE BEGINNING...

Post-Issuance Reporting and Relationships



Credit Rating Agencies

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- SFO Credit Policy
- Best practices
 - Regular communications
 - Major developments
 - Transactions: New issues, remarketings
 - Unrated loans/private placements
 - Formal notice required by documents

Regulators and CDIAC Reporting

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- Regulators
 - ▣ IRS and SEC
 - ▣ MSRB
 - Regulates Underwriters, Municipal Advisors
 - *What do I do with the disclosure letters?*
 - MSRB Rules G-17, G-42
- CDIAC Reporting
 - ▣ Report of Proposed Issuance
 - ▣ Report of Final Sale
 - ▣ New Annual Debt Transparency Report

Debt Policy Administration

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- Elements of a strong debt policy
 - ▣ Make it do-able
 - ▣ Reflect current practice and known obligations (e.g. disclosure, tax) wherever possible
 - ▣ Board can always waive a policy requirement, but staff has to track when a waiver is needed
- Implementation
 - ▣ Assign responsibility
 - ▣ Calendar
- Review and update – scheduled as needed

Some Practical Considerations

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- Tickler file for regular reporting obligations
- Searchable database of trigger events
 - ▣ Rating changes
 - ▣ New debt or swap
 - ▣ Document amendments
 - ▣ Bankruptcy
 - ▣ Legislation
 - ▣ Major judgment
 - ▣ Late payment/nonpayment
- Backup planning

Overview of SB 1029

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- Debt policy certification (Government Code section 8855(i), effective January 1, 2017)
 - Certification via Report of Proposed Debt Issuance
- Applies only to “local debt”

Five Required Elements of a Debt Policy

- The five required elements of a debt policy address:
 - ▣ Purposes for which the debt proceeds may be used
 - ▣ Types of debt that may be issued
 - ▣ Relationship of the debt to (and integration with) the issuer's capital improvement program or budget, if applicable
 - ▣ Policy goals related to the issuer's planning goals and objectives
 - ▣ Internal control procedures that the issuer has implemented (or will implement) to ensure the proceeds of the proposed debt issuance will be directed to the intended purpose

Other Considerations for Debt Policies

- “Adoption” of Debt Policy
- Conduit transactions
- SFO’s experience

Annual Debt Transparency Report

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- Per Government Code section 8855(k)
- Effective January 1, 2017
- First reports due January 31, 2018

Annual Debt Transparency Report Timeline

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Partial FY 2017 (1/1/17 to 6/30/17)

First report due on or before
1/31/18

Debt authorized or issued during
reporting period – outstanding,
and with proceeds remaining

No report required for debt if
final sale reported to CDIAC
prior to 1/21/17

FY 2018 (7/1/17 to 6/30/18)

Report due on or before
1/31/19

Debt authorized, but unissued

Debt issued during current and
prior reporting periods that
remains outstanding and has
proceeds remaining

SB 1029 Q&A

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- Welcome Robert Berry, Deputy Executive Director, CDIAC

Debt Transparency Report

ANNUAL DEBT TRANSPARENCY REPORT
California Debt and Investment Advisory Commission

CDIAC NUMBER:

I. GENERAL INFORMATION

A. Issuer	
B. Project Name	
C. Issue Name	
D. Date of Debt Issue	
E. Original Principal Amount of Issue	\$ _____
F. Net Original Issue Premium (Discount)	\$ _____
G. Proceeds Used to Acquire Local Obligations	\$ _____
H. Total Reportable Proceeds	\$ <u>Sum (E + F)-G</u> _____

II. AUTHORITY

A. Fiscal Year Ending	June 30, YYYY (POPULATED BY SUBMITTER)
B. Debt Authorized at the Beginning of the Reporting Period	\$ <u>XX,XXX,XXX,XXX.XX</u>
C. Debt Authorized During the Reporting Period	\$ <u>XX,XXX,XXX,XXX.XX</u>
D. Total Debt Authorized	Calculated Field (B+C) - \$ <u>XX,XXX,XXX,XXX.XX</u>
E. Debt Issued During the Reporting Period	\$ <u>XX,XXX,XXX,XXX.XX</u>
F. Debt Authorized but Unissued During the Reporting Period	Calculated Field (D-E) - \$ <u>XX,XXX,XXX,XXX.XX</u>
G. Debt Authority That Has Lapsed During the Reporting Period	\$ <u>XX,XXX,XXX,XXX.XX</u>
H. Total Authorization Remaining at the End of the Reporting Period	Calculated Field (F-G) - \$ <u>XX,XXX,XXX,XXX.XX</u>

Debt Transparency Report

III. PRINCIPAL OUTSTANDING

A. Principal Balance at the Beginning of the Reporting Period	\$ <u>XX,XXX,XXX,XXX.XX</u>
B. Accreted Interest during Reporting Period	\$ <u>XX,XXX,XXX,XXX.XX</u>
C. Total Principal and Accreted Interest	Calculated Field Sum A+B
D. Principal redeemed during Reporting Period	\$ <u>XX,XXX,XXX,XXX.XX</u>
E. Principal Paid During the Reporting Period	\$ <u>XX,XXX,XXX,XXX.XX</u>
F. Principal Outstanding at the End of the Reporting Period	Calculated Field (C-sum(D+E))

