

AGENDA ITEM 6 (ACTION ITEM)

APPROVAL OF PROPOSED REGULATIONS

Proposed Regulations June 21, 2016

STAFF REPORT

On June 23, 2015, the Commission adopted Resolution 15-02 which approved a set of regulations and authorized the executive director or the deputy executive director to submit the regulations, in substantially the same form as approved, to an official rulemaking process. Subsequent to the Commission's action on Resolution 15-02, staff discovered important operational elements that were overlooked and not accommodated in the regulatory language submitted to the Commission for approval. In addition, information received from the Office of Administrative Law made it apparent that the regulations needed to be significantly expanded to address CDIAC's shift to online processing of reports and the elimination of its traditional forms.

Given the need to revise the regulations approved by the Commission in 2015 to accommodate overlooked operational elements and the transition to online submission, staff took the opportunity to review all statutes that pertain to CDIAC to determine if any regulatory language was needed for statutory implementation, specificity, or clarity. The review added new language and several new sections to the regulations, especially as they pertain to Marks- and Mello-Roos annual filings.

Counsel has advised CDIAC that Resolution 15-02 does not adequately authorize the executive director or the deputy executive director to proceed with the rulemaking process given the volume and materiality of the regulatory revisions proposed. Approval of the revised regulations and a new resolution of the Commission are required to proceed.

The revised regulations are designed to achieve all of critical objectives presented to the Commission last June. Specifically, the regulations will dramatically enhance the clarity of the statutory requirements of state and local agencies to submit specific information to the Commission upon

the authorization and issuance of debt. The requirements and procedures will make the submittal process less burdensome on issuers, increase the efficiency of the CDIAC's data collection and reporting operations, help to insure long-lasting data integrity and consistency and ultimately, allow CDIAC to attain the level of debt information transparency intended by the Legislature. The regulations submitted for the Commission's consideration and approval this June 2016 are designed to achieve the following complete set of objectives.

1. Remove the remaining ambiguity as to which state and local financial transactions constitute the creation of debt and thus, must be reported to CDIAC.
2. Give state and local issuers specificity and clarity as to the information that shall be submitted to the Commission upon the authorization and issuance of debt, and on the annual status of Marks- and Mello-Roos bonds.
3. Provide state and local issuers a firm understanding of when and how debt information reporting requirements shall be applied, given the circumstances of their debt transaction, by defining operative terms like "sale" and "issue" as they appear in Government Code section 8855 and other sections of Government and Water Code.
4. Establish an efficient online method for submitting debt information to the Commission that increases information timeliness, validity, and consistency, and conserves the human resources of the Commission and the state and local agencies assigned to the submittal, collection, and maintenance of debt information.
5. Clarify the reporting requirements for commercial paper and lines of credit that because of their issuance characteristics do not strictly conform to requirements for timely submittal established in statute.
6. Implement a debt issuance fee schedule that is consistent with Government Code section 8856, and equitably employs the permissive elements of the section to achieve a balance between the Commission's annual revenues and its annual appropriation. Based on past issuance volume, adoption of the proposed fee schedule will generate approximately \$3.2 to \$3.5 million in annual revenue.
7. Institutionalize a structured and transparent process to utilize CDIAC's statutory discretion to modify or enhance the information collected on debt authorization and issuance in a manner that balances regulatory certainty with the need of the public and policy-makers to track evolving public debt characteristics.

Rulemaking Process and Revised Timeline

Upon approval of the resolution to adopt regulations by the Commission, CDIAC staff submits a notice of a proposed rulemaking to be published in the California Regulatory Notice Register, mailing the notice to interested parties, and posting the notice, text, and initial statement of reasons for the rulemaking on the CDIAC website. The notice starts a 45-day public comment period. After that the initial 45-day public comment period, staff will review and respond to any comments. If the public comments result in substantial modifications, the revised regulations must be resubmitted to a 15-day public comment period. Staff will again review and respond to any comments resulting from the second period. A 15-day public comment is required for each subsequent public comment that results in substantial modifications. Upon conclusion of the public comment process, staff will submit a formal rulemaking file to the California Office of Administrative Law (“OAL”). OAL has 30 working days to review the regulations for compliance with the Administrative Procedure Act and applicable statute. Once OAL approves the regulations, they are filed with the Secretary of State and become effective quarterly. Given this procedural timeline and accounting for circumstances both foreseen and unforeseen, staff estimates that a rulemaking process that commenced in July 2016 could be concluded and made effective by October 2016 or January 2017.

Until regulations are made effective, the CDIAC issuance fee schedule adopted under Commission continuing resolution 10-03¹¹ and the CDIAC policies adopted for the collection of debt authorization and issuance data will remain in effect.

Staff Recommendation

Staff recommends adoption of the following resolution to approve regulations in substantially the form submitted and authorize staff to proceed to file such regulations with the OAL through a formal rulemaking proceeding.

