

California Debt & Investment Advisory Commission

Webinar Questions

Steps for Reporting Debt Issuance to CDIAC: Report of Proposed Debt Issuance & Report of Final Sale

December 10, 2014

Questions During Live Webinar

1. Is the Report of Proposed Debt Issuance that is due 30 days prior to the debt issue applicable to debt refundings that are through private placements? **Answer:** Yes.
2. Could you clarify or repeat what you said about CDIAC disallowing an issue if the Report of Proposed Debt Issuance isn't submitted before 30 days of the estimated sale date? **Answer:** This is in reference to Water Code Section 20560.2, which is applicable to Irrigation Districts. It states that the district must submit "a notice of proposed sale of any evidence of indebtedness issued to provide financing of any works of the district 30 days prior to the proposed sale date. Failure to give notice shall render the sale invalid." It also states that CDIAC may waive notice of the 30-day period upon application by the district.
3. One of the new categories being added is "Human Resources (HR)." Can you elaborate what Human Resources uses are being funded by bond issues? **Answer:** A list of the types of projects that have been financed using HR as a purpose are construction, renovation and equipping of facilities for organizations that meet the needs of children, families and individuals with special needs and/or emergency/disaster services.
4. We have a Direct Purchase going to the City Council on 12/16/14 with the bank loan closing on 1/15/15. Does the deadline start on 1/15/15? **Answer:** Yes, if your closing is on 1/15/15 then you must submit your report of final sale no later than 2/4/15.
5. Must capital leases be reported? **Answer:** Yes. Effective January 1, 2015, issuers must report any debt issue. If this lease is debt, it must be reported.
6. I'm confused about the Report of Final Sale requirement....one slide says "45 days after debt issuance" but another slide that showed a chart showed that debt refundings through private placement required a report 2 weeks after issuance. Are these two different reports? Is an "extra report" required for debt refundings? **Answer:** There are two reporting requirements involved. First, currently issuers must submit their report of final sale no later than 45 days after the sale. CDIAC developed the Report of Final Sale (RFS) to facilitate and standardize reporting. Second, other statutes state that issuers must submit a report explaining the reasons they sold refunding bonds at a private (negotiated) sale instead of a public (competitive) sale no later than 2 weeks after the sale. Commission staff found that many issuers were not complying with the requirement to provide a reason for negotiated refundings so CDIAC incorporated the

reporting requirement as a section on their RFS. This has resulted in increased reporting compliance.

7. 65887(E)(2) only mandates JPA's, but this rate reduction question is required on the form for ALL issuances... why? Answer: The Rate Reduction Savings field defaults to \$0.00 and does not require an entry if you're financing does not involve the issuance of rate reduction bonds.
8. Please send me a clarification. What date is the reporting due to CDIAC given the above circumstances? (I think they are referencing there previous question, which was 4)
Answer: If your closing date is 1/15/15 then you must submit your report of final sale no later than 2/4/15, 21 days after closing.
9. Does CDIAC post the submitted info to an EMMA analog? Answer: CDIAC does not submit any of its data to EMMA.
10. Kashia School District is not planning to incur any debt this year. What type of notification do you need for documentation? Answer: Issuers are only required to report to CDIAC when and if they issue debt. If the school district does not issue any debt, no reporting to CDIAC is required.