IV. REFUNDING ISSUES

This issue was refunded/refinanced by:

Date cannot be > FY End Date

	CDIAC NUMBER	REFUNDING/REFINANCING AMOUNT	REDEMPTION/PAYMENT DATE
1	NNNN>NNNN	\$XX,XXX,XXX,XXX.XX (Currency)	MM/DD/YYYY
2	NNNN>NNNN	\$XX,XXX,XXX,XXX.XX (Currency)	MM/DD/YYYY
	TOTAL REFUNDED	\$XX,XXX,XXX,XXX.XX (Currency)	

V. USE OF PROCEEDS

A.

Reportable Proceeds – **No Submitter entry in this section – All fields auto-populated**

Report Period End (1)	Begin (2)	Spent (3)	Remain (4)
6/30/2017	Auto Populate (Initial report equals Section I (h))	Equals total Section V(B)(3)	Equals total Section V (B)(5)
6/30/2018	Equals Section V(A)(4) (prior year)	Equals total Section V(B)(3) rptg year	Equals total Section V(B)(5) rptg year
6/30/2019	Equals Section V(A)(4) (prior year)	Equals total Section V(B)(3) rptg year	Equals total Section V(B)(5) rptg year

Debt Transparency Report

B. (List each Purpose of expenditure by Fund Category in Section 5(C). Expenditures will be aggregated by Fund Category this section)

Expenditure of Proceeds - Fund Level – Submitter establishes Fund Category & Total Proceeds available in

V(B)(1) & (2) – Section (3) & (4) Populated by entries in Section V(C) – subtotaled by fund category.

Fund Category (1)	Total Reportable Proceeds Available (2)	Proceeds Spent Current Reporting Period (3)	Proceeds Spent Prior Reporting Periods (4)	Proceeds Unspent/Remaining (5)
Cost of Issuance	Currency – XX,XXX,XXX,XXX.XX	Currency – XX,XXX,XXX,XXX.XX	Pre-populated from prior year ADTR - \$0.00 1 st Rpt	\$ <u>Calculated Field =2-sum(3+4)</u>
Construction Fund				\$ <u>XX,XXX,XXX,XXX.XX</u>
Reserve Fund				\$ _____
Capitalized Interest				\$ _____
Refunding Escrow Account				\$ _____
Accrued Interest Fund				\$ _____
Other				
Other				
Other				
Other				
TOTALS	Error message if does not equal Section I(H)	Equals Section V(C)(3)	Equals Section V(D)(4)	Equals Section V(A)(4)

Debt Transparency Report

C.

Expenditure of Proceeds – Detail Level –

Fund Category (1) Must be at least one entry for each current period expenditure	Purpose Detail (2)	In Report Period (3)	Prior Periods (4)	Total All Periods	Refunded CDIA #
Reserve Fund	Debt Service Payment	\$XXX,XXX,XXX,XXX.X	\$XX,XXX,XXX,XXX.XX	=SUM(3+4)	
Construction Fund	Building Foundation	\$XXX,XXXX.XX		0.00	
Construction Fund	Architect Drawing	\$XXX,XXX.XX		\$0.00	
Refunding Escrow Account	Bonds Redeemed	\$XXX,XXX,XXX.XX			2007-2316
Accrued Interest Fund	Accrued Interest	-100,000,000			
Cost of Issuance					
Capitalized Interest					
Next Reporting Period					
Accrued Interest Fund	Accrued Interest Payment	100,000,000			
TOTALS		Populates Section V(B)3 – subtotals of each fund category			

Submitters must be able to add as many purposes as needed. Entry in Section Fund Category this section creates entry in Fund Category Section 5(B)(3).

Debt Transparency Report

VI. ADTR REPORTABLE

A Principal Issued has been fully:

Repaid

Date _____

Redeemed

Date _____

Matured

Date _____

B Proceeds have been fully spent. Yes

No Date _____

C. Reportable in next Fiscal Year Yes

No

(Dates must be within the reporting fiscal year)

VII. NAME OF PARTY COMPLETING THIS FORM

Name _____ Title _____

Firm/Agency _____

Address _____ City/State/Zip _____

Phone No. _____

Date of Report _____

Email: _____

Debt Transparency Report

VIII. ADDITIONAL COMMENTS:

Completion and submittal of this form to the California Debt and Investment Advisory Commission will assure your compliance with California State law. Section 8855(i) of the California Government Code requires that all agencies issuing debt for which a Report of Final Sale was submitted on or after January 21, 2017 to report specific information to the Commission by January 31st of each year until the debt is no longer outstanding or all proceeds have been spent

No longer reportable when "Debt Outstanding", Section III D equals \$0.00 and "Proceeds Unspent", Section V equals \$0.00.