¹¹ Commission Resolution 10-03 established the current fee per issue at 0.015% of principal not to exceed \$3,000 for long-term maturities. Issues with short-term maturities are charged a \$150 flat fee. Any issue with principal under \$1 million, sold to the federal government, or purchased with the proceeds of debt issued under the Marks-Roos Bond Pooling Act is not charged a fee.

Resolution 16-02

Date of Adoption: June 21, 2016

WHEREAS, the California Debt and Investment Advisory Commission (the “Commission”) is authorized by California Government Code section 8855(e) to adopt regulations to implement and make specific the statutory provisions governing the affairs of the Commission and the conduct of its business; and

WHEREAS, the California Office of Administrative Law has reserved Division 9.6, Section 6000 of Title 4 of the California Code of Regulations for the regulations pertaining to the Commission; and

WHEREAS, the Commission has determined that adoption of regulations relating to definitions, forms used to collect information on state and local debt authorization and issuance, and issuance fees, are necessary to govern its affairs and conduct its business; and

WHEREAS, the Commission has determined its Resolution 15-02 adopted on June 23, 2015 did not authorize the executive director or the deputy executive director to make substantive amendments and expansion to the regulations approved under Resolution 15-02; and

WHEREAS, the Commission has determined that the proposed regulations approved with Resolution 15-02 are not adequate to comprehensively govern its affairs and conducts its business and substantial amendment and expansion of the proposed regulations are necessary; and

NOW, THEREFORE, BE IT RESOLVED by the California Debt and Investment Advisory Commission as follows:

SECTION 1. The proposed text of regulations presented at this June 21, 2016 meeting is hereby approved in substantially the form submitted and supersedes and replaces, in its entirety, the text of the proposed regulations approved at the June 23, 2015 meeting of the Commission pursuant to Resolution 15-02. The chair, executive director, or deputy executive director is hereby authorized, for and on behalf of the Commission, to proceed with filing such regulations with the California Office of Administrative Law, with the supporting documentation required by law.

SECTION 2. the chair, executive director, or deputy executive director of the Commission are hereby authorized and directed to take such actions, including making or causing to be made such changes to the regulations as may be required for approval thereof by the California Office of Administrative Law, and to execute and deliver any and all documents that they may deem necessary or advisable in order to effectuate the purposes of this resolution.

SECTION 3. This resolution shall take effect immediately upon its approval.

Mark B. Campbell, *Executive Director*

Proposed Text of Regulations

TITLE 4. BUSINESS REGULATIONS

DIVISION 9.6. CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION

Chapter 1. General Provisions

Article 1. Definitions

SECTION 6000. DEFINITIONS. The following terms as used in Government Code Sections 8855(h)(3), 8855(i), 8855(j), 8856, 6599.1, 53359.5, 53583(c)(2)(B), and 54418, and Water Code Section 20560.2 and in this chapter shall have the meaning defined below except where a substitute definition is provided to apply to a specifically named article in this chapter.

(a) “Authority” means an entity created pursuant to Article 1 of the Joint Exercise of Powers Act and authorized to Issue Debt or act as a Purchaser or Lender pursuant to Article 2 or Article 4 of the Joint Exercise of Powers Act.

(b) “Bond Counsel” means the attorney or law firm retained by the Issuer to give a legal opinion that the proposed Debt is a legally valid obligation of the Issuer and, to the extent applicable, the interest on the proposed Debt is exempt from federal or state income tax.

(c) “Borrower’s Counsel” means the attorney or law firm, retained by the Issuer when the Debt is a direct loan from a bank or other financial institution, who gives a legal opinion that the proposed Debt is a legally valid obligation of the Issuer and, to the extent applicable, the interest on the proposed Debt is exempt from federal or state income tax.

(d) “Capital Appreciation Debt” means any form of Debt that is structured to not require the Issuer to make regular periodic payments of interest to the Creditor(s), alternatively, the unpaid interest accrues and compounds at a stated interest rate.

(e) “Co-Bond Counsel” means the attorney or law firm working on behalf of the Issuer as a Bond Counsel in cooperation with another Bond Counsel.

(f) “Commission” means the California Debt and Investment Advisory Commission or the California Debt Advisory Commission.

(g) “Competitive Sale” means a method, chosen by the Issuer, of effecting a Sale of Debt with a Creditor selected through a formal competitive process among multiple potential Creditors.

(h) “Credit Enhancement” means any form of guaranty, secondary repayment source, or additional credit-improving instrument provided by an entity other than the Issuer or third-party Obligor that improves the likelihood that the Issuer’s or Obligor’s Debt payment obligations will be met.

(i) “Creditor” means the party in a Debt contract that is obligated to transfer assets, moneys, or rights to the beneficial use of assets to the Issuer, either directly or as an assignee of these obligations, in exchange for one or more payments under the Debt contract. The designation of Creditor in a Debt contract is assigned to financing participants including, but not limited to Underwriters, Purchasers, Lenders, lessors or a Syndicate of such that are bound by agreement to operate as a single Creditor as defined herein.

(j) “Dated Date” means the date from which interest on a Debt Issue starts to accrue.

