CDIAC

CALIFORNIA
DEBT AND
INVESTMENT
ADVISORY
COMMISSION

SB 1029 – "YEAR 3" OF THE ANNUAL DEBT TRANSPARENCY REPORT (ADTR)

- For technical issues, contact GoToWebinar at (877) 582-7011 or https://support.logmeininc.com/gotowebinar
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AGENDA

- □ Recap: ADTR instructional resources/web tutorials
 - Past webinars
 - Instructions
 - Supplemental reading/links
- □ FAQs most problematic items for filers
- A word on reporting Marks-Roos debt
- Questions

POLLING QUESTION

Have you filed an ADTR before?

- A. Yes, more than one
- B. Yes, only one
- c. No

PREVIOUS WEBINARS

Detailed guidance for all ADTR filers is available on the CDIAC website

https://www.treasurer.ca.gov/cdiac/

CDIAC Home ⇒ **Education** ⇒ **Previous Seminars and Webinars**

resource	available
Webinar: Submitting the Annual Debt Transparency Report: General Obligation and Revenue Debt (11/2017) https://www.treasurer.ca.gov/cdiac/seminars/2017/index.asp	PresentationVideoTranscript
Webinar: Submitting the Annual Debt Transparency Report: Commercial Paper and Mello-Roos Debt (11/2017) https://www.treasurer.ca.gov/cdiac/seminars/2017/index.asp	 Presentation Video Transcript
Webinar: Modifications to the Annual Debt Transparency Report (11/2018) https://www.treasurer.ca.gov/cdiac/seminars/2018/index.asp	 Presentation Video Transcript

WRITTEN GUIDANCE

Detailed guidance for all ADTR filers is available on the CDIAC website

https://www.treasurer.ca.gov/cdiac/

Resource (recommended readings)	link
Guidance on Complying with SB 1029	https://www.treasurer.ca.gov/cdiac/sb1029/guidance.pdf
Issuance Authorization: Enhancements and Data Submission Guidance	https://www.treasurer.ca.gov/cdiac/sb1029/no tification-guidance.pdf
DEBT LINE "Filing Tips: The Annual Debt Transparency Report (ADTR)"	https://www.treasurer.ca.gov/cdiac/debtpubs/ 2019/201909.pdf
CDIAC Home → Publications → Debt Line → September 2019	

INSTRUCTIONS FOR COMPLETION



Complete instructions for filing the ADTR are posted on the CDIAC website

https://www.treasurer.ca.gov/cdiac/reporting/adtr-instructions.pdf

COMPLIANCE FACTS

FIRST 2 YEARS — SUMMARY

- 50% compliance around 3,600 reports filed
- Many reports filed by financial services providers
- Highest filing volume (of local issuers): K-12 school districts
- Difficulties understanding the form
- Difficulties understanding the law re: filing requirements

ADTR FAQs

REPORTING PERIOD

WHAT IS "THE REPORTING PERIOD"?

 Look in the upper left of the online form — "Information as of Reporting Year End: June 30, [YEAR]"

Information as of Reporting Year End : June 30, 2019

I. GENERAL INFORMATION

A Terror Cartwright Water and Wastewater

 The "Reporting Period" is then defined as July 1st through June 30th OF THAT YEAR

REPORTING PERIOD - continued

WHAT IS "THE REPORTING PERIOD"?

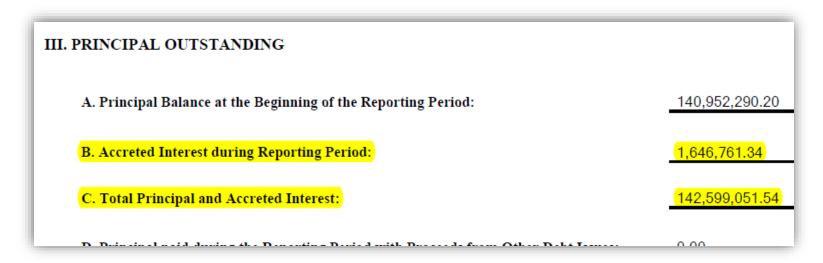
A report due 1/31/2020 will cover 7/1/2018 through 6/30/2019 — the "Beginning of the Reporting Period" is 7/1/2018

- Section II, Line D
 - First-year filers must enter a value (subsequent years prepopulate)
 - Enter the amount of debt authorized as of July 1st of the reporting period indicated by the date in the upper left of the form.
 - Often the amount will be the same as the prepopulated amount in Line A

