

SESSION FIVE

Complying with California's Disclosure Requirements



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Overview

- Legal Disclosure Framework
- Reporting Obligations
- Public Data Transparency
- Special Reporting Obligations
- Data Submission Demonstration
- Data Portal Best Practices
- DebtWatch Demonstration

Legal Disclosure Framework

California Government Code California Code of Regulations

Sections 8855-8859

- CDIAC Debt Data Collection & Distribution Responsibilities
- Issuer Reporting Responsibilities
 - Proposed Debt Issuance
 - Final Sale
 - “Annual Debt Transparency”
- Issuance Fees

Sections 53359.5 and 6599.1

- Issuer Reporting Responsibilities
 - Mello-Roos Yearly Fiscal Status
 - Marks-Roos Yearly Fiscal Status

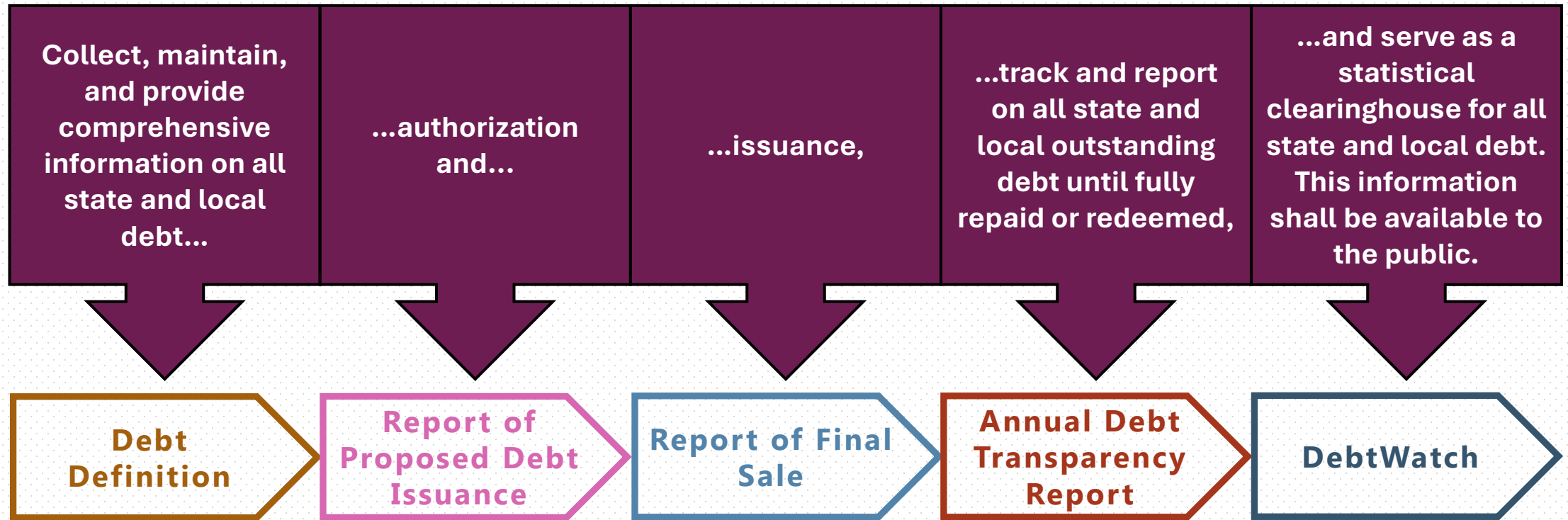
Title 4., Division 9.6., Chapter 1.

- Article 1. Definitions
- Article 2. Report of Proposed Debt Issuance
- Article 3. Report of Final Sale
- Article 4. Issuance Fees
- Article 5. Reporting for Mello-Roos Bonds
- Article 6. Reporting for Marks-Roos Bonds
- Article 7. Reporting Statements Regarding Non-Public Sales of Debt

Legal Report Continuum

CDIAC's Statutory Directive

Government Code Section 8855 (h)(3).....The Commission shall.....



Reporting Obligations

**Debt
Definition**

Collect, maintain, and provide comprehensive information on all state and local debt...

California Code of Regulations Title 4, section 6000 (k)

- A contractual agreement through which a Creditor or Creditors transfers assets or moneys of an agreed value or amount, or rights of beneficial use, 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 specific period of time, the total value of which is approximately equal to the present value of the assets or rights on or about the time the transfer occurred.
- Specific evidences of debt are listed
 - ✓ **Bonds**
 - ✓ **Notes**
 - ✓ **Loans**
 - ✓ **Warrants**
 - ✓ **Leases (capital)**
 - ✓ **Certificates of Participation**
 - ✓ **Commercial Paper Notes**
 - ✓ **Lines of Credit**
 - ✓ **Installment Purchases**
- No exclusion for certain creditors or terms e.g., government loans, short-term debt

**Report of
Proposed Debt
Issuance**

**Report of Final
Sale**

**Annual Debt
Transparency
Report**

DebtWatch

Reporting Obligations

...authorization and...