(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.

(l) "Disclosure Counsel" means the attorney or law firm retained by the Issuer to provide advice on the Issuer's and/or third-party Obligor's securities law disclosure obligations and to assist in the preparation of the official statement or other offering document. Disclosure Counsel may also assist in preparation of a bond purchase contract, official notice of sale, and/or continuing disclosure agreement.

(m) "Final Maturity" means the date that the Issuer is obligated to make the final payment, inclusive of principal, interest, or other sums due, to repay the entire Debt Issue without exercise of options of the Issuer or the Creditor to cause the Debt to be repaid earlier.

(n) "Financial Advisor" means a person or firm that advises the Debt Issuer or Obligor on matters pertinent to the Debt Issue, such as structure, timing, marketing, pricing, terms, and Ratings.

(o) "First Optional Call Date" means the earliest date upon which the Issuer has an option to prepay part or all of the Debt.

(p) "Issuance Fee" means the fee that may be charged by the Commission pursuant to Government Code Section 8856.

(q) "Issue" means Debt entered into by an Issuer and Sold on a contemporaneous or nearly contemporaneous basis, in one or more series, under the terms of one Debt contract with the same Creditor.

(r) "Issuer" means 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.

(s) "Lead Underwriter" means the member or members, in the case of a shared lead role, of an underwriting Syndicate charged with primary responsibility for conducting the affairs of the Syndicate for the purpose of

purchasing an Issue from an Issuer; or the Underwriter of an Issue when no underwriting Syndicate has been formed.

(t) “Lender” means a type of Creditor in a Debt contract. The Lender in a lease is the lessor or an assignee of the lessor’s rights and obligations under a lease.

(u) “Local Government” means any city, city and county, county, public district, public corporation, authority, agency, board, commission, or other local public entity.

(v) “Local Obligation” means the Debt of a Local Obligor.

(w) “Local Obligor” means an entity of Local Government that has Issued Debt wherein an Authority is the Creditor.

(x) “Management Fee” means fees or expenses paid to a Syndicate’s Lead Underwriter for the costs of managing the affairs of the Syndicate.

(y) “Maturity Schedule” means a schedule listing the dates upon which the Issuer is obligated to repay a specific portion of the Debt and the corresponding amount of the Issuer’s repayment obligation.

(z) “Negotiated Sale” means a method, chosen by the Issuer, of effecting a Sale of Debt with a Creditor that is selected by the Issuer as a result of direct negotiations between the parties.

(aa) “Net Original Issue Premium (Discount)” means the amount resulting from the subtraction of the Issue’s Original Issue Discount from the Original Issue Premium.

(bb) “Net Interest Cost” means the rate, expressed as a percentage, that is derived when the sum of all scheduled interest payments less the Original Issue Premium plus Original Issue Discount is divided by the sum of the products of each amount of Principal scheduled for repayment multiplied by the number of years until the scheduled repayment amount is due.

(cc) “Obligor” means a party having a financial obligation or arrangement to make all or part of the Debt payments.

(dd) “Original Issue Discount” means the amount of proceeds, less than the Principal, from a new Issue of Debt that result from the original Debt structured with periodic interest paid or accruing at a lower annual rate than the total annual rate of return to the Creditor.

(ee) “Original Issue Premium” means the amount of proceeds, in excess of the Principal, from a new Issue of Debt that result from the original Debt structured with periodic interest paid or accruing at a higher annual rate than the total annual rate of return to the Creditor.

(ff) “Placement Agent” means an individual or firm acting as agent on behalf of the Issuer or Obligor to arrange for the Sale of a new Issue of Debt directly to Creditors rather than by purchasing the Debt from the Issuer and reselling it to Creditors.

(gg) “Principal” means the gross amount of money or value of the assets transferred from the Creditor to the Issuer in an Issue of Debt, not inclusive of Original Issue Premium or Discount, accrued interest, or issuance costs. In a lease structure meeting the criteria in this Section 6000 (k)(9), it is approximately the fair market value of the rights to the asset transferred to the Issuer through the lease.

(hh) “Private Placement” means a Negotiated Sale of Debt where the Creditor is not an Underwriter, but a private Lender or Purchaser that has purchased the Debt without the intention to resell all or a portion of the instruments or evidences of indebtedness to the public.

(ii) “Private Sale” means a Negotiated Sale.

(jj) “Public Sale” means a Competitive Sale.

(kk) “Purchaser” means a type of Creditor in a Debt contract.

(ll) “Rating” means an alphanumeric grade, assigned to an Issue of Debt by a nationally recognized Rating agency, which represents the Rating agency’s opinion of the Issuer’s or Obligor’s ability to meet the Debt payment obligations and their likelihood of default.

(mm) “Report of Proposed Debt Issuance” means the report that must be submitted to the Commission by Issuers prior to the Sale of any Debt per Government Code Section 8855(i).

(nn) “Report of Final Sale” means the report that must be submitted to the Commission by Issuers after the Sale of any Debt per Government Code Section 8855(j).