ACCRETED INTEREST

"ACCRETED" VS. "ACCRUED" INTEREST

Section III, Line B



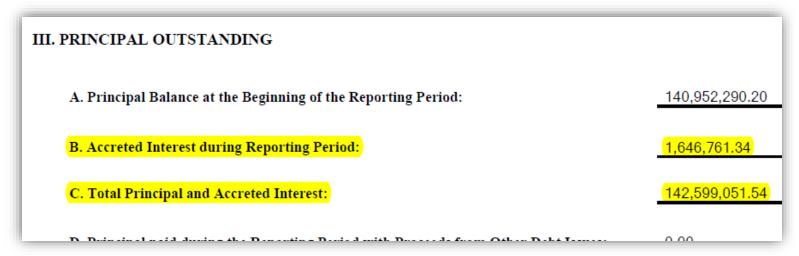
• The ADTR tracks only the outstanding principal balance – not interest owed or accrued.

ACCRETED vs ACCRUED INTEREST



"ACCRETED" VS. "ACCRUED" INTEREST

- Accrued interest: Calculated separately from principal do not enter in Line B
- **Accreted** interest: Added to the initial principal of a capital appreciation bond, in which the principal amount changes over the life of the bond. Enter the interest accreted between 7/1 and 6/30 of the reporting period in Line B

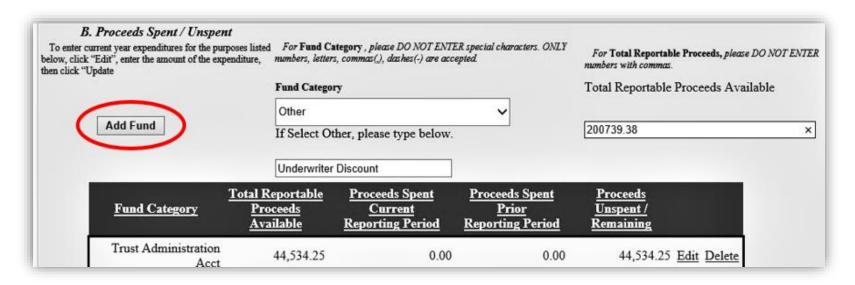


If the issue is not a capital appreciation bond, enter 0.00 in Section III, Line B

PROCEEDS AVAILABLE

THE "ADD FUND" BUTTON (PROCEEDS SPENT/ UNSPENT)

Don't ignore it

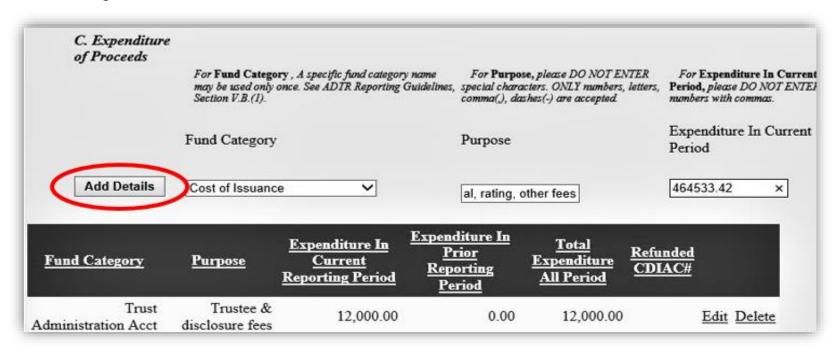


Click after entering Fund Category (name) and dollar amount

PROCEEDS SPENT

THE "ADD DETAILS" BUTTON (EXPENDITURE OF PROCEEDS)