Government Code section 8855(i)

- Obligation of the issuer
- Any debt proposed by state or local government
- Submit to CDIAC at least 30 days prior to sale
- Information that CDIAC “considers appropriate”

CCR Title 4, sections 6010 - 6014

- All required data elements
- Method of submittal – Online
- Provisions for CP, Lines of Credit, Pooled Financings
- Issuer certification of a local debt policy and that the contemplated issuance is policy-consistent. Policy shall include:
 - A. The purposes for which debt proceeds may be used
 - B. The types of debt that may be issued
 - C. Debt relationship and integration with issuer’s CIP or budget
 - D. Goals related planning goals and objectives
 - E. Internal control procedures for the use of debt proceeds
- Exceptions to C – E for authority issuers.

Debt
Definition

Report of
Proposed
Debt Issuance

Report of
Final Sale

Annual Debt
Transparency
Report

Debt Watch

Reporting Obligations

Debt
Definition

Report of
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DebtWatch

...issuance,

Government Code section 8855(j)

- Submit to CDIAC not later than 21 days after the sale
- Information that CDIAC “considers appropriate”

CCR Title 4, sections 6020 - 6024

- All required data elements
- Data as of the settlement date
- Method of submittal – Online
- Provisions for CP, Lines of Credit, Pooled Financings
- Submit Official Statement
- If no OS, then “other documents” including
 - ✓ **Indenture**
 - ✓ **Installment sales agreement**
 - ✓ **Loan agreement**
 - ✓ **Promissory note**
 - ✓ **Bond purchase contract**
 - ✓ **Authorizing Resolution**
 - ✓ **Bond specimen**

Redact information not otherwise required and deemed confidential

Reporting Obligations

...track and report on all state and local outstanding debt until fully repaid or redeemed,

Government Code section 8855(k)

Debt Authorized

- ✓ Authorized Beginning of Period
- ✓ Authorized and Issued During Period
- ✓ Authorized but Not Issued End of Period
- ✓ Authorization Lapsed During Reporting Period

Debt Outstanding

- ✓ Principal Balance Beginning of Period
- ✓ Principal Paid During Period
- ✓ Principal Outstanding End of Period

Use of Debt Proceeds

- ✓ Proceeds Available Beginning of Period
- ✓ Proceeds Spent & Purposes During Period
- ✓ Proceeds Remaining End of Period

- Required of all issues for which a Report of Final Sale was submitted to CDIAC on or after January 21, 2017
- Required for any reporting period in which debt is outstanding or proceeds are unspent
- Deadline for submittal: January 31st – 7 months after the (July-June) reporting period ends
- Builds upon the Reports of Proposed and Final Sale, and prior year ADTRs
- Past due filings may be submitted at any time

Debt
Definition

Report of
Proposed
Debt Issuance

Report of
Final Sale

Annual Debt
Transparency
Report

DebtWatch

Public Data Transparency

Debt
Definition

Report of
Proposed Debt
Issuance

Report of Final
Sale

Annual Debt
Transparency
Report

DebtWatch

**...and serve as a statistical clearinghouse for all state and local debt.
This information shall be available to the public.**

- All issuance and annual data since 1982
- Issuance data updated daily, statewide
- Customizable visualizations and reports
- Expanded data export functionality
- Embedded help text and linked glossary
- Annual report summaries
- View or download issuance documents single-issue or in bulk
- Printable formatted reports for the issue over its lifecycle
- Open access to bond and tax election data
- Secret button that allows move from DebtWatch to Data Portal to edit records



Special Reporting Obligations

Mello-Roos Yearly Fiscal Status Report

Government Code section 53359.5

- Basic debt data
- Principal outstanding
- Balances in reserve, capitalized interest, and construction funds
- Special tax delinquency and foreclosure report
- Assessed value subject to special tax
- Special taxes due and unpaid
- 10-day event notice for a payment default or draw on reserve below minimum
- Due October 30 each year

CCR Title 4, sections 6040-6043

- Definitions
- Clarification of report requirements
- Requirements for the Draw on Reserve/Default Report
- Method of submission