(oo) “Sale” means the formal, mutual acceptance of the terms of the Debt contract between the Issuer and the Creditor.

(pp) “Senior-Subordinate Structure” means a Debt issue that provides Creditors a claim against revenues pledged for Debt repayment or other Debt security that is either senior or subordinate to a claim against the same revenues or security of Creditors to other Debt.

(qq) “Serial” means repayment obligations within a Debt structure scheduled to occur in consecutive years or other intervals and that do not require mandatory partial repayment prior to the schedule.

(rr) “Settlement” means the transfer of the assets or rights-to-use from Creditor to Issuer in exchange for delivery of the instruments or evidence of indebtedness from the Issuer to Creditor.

(ss) “Short Term Maturity” means a period of time between the date of Settlement and the Final Maturity that is 18 months or less.

(tt) “State Government” means the state, any department, agency, board, commission, or authority of the state.

(uu) “Syndicate” means a group of Underwriters formed and bound by agreement to operate as a single Creditor to purchase a new Issue of Debt from an Issuer.

(vv) “Term” means a repayment obligation within a Debt structure scheduled to occur on a single date where the Issuer may agree to make periodic partial repayments prior to the date for full repayment of the obligation.

(ww) “Total Takedown” means all fees paid to an Underwriter or members of the Syndicate as a commission for the resale of the instruments or evidences of indebtedness to other buyers.

(xx) “True Interest Cost” means the rate, expressed as a percentage, that discounts all of the Issue’s future Principal and interest payments to amounts, when summed, equal the Principal plus the Net Issue Premium or Discount.

(yy) “Trustee” means a financial institution or government entity with trust powers, designated by the Issuer, which acts, pursuant to the Debt contract, in a fiduciary capacity to enforce the terms of the Debt contract for the benefit of the Creditors.

(zz) “Underwriter” means a Creditor in a Debt contract that purchases the instruments or evidence of indebtedness of an Issue from the Issuer on the Sale date with an intention to resell all or a portion of the instruments or evidences of indebtedness to other buyers.

Note: Authority cited: Section 8855(e), Government Code. Reference: Sections 8855(h)(3), 8855(i), 8855(j), 8856, 53359.5, 6599.1, 53583(c)(2)(B), and 54418, Government Code and Section 25060.2, Water Code.

Article 2. Report of Proposed Debt Issuance.

SECTION 6010. REPORTING REQUIREMENTS. The Issuer shall furnish or cause to be furnished in the Report of Proposed Debt Issuance the following information:

- (a) Name of the entity that is the Issuer of the proposed Debt. If the Issue is structured as a tax and revenue anticipation note pool, the name of each entity of Local Government that is participating in the pool.
- (b) Name given to the Debt Issue.
- (c) Name given to the project for which the Debt proceeds will be used which, if applicable, will include the name of the assessment district, housing project, hospital, or project area.
- (d) Proposed Sale date.
- (e) Proposed Principal amount of the Debt Issue.
- (f) Information as to whether or not a court action will be sought to validate the legality of the Debt Issue.
- (g) Dollar amount of the proposed Principal that is proposed to be used to refund, redeem, or refinance other Debt of the Issuer.
- (h) Indication if the Issuer intends to meet Debt payment obligations in a currency other than lawful money of the United States of America.
- (i) If the proposed Issue is a general obligation Debt of State or Local Government and the authority to issue required voter approval, the date of the election, ballot measure letter or number identifier, total Debt amount authorized by voters, and the amount by which the voter authorized amount will be reduced by the proposed Issue.
- (j) Code reference of the California statutory authority under which the Debt will be issued.
- (k) Name, job title, address, phone number, and e-mail address of a contact person for the Issuer.
- (l) Name of each county in which the Issuer has the authority to issue the Debt, or statewide, if applicable.
- (m) Contact information for the person submitting the report including name, job title, agency or firm name, firm's role in the debt issuance, address, telephone number, and e-mail address.
- (n) Name and e-mail address of the person representing the filing contact to whom an acknowledgement of the report submission may be sent.
- (o) Names of the firms fulfilling the following roles, if applicable, in the issuance of the Debt.
 - (1) Bond Counsel.

- (2) Borrower's Counsel.
- (3) Disclosure Counsel.
- (4) Financial Advisor.
- (5) Lead Underwriter.
- (6) Purchaser.
- (7) Lender.

(p) Tax treatment, under both state and federal law, of the interest earned by the Creditor. If the interest earned is federally tax-exempt, indication of whether or not the interest earned is a specific preference item for the purpose of alternative minimum tax calculation.

(q) Indication as to whether the Issuer has chosen a Competitive Sale or Negotiated Sale method.

(r) Indication as to whether or not the Debt will be issued as a Private Placement.

(s) Type of instruments or evidence of indebtedness utilized in the issuance of the Debt.

(t) Primary source of the funds that are proposed to be used for payment of the Issuer's obligations under the Debt contract.