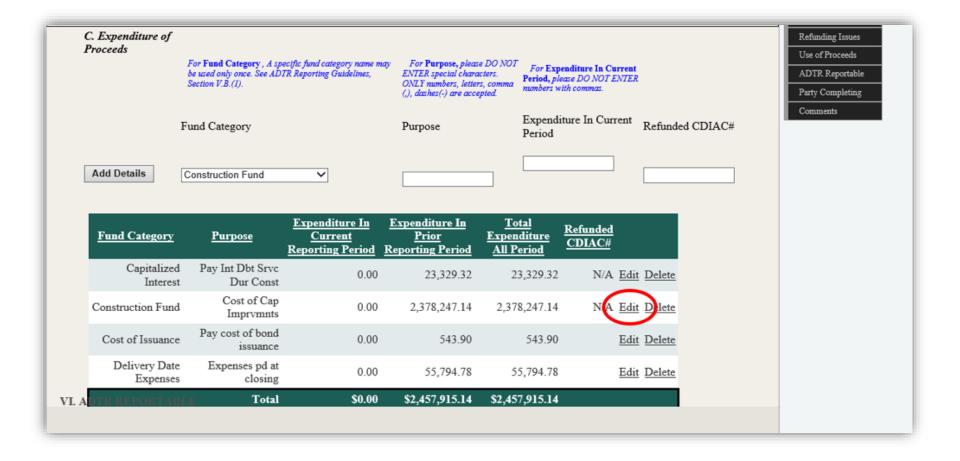
Don't ignore it



 Click after selecting a Fund Category, entering the associated Purpose, and entering the dollar amount under "Expenditure In Current Period"

ADDING CURRENT YEAR EXPENDITURES TO A PRIOR YEAR PURPOSE

Click "Edit" button on the right of line item to be updated

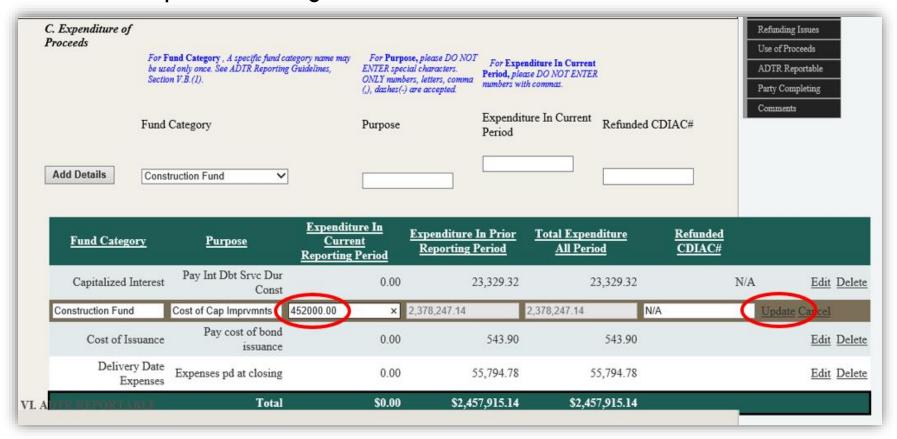


ADDING CURRENT YEAR EXPENDITURES TO A PRIOR YEAR PURPOSE

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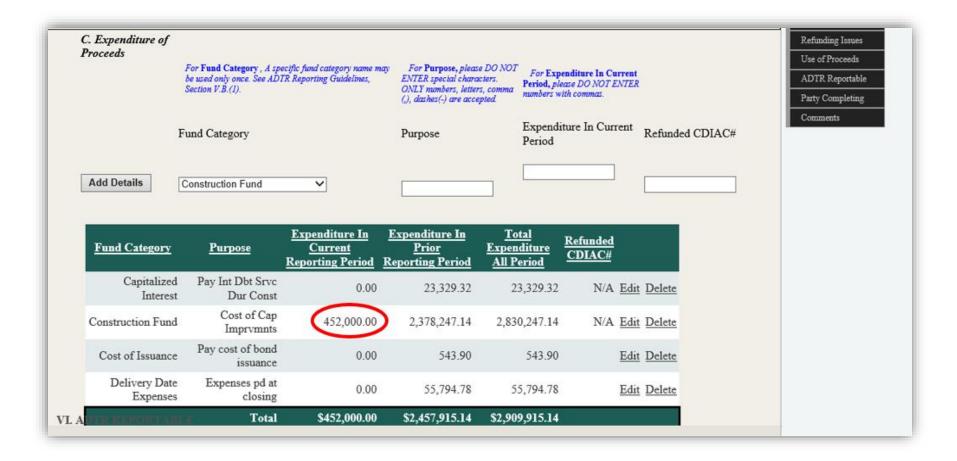
Enter amount of expenditure for current year (in active field), then click "Update" on right



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ADDING CURRENT YEAR EXPENDITURES TO A PRIOR YEAR PURPOSE

Current year amount will populate and totals will update



PROCEEDS SPENT – NO NEGATIVE NUMBERS

BEWARE OF "NEGATIVITY"

Many ADTRs reported items in Section V ("Funds", "Expenditures")
 with a negative dollar amount (<\$0.00)

Fund Category	<u>Purpose</u>	Expenditure In Current Reporting Period	Expenditure In Prior Reporting Period		efu CD1
Cost of Issuarce	Costs paid from interest	0.00	-344.21	-344.21	
Cost of Issuance	Excess COI Refunded	0.00	54,726.96	54,726.96	
Cost of Issuance	Transfer from 2017 COPs	0.00	-84,000.00	-84,000.00	
Cost of Issuance	Underwriter Fee/Discount	0.00	2,565,317.58	2,565,317.58	

PROCEEDS SPENT – NO NEGATIVE NUMBERS (cont.)

