

Continuing Disclosure: Internal Roles and Responsibilities

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Introductions

- City of Merced
 - Located in the Central Valley
 - Charter City
 - Population 84,578
 - Home of UC Merced
- City of Merced Outstanding Debt
 - Community Facilities Districts
 - Water and Wastewater Revenue Bonds
 - Assessment Districts
 - Pension Obligation Bonds
- KNN Public Finance, LLC
 - Municipal Advisor for State and local government agencies
 - Debt/transaction advisory
 - Non-debt advisory
- Continuing Disclosure Services
 - Education Agencies
 - General Obligation Bonds
 - Certificates of Participation
 - Cities
 - Special Districts

Continuing Disclosure Goals

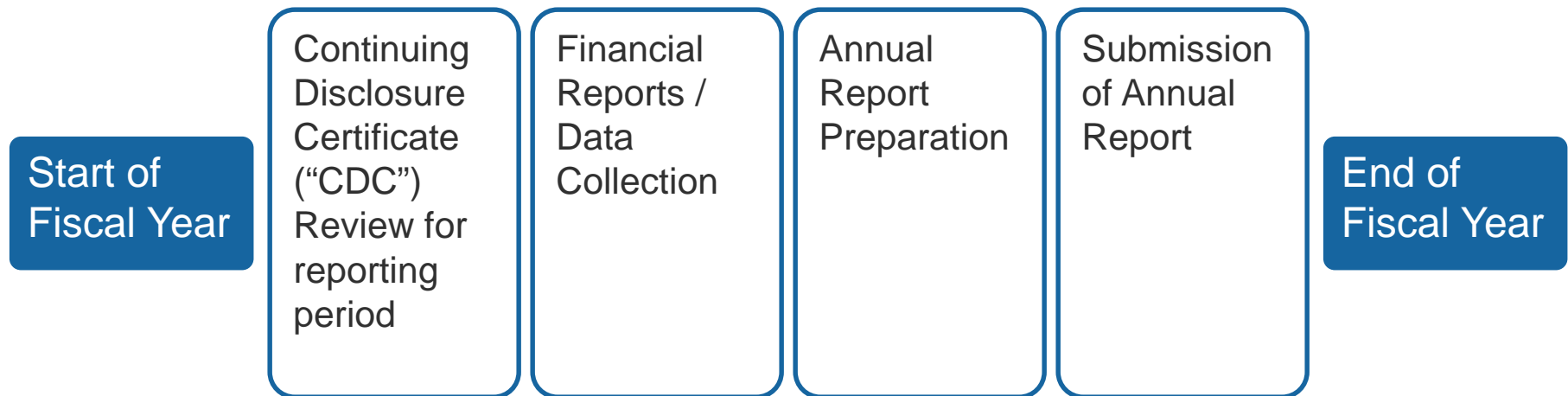
- Compliance with law
- Reduce liability of issuer
- Secure low effective borrowing costs
- Protect the public

Where to begin?

- Continuing disclosure training
- Disclosure policies
- In-house or outsource work?
 - Timing of continuing disclosure reports
 - Administrative capacity of the issuer
 - Third party Dissemination Agent to facilitate disclosure process

Continuing Disclosure Timing

- Where does the continuing disclosure process fit into your timeline?



CDC Review for Reporting Period

Key Items

- Training/communication
- CDC review
- Significant events
- Annual Task List

Roles

- Training by CDIAC, Disclosure Counsel, or consultant
- Internal employees (designated worriers) are primary stakeholders
- Third party Dissemination Agent works with staff for direction
- Supervisory oversight

Financial Reports / Data Collection

Key Items

- Audited financials
- Adopted budget
- Interim budget reports
- Third party data and information
- Internal department data and information

Roles

- Internal employees research and request data and information
- Third parties provide required data and information as needed
- Internal employees verify information and provide as needed to Dissemination Agent
- Supervisory oversight

Annual Report Preparation

Key Items

- Draft Annual Report
- Review and revisions
 - Additional information: material vs. interesting
- Approvals

Roles

- Internal employee/ Dissemination Agent drafts Annual Report
- Supervisory review and approval

Submission of Annual Report

Key Items

- CUSIPs
- Submission to EMMA
- Confirmation
- Additional dissemination

Roles

- Internal employee/ Dissemination Agent verifies applicable CUSIPs
- Internal employee/ Dissemination Agent submits and provides confirmation
- Internal staff provides Annual Report to council/board as an information item
- Internal staff uploads the Annual Report to website

What if it all goes wrong?

- Filing deadlines pass
- Issues of noncompliance
 - Evidence
 - Remediation
 - Future POS disclosure language and due-diligence

Merced Examples:

- Delinquencies
 - Triggers
 - Debt Security
 - Reserves
 - Delinquency Process
 - Foreclosure/outside counsel
- Developer Disclosures – Noncompliance
 - Process
 - Ownership changes/foreclosure

Other Practices and Experiences

- What is “material”?
 - Bond covenant
 - Policy
 - What investors would reasonably want to know
 - Still unsure...ask your Disclosure Counsel!
- Active bond programs
 - Review of POS disclosure language and CDC
 - Refundings/prepayments
 - Notices
 - How does this affect current outstanding CDCs/responsibilities?
 - Rating changes
 - Tracking systems

Merced Future: "City on the Rise"

- Planning ahead for additional and new continuing disclosure obligations:
 - General Obligation Bond
 - CFD Infrastructure Bond
 - Sewer Assessment District Bond

Questions?