(u) Purpose(s) to which the money, assets, or rights transferred to the Issuer under the Debt contract are put, and the percentage of Principal applied to the purposes indicated.

Note: Authority cited: Section 8855(e), Government Code. Reference: Sections 8855(h)(3), 8855(i), 5922(b), 6599.1(a), 6588.7(e)(2) and 53359.5(a), Government Code; Section 15146(e), Education Code; and Section 20560.2, Water Code.

SECTION 6011. METHOD OF SUBMISSION TO THE COMMISSION. The Report of Proposed Debt Issuance shall be submitted by Issuers through the Commission's online submittal system. If the Commission's online submittal system is inoperative, an online notification of an alternative submittal method shall be provided.

Note: Authority cited: Section 8855(e), Government Code. Reference: Sections 8855(h)(3), 8855(i), 5922(b), 6599.1(a), 6588.7(e)(2) and 53359.5(a), Government Code; Section 15146(e), Education Code; and Section 20560.2, Water Code.

SECTION 6012. COMMERCIAL PAPER NOTES AND LINES OF CREDIT. The Report of Proposed Debt Issuance for an Issue of Debt under a commercial paper program or line of credit must be submitted to the Commission no later than 30 days prior to the date of Sale of the first Issue. A separate Report of Proposed Debt Issuance must be submitted to the Commission for each subsequent new Issue under the same Debt contract no later than 30 days prior to the Settlement date or immediately upon the decision by the Issuer to Issue if that decision occurs less than 30 days prior to the Settlement date. Submission of a Report of Proposed Debt Issuance is not required when commercial paper notes are remarketed or resold prior to their Maturity.

Note: Authority cited: Section 8855(e), Government Code. Reference: Sections 8855(h)(3), 8855(i), 5922(b), 6599.1(a), 6588.7(e)(2) and 53359.5(a), Government Code; Section 15146(e), Education Code; and Section 20560.2, Water Code.

SECTION 6013. POOLED FINANCINGS. A separate Report of Proposed Debt Issuance must be submitted to the Commission for the proposed Debt Issue of the Authority and each Local Obligor.

Note: Authority cited: Section 8855(e), Government Code. Reference: Sections 8855(h)(3), 8855(i), and 6599.1(a), Government Code.

Article 3. Report of Final Sale

SECTION 6020. REPORTING REQUIREMENTS. The Issuer shall furnish or cause to be furnished in the Report of Final Sale the following information as of the Settlement date or as projected on the Settlement date if the Settlement date is beyond the date established for timely submission by Government Code Section 8855(j).

- (a) If different than that which was submitted on the Report of Proposed Debt Issuance, all information reported to the Commission under Sections 6010(a) to 6010(u).
- (b) Original Issue Discount.
- (c) Original Issue Premium.
- (d) Net Original Issue Premium (Discount).
- (e) The amount of Net Original Issue Premium used to refund, redeem, or refinance other Debt of the Issuer.
- (f) Contact information for the person to whom the invoice for the Issuance Fee should be sent including name, agency or firm name, address, telephone number, and e-mail address.

(g) Date of Settlement.

(h) Dated Date.

(i) City and state of the office location of the firms fulfilling the roles submitted pursuant to Section 6010(o), and the firm names and the city and state of the respective office locations of the firms fulfilling the following roles, if applicable, in the issuance of the Debt.

(1) Co-Bond Counsel

(2) Trustee/Paying Agent

(3) Placement Agent

(j) Maturity Schedule, if not provided in the official statement.

(k) Indication of whether the Debt is composed of one or more Serial obligations, one or more Term obligations, or a combination of both Serial and Term obligations.

(l) Final Maturity Date.

(m) First Optional Call Date.

(n) Indication of whether or not the Debt Issue is included in a Senior-Subordinate Structure.

(o) Indication of whether or not the Debt was structured with Credit Enhancement, and if yes, the type of Credit Enhancement, the name of the firm providing the Credit Enhancement, and the date the Credit Enhancement expires.

(p) Indication of whether or not a Debt Rating(s) was obtained by the Issuer, and if yes, each Rating and the name of the agency that provided each Rating.

(q) If any amount of the Principal is used to refund, redeem, or re-finance other Debt, or the Debt type was revenue bonds as defined under Government Code 54313, and a Private Sale method was used instead of a Public Sale method, the reasons why the Issuer decided to use the selected Private Sale method. Furnishing this information on the Report of Final Sale shall meet the requirements of a written statement pursuant to Government Code Sections 53583(c)(2)(B) and 54418 provided the Report of Final Sale is submitted to the Commission within the timeframe established under Government Code Sections 53583(c)(2)(B) and 54418.

(r) Indication if the interest rate applied to the Debt until the Final Maturity Date is variable. If the interest rate is not variable, one or both of

the Debt's Net Interest Cost and True Interest Cost, or another rate of interest applicable to the type of Debt.

(s) Indication of whether or not the Debt Issue is structured to include any Capital Appreciation Debt.

(t) Savings realized by issuing rate reduction bonds pursuant to Government Code Section 6588.7(e)(2), if applicable.