Marks-Roos Yearly Fiscal Status Report

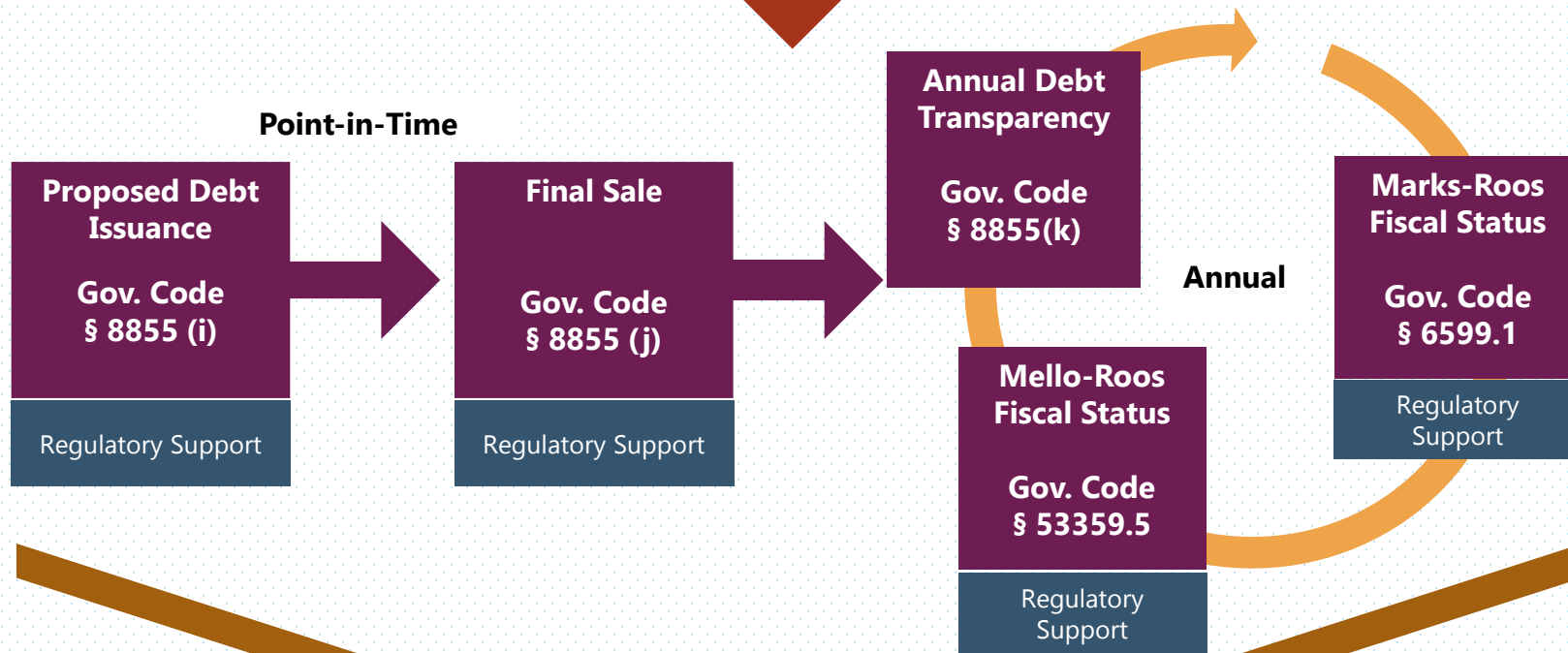
Government Code section 6599.1

- Principal outstanding, authority and local obligors
- Balances in reserve and capitalized interest funds
- Fees and administrative charges in total and per obligor
- Delinquency rates on local obligations
- Earnings and fees paid on GICs
- 10-day event notice for a payment default or any draw on reserve by authority or obligor
- Due October 30 each year

CCR Title 4, sections 6050-6052

- Definitions
- Clarification of report requirements
- Requirements for the Draw on Reserve/Default Report
- Method of Submission

Statutory Objective Government Code § 8855 (h)(3)



DEBTWATCH

Data Submission



- Secure cloud-based interface
- Personalized issuer or delegate dashboard
- Workload display
- Save and return to incomplete submittals
- Imbedded instructions and help text
- Relational reference data
- Ability to modify previous submittals
- Notifications
- PDF documentation

Data Portal Best Practices

- Actively maintain issuer and third-party filer contact information.
- Avoid splitting issues without consideration of the effect on your annual reporting obligations. Use the features that allow an issue's taxable and tax-exempt series and multiple authorizations to be combined.
- Always review the Final Sale and 1st year ADTR submissions to make sure they are accurate and presented in a manner you can live with.
- Create a gameplan of how you want to present your data over many years of future annual filings. Don't over-complicate your submissions, unnecessarily.
- Create Data Portal submission procedures that explain your methods (e.g., naming conventions) for filers in future years. Document any data idiosyncrasies and the solution you may have used.
- Prior to starting any annual filing, particularly the ADTR, review the prior year submission and make necessary adjustments.
- Take ownership of your data and consider how you want it to be presented to your constituents.
- Use the help text and guidance built into the Data Portal, but contact CDIAC and ask for assistance if you can't find a solution.