

California Debt and Investment Advisory Commission

Webinar Transcript

Submitting the Annual Debt Transparency Report as Required by SB 1029: General Obligation and Revenue Debt November 8, 2017

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Title Slide – Submitting the Annual Debt Transparency Report (ADTR) as Required by SB 1029: General Obligation (GO) and Revenue Debt

Robert Berry: Good morning, everyone and welcome to the California Debt and Investment Advisory Commission's webinar, Submitting the Annual Debt Transparency Report required by SB 1029. This is the general obligation and revenue bond debt version. My name is Robert Berry, and I'm the deputy director here at CDIAC. Before proceeding further, if you're experiencing technical problems, please contact GoToWebinar at (877) 582-7011 or by clicking on the link on the screen. The website includes information that can help you troubleshoot your problem.

Before we begin our formal agenda, I'd like to just take a minute to thank all of you for joining us today. And a special thanks to those of you who have participated in one of our advisory groups on the development of the new Annual Debt Transparency Report or in our system testing. All of the feedback that we've received since SB 1029 was chaptered has been extremely helpful in getting the report developed and the online system launched.

Having said that, we understand that the current form of the report and the method by which it is submitted is not ideal for all types of debt and issuers, but please be assured that we recognize many of the deficiencies and are already working on upgrades. We also expect to learn a great deal from this inaugural reporting cycle, which will help us shape the future design of the process for submitting the ADTR and the required technological enhancements. So our gratitude to those of you who will be making this maiden voyage with us. Our goal at CDIAC is to make the process of submitting the ADTR as simple as possible for issuers and to make the outcome of the process a highly informative and useful database of information for public finance and elected officials, policy makers, academics and, of course, the public.

This webinar is the first of two that will cover the submittal of the new ADTR under SB 1029. In a week, on the 15th, we'll conduct another webinar that will cover the submittal of the report for commercial paper and Mello-Roos debt. The registration links are on the screen and also on the CDIAC website. The slides for this session are available in the Handouts section of your control panel and also on our website. We will post webinar replays to our website about a week or two after the webcast. Then lastly, before we get started, we've incorporated a live captioning service in this webinar, which is accessible by clicking on the link on your screen or by entering the address in your browser.

Slide 2 – Submitting the Annual Debt Transparency Report (ADTR) as Required by SB 1029: General Obligation (GO) and Revenue Debt 03:11

Robert Berry: So our main presenter today is Joyce Ward. Joyce is the manager of CDIAC's Technical Assistance Section, which oversees all data collection and our educational program. She's been with CDIAC for over seven years and all the while has played a very critical role in the management of CDIAC's data collection reports, methods, and systems. So for Star Trek fans, Joyce is to CDIAC's database what Scotty was to the Enterprise, just without the red shirt and the Scottish accent. So now let me turn the webcast over to our expert, Joyce Ward.

Slide 3 – Annual Debt Transparency Report: Agenda 03:46

Joyce Ward: Thank you, Robert, and welcome everyone to the webinar. We have quite a few people joining us today, almost 200, and we're expecting to field a number of questions. We'll be reviewing the questions as they come in and we will do our best to answer all of them. If we don't get through them during the program, we'll distribute all questions and answers by emails to all participants. With me today are also Usha Patel, the manager of the Data Unit, and Jeff Field, a Data Unit analyst. He's our primary point of contact for the ADTR. Robert and I will be sharing moderator duties for the day.

Here's what we're going to cover in today's webinar. We'll go through a quick overview of SB 1029's reporting requirement, who is required to report and the timeline for reporting. Then we will actually complete and submit two sample reports using our web portal. As we move through the presentation, if you have questions, please enter them in the Questions section of the control panel and submit them. Time permitting, we will address them either during the program or at the end. For those who may be interested, following the main presentation we'll have a brief tutorial on how to use DebtWatch to look up a CDIAC number.

Slide 4 – Annual Debt Transparency Report: Overview 05:07

Joyce Ward: SB 1029 was signed by the Governor in September 2016 and went into effect on January 1, 2017. It amended Government Code Section 8855(i) requiring local submitters to certify as to whether or not they have adopted debt policies under reports of proposed debt issuance. It also added Section 8855(k), which requires all issuers, state and local, to submit an annual report for any debt issue for which a Report of Final Sale has been submitted to CDIAC on or after January 1, 2017. The annual report, which we have named the Annual Debt Transparency Report, or ADTR, is required to be submitted until the debt is no longer outstanding and all proceeds have been fully spent.