(u) If the services of an Underwriter were used in the Debt Issue, the fees and expenses paid to the Underwriter for these services, including expenses to be itemized as Management Fee, Total Takedown, and other expenses.

(v) If the Creditor in the Debt Issue was a Purchaser, the fees and expenses paid to the Purchaser.

(w) If the Creditor in the Debt Issue was a Lender, the fees and expenses paid to the Lender.

(x) If the services of a Bond Counsel were used in the Debt Issue, the fees and expenses paid to the Bond Counsel for these services.

(y) If the services of a Co-Bond Counsel were used in the Debt Issue, the fees and expenses paid to the Co-Bond Counsel for these services.

(z) If the services of a Borrower's Counsel were used in the Debt Issue, the fees and expenses paid to the Borrower's Counsel for these services.

(aa) If the services of a Disclosure Counsel were used in the Debt Issue, the fees and expenses paid to the Disclosure Counsel for these services.

(bb) If the services of a Financial Advisor were used in the Debt Issue, the fees and expenses paid to the Financial Advisor for these services.

(cc) If the Debt Issue was assigned a Rating, the fees and expenses paid to the agency that provided the Rating.

(dd) If the Debt Issue was structured with Credit Enhancement, the fees and expenses paid for the Credit Enhancement.

(ee) If the services of a Trustee were used in the Debt Issue, the fees and expenses paid to the Trustee for these services.

(ff) If the services of a Placement Agent were used in the Debt Issue, the fees and expenses paid to the Placement Agent for these services.

(gg) Any other fees and expenses paid to Issue the Debt that were not elsewhere listed in this Section.

Note: Authority cited: Section 8855(e), Government Code. Reference: Sections 8855(h)(3), 8855(j), 6548.5, 6588.7(e)(2), 53509.5(b), 53583(c)(2)(B), and 54418, Government Code; and Sections 15146(d)(2), 15146(e), Education Code.

SECTION 6021. METHOD OF SUBMISSION TO THE COMMISSION. The Report of Final Sale shall be submitted by Issuers through the Commission's online submittal system. If the Commission's online submittal system is inoperative, an online notification of an alternative submittal method shall be provided.

Note: Authority cited: Section 8855(e), Government Code. Reference: Sections 8855(h)(3), 8855(j), 6548.5, 6588.7(e)(2), 53509.5(b), 53583(c)(2)(B), and 54418, Government Code; and Sections 15146(d)(2) and 15146(e), Education Code.

SECTION 6022. COMMERCIAL PAPER NOTES AND LINES OF CREDIT. A Report of Final Sale must be submitted to the Commission no later than 21 days following the date of Settlement for each Issue of commercial paper notes under the Debt contract. The submission of a Report of Final Sale is not required when commercial paper notes are remarketed or resold prior to their Maturity. A Report of Final Sale must be submitted to the Commission no later than 21 days for each Issue from a Line of Credit established under the Debt contract.

Note: Authority cited: Section 8855(e), Government Code. Reference: Sections 8855(h)(3), 8855(j), 6548.5, 6588.7(e)(2), 53509.5(b), 53583(c)(2)(B), and 54418, Government Code.

SECTION 6023. POOLED FINANCINGS. A separate Report of Final Sale must be submitted to the Commission for the Debt issue of the Authority and each Local Obligor.

Note: Authority cited: Section 8855(e), Government Code. Reference: Sections 8855(h)(3), 8855(j), 6548.5, 53583(c)(2)(b), and 54418, Government Code.

Article 4. Issuance Fees

SECTION 6030. ISSUANCE FEE EXCEPTION. The Issuance Fee will be charged on all Issues except those which meet any of the following criteria as reported by the Issuer on the Report of Final Sale.

- (a) Issues with a Short Term Maturity.
- (b) Issues where the Purchaser or Lender is an agency of the State of California or Federal government.

(c) Issues by a Local Obligor that are Purchased with proceeds of a Debt Issue by an Authority.

Note: Authority cited: Section 8855(e), Government Code. Reference: Sections 8856, Government Code; and 20560.2, Water Code.

Article 5. Reporting for Mello-Roos Bonds

SECTION 6040. DEFINITIONS. The following terms as used in Government Code Sections 53359.5 and Article 5 of this chapter shall have the meaning defined below and shall prevail over the definitions of the same terms in Section 6000.

(a) “Date of the Bond Issue” means the date of Sale.

(b) “Default” means the event defined in Government Code Section 53359.5(c)(1).

(c) “Draw on Reserve Fund” means the event defined in Government Code Section 53359.5(c)(2)

(d) “Final Maturity” means the point at which the holders of all bonds constituting an Issue have been fully repaid the Principal amount of the bond(s) plus accrued interest and redemption premium, if applicable.

(e) “Mello-Roos Yearly Fiscal Status Report” means the collection of all information that is required to be supplied to the Commission pursuant to Government Code Section 53359.5(b).