BEWARE OF "NEGATIVITY"

- Entered to increase reported fund balances, or increase amount of reportable proceeds
- Examples:
 - "transfer from prior reserve fund", to show a sufficient amount applied to refunding prior debt
 - "interest dividend", to adjust amount of proceeds shown as remaining or "unspent", to match a standing balance reported elsewhere.
- The ADTR tracks only proceeds of issued debt
- The ADTR is not meant to mirror other financial disclosure documents (such as a CAFR).
- FY 18-19 form will not allow "negative numbers"

"ASSIGNING" OR DELEGATING ADTR FILING RESPONSIBILITY

ASSIGNMENT OF REPORTING

- Conduit revenue issues
- Public agency acts as an agent bond or loan proceeds are received by a private obligor (often a 501(c)(3) organization).
- Often, the ADTR requirement is "signed over" to borrowers per terms of the loan agreement:

"11.6 Annual Reporting Covenant. No later than January 31 of each calendar year (commencing January 31, 2018), the Borrower, on behalf of the Governmental Lender, agrees to provide to the California Debt and Investment Advisory Commission, by any method approved by the California Debt and Investment Advisory Commission, with a copy to the Governmental Lender, the annual report information required by Section 8855(k)(1) of the California Government Code. This covenant shall remain in effect until the later of the date (i) the Governmental Lender Notes are no longer outstanding or (ii) the proceeds of the Governmental Lender Notes have been fully spent."

ASSIGNMENT OF REPORTING RESPONSIBILITY (cont.)

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"ASSIGNING" OR DELEGATING ADTR FILING RESPONSIBILITY

- CA Govt. Code §8855(k) filing requirement lies with the issuer
- "Issuer" is defined in Title 4, Division 9.6 of the California Code of Regulations as "the entity of State or Local Government that is legally authorized to enter into the contract through which the Debt is created. An Issuer retains the designation as such even though it may serve as a legal conduit through which the rights to the use of the assets and the obligations for performance on the Debt contract are assigned to a third-party Obligor."
- An ADTR filing status (e.g., "FILED", "PAST DUE") is assigned to the *issuer* regardless of who files the report(s).

WHAT IS "DEBT": CCR Title 4, Division 9.6, Section 6000 (k)



(k) "Debt" means a contractual agreement through which a Creditor or Creditors transfers assets or moneys of an agreed value or amount, or rights to beneficial use of assets, to an Issuer in exchange for one or more non-cancelable payments, inclusive of an interest component no matter whether it is paid, accrued, or imputed, over a specified period of time, the total present value of which is approximately equal to the value of the assets or rights on or about the time the transfer occurred. The instruments or types of indebtedness that are evidence of Debt include the following, but are not limited to the following if they are an evidence of debt meeting the definition herein:

- (1) Bonds
- (2) Notes
- (3) Loans
- (4) Warrants
- (5) Certificates of participation
- (6) Commercial paper notes
- (7) Lines of credit
- (8) Installment purchases
- (9) Leases that meet any of the following criteria: (A) The term of the lease, including options to extend, exceeds 75% of the life of the asset. (B) There is a transfer of ownership to the lessee at the end of the lease term. (C) Lessee has an option to purchase the asset at the end of the lease term at a price well below market. (D) The present value of the lease payments, discounted at an appropriate discount rate, exceeds 90% of the fair market value of the leased asset.

MARKS-ROOS CDIAC REPORTS REQUIRED

- Debt issued under Govt. Code §6584 6599.3
- Article 4 of the Joint Powers Authority Act (Local Bond Pooling)
- Typically referred to as "Marks-Roos"

Authority Issuer (JPA) must submit CDIAC reports for both Authority and the local obligor(s) if:

- The proceeds from the Authority issue were used to provide financing for public capital improvements of public entities
- There is a "Debt" contract as defined in CCR Title 4, Division 9.6, Section 6051 between the Authority and the local obligor(s).