(f) “Mello Roos Draw on Reserve/Default Report” means the the notification that is required pursuant to Government Code Section 53359.5(c).

(g) “Outstanding” means all bonds constituting an issue have not reached a condition of Final Maturity.

(h) “Reporting Year” means the year beginning July 1 through June 30.

(i) “Retired” means that all bonds constituting an Issue have reached the condition of Final Maturity.

Note: Authority cited: Section 8855(e), Government Code. Reference: Sections 53359.5, Government Code.

SECTION 6041. MELLO ROOS YEARLY FISCAL STATUS REPORT REQUIREMENTS. Submission of the Mello Roos Yearly Fiscal Status Report shall be required if any bonds are Outstanding during the Reporting Year and the information submitted shall conform to the following specific requirements.

(a) All information shall be reported as of the end of the Reporting Year immediately prior to the date established for timely submission under Government Code Section 53359.5(b) unless otherwise specified in law or specifically provided for in this section.

(b) The information required under Government Code Section 53359.5(b)(10) regarding parcels that are delinquent with respect to their special tax payments shall be provided as of the latest equalized tax roll within the Reporting Year.

(c) The information required under Government Code Section 53359.5(b)(13) regarding the total amount of special taxes due and the total amount of unpaid special taxes shall be reported on an annual basis for each Reporting Year.

(d) The contact information required under Government Code Section 53359.5(b)(15) shall include the name of the person providing the information; the person's telephone number and email address; and the person's firm or agency name and address.

Note: Authority cited: Section 8855(e), Government Code. Reference: Sections 53359.5(b), Government Code.

SECTION 6042. MELLO ROOS DRAW ON RESERVE/DEFAULT REPORT REQUIREMENTS. The Mello Roos Draw on Reserve/Default Report shall include the following information.

(a) Issuer name.

(b) Name given the bond issue.

(c) Name given to the project for which the bond proceeds are used.

(d) Date of Bond Issue.

(e) Indication of whether the event that is the subject of the report is a Draw on Reserve Fund or a Default.

(f) Date of the Draw on Reserve Fund or Default, as applicable.

(g) The amount of the Draw on Reserve Fund or Default, as applicable.

(h) The name of the person providing the information; the person's telephone number and email address; and the person's firm or agency name and address.

Note: Authority cited: Section 8855(e), Government Code. Reference: Section 53359.5(c) Government Code.

SECTION 6043. METHOD OF SUBMISSION TO THE COMMISSION. The Mello Roos Yearly Fiscal Status Report and the Mello Roos Draw on Reserve/Default Report shall be submitted to the Commission through the Commission's online submittal system. If the Commission's online submittal system is inoperative, an online notification of an alternative submittal method shall be provided.

Note: Authority cited: Section 8855(e), Government Code. Reference: Sections 53359.5(b) and 53359.5(c) Government Code.

Article 6. Reporting for Marks-Roos Bonds

SECTION 6050. DEFINITIONS. The following terms as used in Government Code Section 6599.1 and Article 6 of this chapter shall have the meaning defined below and shall prevail over the definitions of the same terms in Section 6000.

(a) "Administrative Fees" means fees charged by the Authority to Local Obligor's for the administrative costs of the Authority's Debt and the program established by the Authority to purchase the Debt of Local Obligor's.

(b) "Costs of Issuance" means the total of all fees and expenses listed in Section 6020(u) through Section 6020(gg), inclusive, of this Chapter.

(c) "Date of the Bond Issue" means the date of Sale.

(d) "Default" means the event defined in Government Code Section 6599.1(c)(1).

(e) "Delinquency Rate" means the percentage of taxes or others revenues that are the source of repayment for Local Obligations that are unpaid on an annual basis.

(f) "Draw on Reserve Fund" means the event defined in Government Code Section 6599.1(c)(2).

(g) "Final Maturity" means the point at which the holders of all bonds constituting an Issue have been fully repaid the Principal amount of the bond(s) plus accrued interest and redemption premium, if applicable.

(h) "Marks-Roos Yearly Fiscal Status Report" means the collection of all information that is required to be supplied to the Commission pursuant to Government Code Section 6599.1(b).

(i) "Marks-Roos Draw on Reserve/Default Report" means the notification that is required pursuant to Government Code Section 6599.1(c).

(j) "On Going Fees" means any Costs of Issuance that are incurred after the date of Settlement.

(k) “Outstanding” means all bonds constituting an Issue have not reached a condition of Final Maturity.

(l) “Reporting Year” means the year beginning July 1 through June 30.

(m) “Retired” means that all bonds constituting an Issue have reached the condition of Final Maturity.

Note: Authority cited: Section 8855(e), Government Code. Reference: Sections 6599.1, Government Code.

SECTION 6051. MARKS-ROOS YEARLY FISCAL STATUS REPORT REQUIREMENTS. Submission of the Marks-Roos Yearly Fiscal Status Report shall be required if the proceeds of the Authority bonds, all or in part, were used to acquire Local Obligations or transferred to a Local Obligor under the terms of a Debt contract between the Authority and Local Obligor, and any bonds are Outstanding during the Reporting Year. The information submitted shall conform to the following specific requirements.