MKR - REPORTABLE PROCEEDS

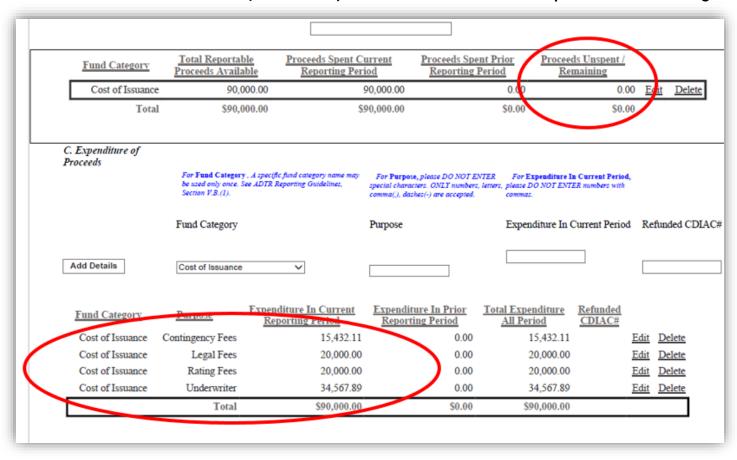
A WORD ON REPORTING MARKS-ROOS DEBT:

A. Issuer	Cartwright Wa	Cartwright Water & Wastewater District Financing Authority		
B. Issue Name	Revenue Bond	Revenue Bonds, Series 2019A (Cartwright Wastewater District		
C. Project Name	Blocker Treatr	Blocker Treatment Plant & Valley Pumping Station		
D. Date of Sale (MM/DD/YYYY)	03/28/2019			
E. Original Principal	Amount of Issue	2,910,000.00		
F. Net Original Issue (Discount)	Premium	90,000.00		
G. Proceeds Used to A Obligations (Marks-F		2,910,000.00		
H. Total Reportable P	rocaads	90,000.00		

MKR REPORTABLE PROCEEDS (cont.)



A WORD ON REPORTING MARKS-ROOS DEBT:



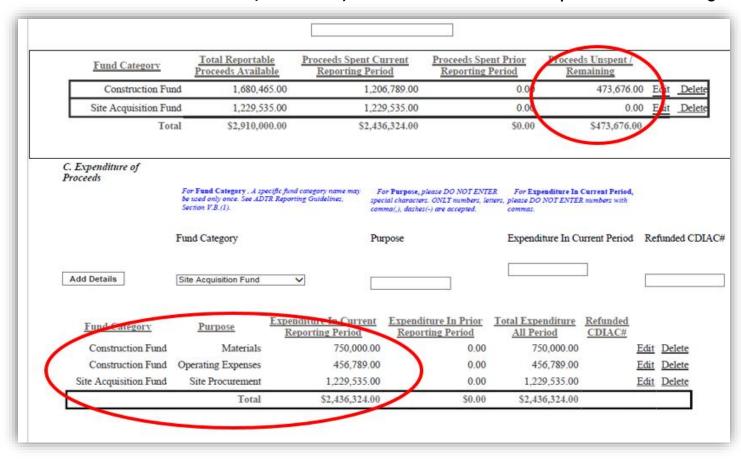
MKR - REPORTABLE PROCEEDS (cont.)

A WORD ON REPORTING MARKS-ROOS DEBT:

I. GENERAL INFORMATION			
A. Issuer	Cartwright Wa	Cartwright Wastewater District	
B. Issue Name	2019 Lease Ag	2019 Lease Agreement w/Cartwright WWD Financing Authority	
C. Project Name	Blocker Treatn	Blocker Treatment Plant & Valley Pumping Station	
D. Date of Sale (MM/DD/YYYY)	03/28/2019	03/28/2019	
E. Original Principal Amount of Issue		2,910,000.00	
F. Net Original Issue Premium (Discount)		0.00	
G. Proceeds Used to Acquire Local Obligations (Marks-Roos	s Only)	0.00	
H. Total Reportable Proceeds		2,910,000.00	

MKR - REPORTABLE PROCEEDS (cont.)

A WORD ON REPORTING MARKS-ROOS DEBT:



QUESTIONS?

SB 1029 - YEAR 3 OF THE ADTR

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Upcoming CDIAC Educational Programs

Public Funds Investing Workshop

November 19, 20, 2019 | West Sacramento

Socially Responsible Investing: Integration in the Local Agency Portfolio Webinar | December 10, 2019 | 10:00 – 11:30 AM PST

CMTA/CDIAC Advanced Public Funds Investing
January 15-16, 2020 | Claremont

Municipal Market Disclosure March 3, 2020 | Irvine

For more information and to register, visit: Treasurer.ca.gov/CDIAC/Seminars