(a) All information shall be reported as of the end of the Reporting Year immediately prior to the date established for timely submission under Government Code Section 6599.1(b) unless otherwise specified in law or specifically provided for in this section.

(b) The information required under Government Code Section 6599.1(b) (3) regarding Costs of Issuance shall be provided on the initial submission of the Marks-Roos Yearly Fiscal Status Report only.

(c) The information required under Government Code Section 6599.1(b) (3) regarding On Going Fees shall be reported on an annual basis for each Reporting Year.

(d) The information required under Government Code Section 6599.1(b) (4) regarding Administrative Fees shall be reported on an annual basis for each Reporting Year.

(e) The information required under Government Code Section 6599.1(b) (5) regarding Administrative Fees shall be reported on an annual basis for each Reporting Year and include, for each Local Obligation, the name of the Local Obligor, the corresponding amount of the Local Obligation, and the Administrative Fee charged.

(f) The information required under Government Code Sections 6599.1(b)(6) and 6599.1(b)(7) regarding interest earnings and payment of commissions and fees on guaranteed investment contracts shall be reported on an annual basis for each Reporting Year.

(g) The information required under Government Code Section 6599.1(b) (6) regarding the terms of guaranteed investment contracts shall include

each contract's maturity and other related and applicable terms including, but not limited to, prematurity liquidity, collateralization, and credit ratings and downgrades.

(h) If the bond Issue has been Retired during the Reporting Year, information shall be supplied that establishes compliance with the requirements of government Code Section 6599.1(b) and this Section, including the date Retired status was achieved.

(i) The information required under Government Code Section 6599.1(b)(8) regarding the Delinquency Rates shall be reported for each Local Obligation.

(j) Information shall be provided to establish the legitimacy of the individual and organization submitting the Marks-Roos Yearly Fiscal Status Report including the person providing the submission; the person's telephone number and email address; and the person's firm or agency name and address.

Note: Authority cited: Section 8855(e), Government Code. Reference: Sections 6599.1(b), Government Code.

SECTION 6052. MARKS-ROOS DRAW ON RESERVE/DEFAULT REPORT REQUIREMENTS. The Marks-Roos Draw on Reserve/Default Report shall include the following information.

(a) Issuer name.

(b) Name given the bond issue.

(c) Name given to the project for which the Bond proceeds are used.

(d) Date of Bond Issue.

(e) Indication of whether the event that is the subject of the report is a Draw on Reserve Fund or a Default.

(f) Date of the Draw on Reserve Fund or Default, as applicable.

(g) The amount of the Draw on Reserve Fund or Default, as applicable.

(h) The name of the person providing the information; the person's telephone number and email address; and the person's firm or agency name and address.

Note: Authority cited: Section 8855(e), Government Code. Reference: Section 6599.1(c) Government Code.

SECTION 6053. METHOD OF SUBMISSION TO THE COMMISSION. The Marks-Roos Yearly Fiscal Status Report and the Marks-Roos Draw on Reserve/Default Report may be submitted to the Commission through the Commission's online submittal system and shall be considered a method equally sufficient to submittal by mail.

Note: Authority cited: Section 8855(e), Government Code. Reference: Sections 6599.1(b) and 6599.1(c) Government Code.

Article 7. Reporting Statements Regarding Non-Public Sales of Debt.

SECTION 6060. REPORTING STATEMENTS REGARDING NON-PUBLIC SALES OF REFUNDING BONDS. The written statement sent to the Commission pursuant to Government Code Section 53583(c)(2)(B) shall include the following.

- (a) Issuer name.
- (b) Sale date.
- (c) Principal amount.
- (d) Reasons for the determination to use a Private Sale instead of a Public Sale method.
- (e) The name of the person providing the written statement, the person's telephone number, and the person's firm or agency name and address.

Note: Authority cited: Section 8855(e), Government Code. Reference: Section 53583(c)(2)(B) Government Code.

SECTION 6061. REPORTING STATEMENTS REGARDING NON-PUBLIC SALE OF REVENUE BONDS. The written statement sent to the Commission pursuant to Government Code Section 54418 shall include the following.

- (a) Issuer name.
- (b) Sale date.
- (c) Principal amount.
- (d) Reasons for the decision to use a Private Sale instead of a Public Sale method.
- (e) The name of the person providing the written statement, the person's telephone number, and the person's firm or agency name and address.

Note: Authority cited: Section 8855(e), Government Code. Reference: Section 54418 Government Code.

SECTION 6062. METHOD OF SUBMISSION TO THE COMMISSION. The statements that are the subject of Sections 6061 and 6062 of this Article shall be sent to the Commission through the Commission's online submittal system. If the Commission's online submittal system is inoperative, an online notification of an alternative submittal method shall be provided.

Note: Authority cited: Section 8855(e), Government Code. Reference: Sections 53583(c)(2)(B) and 54418 Government Code.