Slide 5 – Annual Debt Transparency Report: Overview cont. 06:04

Joyce Ward: There are three categories of information that comprise the ADTR. First, Debt Authorized. Since the same debt authorization may be used for multiple issues, this section of the report is not issue-based. You will see how this is represented as we walk through our sample submittals. Submitters must provide the debt authorized at the beginning of the reporting period, if the authorization was increased during the reporting period, the amount of principal issued

pursuant to the authorization, if any authorization lapsed during the reporting period, and the authorization we may need at the end of the reporting period.

For Debt Outstanding, this section of the report is based only on the principal amount associated with the CDIAC number or issue being reported on. Therefore, it is issue-specific. Submitters must provide the principal balance outstanding at the beginning of the reporting period, principal paid during the reporting period, and principal outstanding at the end of the reporting period.

Use of Proceeds is also required for the ADTR. This section of the report is also issue-specific. It only pertains to the proceeds of the CDIAC number or issue being reported on. Submitters must provide the proceeds available at the beginning of the period, the amount of proceeds that have been spent during the reporting period, and the proceeds remaining at the end of the reporting period.

Slide 6 – Annual Debt Transparency Report: Who’s Required to Report for the First Reporting Period 07:41

Joyce Ward: As stated earlier, all state and local public agencies who submitted a Report of Final Sale to CDIAC on or after January 21, 2017, and who had debt outstanding during the reporting period, which means if the sale of your debt was on or before June 30th, you must submit an ADTR to CDIAC.

Slide 7 – Annual Debt Transparency Report: Timeline for Reporting 08:06

Joyce Ward: The ADTR went live on October 23, 2017. Last week, issuers should have received notification from CDIAC listing the CDIAC numbers of the issues that we have determined are subject to this initial reporting cycle. For this first reporting period, we’ve identified the main issuer contact, as identified on the Report of Final Sale, to receive the notifications unless we were otherwise notified.

Slide 8 – Annual Debt Transparency Report: Walk-through Sample Submissions 08:36

Joyce Ward: Now we're going to walk through our sample submissions. We created fictitious issuers and developed a scenario for each issuer. You may notice a theme in the issuer name that we selected.

Slide 9 – Annual Debt Transparency Report: Scenario for General Obligation Bonds 08:49

Joyce Ward: Our first scenario is for a general obligation bond issue. The voters of the Big Valley Unified School District, approved bond Measure E, authorizing the issuance of \$93 million in general obligation bonds for the improvement of school facilities and the construction of an arts center. This approval was made in November 2008. In January 2009, Big Valley USD issued Series A in the amount of \$10 million and submitted their Report of Final Sale within 21 days of the sale date. In January 2012, Big Valley USD issued Series B in the amount of \$5 million and again submitted their Report of Final Sale within 21 days. On December 15, 2016, the district issued

Series C in the amount of \$13,676,448. The Report of Final Sale was received by CDIAC on January 24, 2017. Twelve million were current interest bonds and 1.7 million were capital appreciation bonds. They used the proceeds of the bonds to pay cost of issuance, begin construction on the arts center and repair classrooms. Now we're going to go to the CDIAC home page and begin submittal of our report.

CDIAC Home Webpage: <http://www.treasurer.ca.gov/cdiac/> **10:24**

Joyce Ward: Here is our CDIAC home page. So at the top of the page, click on the Reporting Debt Issuance button on the right side.

Reporting Debt Issuance Webpage: <http://www.treasurer.ca.gov/cdiac/reporting.asp> **10:43**

Joyce Ward: Now you're on our CDIAC reporting forms page. We have links to all of our reporting forms and instructions for completion on this page. As you can see, there are links to the Annual Debt Transparency Report, instructions for completion, and some examples of how to complete the Authority section of the report. The instructions contain information on how to complete each data element in the ADTR. Let's select the ADTR transparency report.

ADTR Webpage: [https://cdiacforms.treasurer.ca.gov/\(S\(sqlq2izhs5roaun0vlbsex3j\)\)/login.aspx?form=adtr](https://cdiacforms.treasurer.ca.gov/(S(sqlq2izhs5roaun0vlbsex3j))/login.aspx?form=adtr) **11:13**

Joyce Ward: We're now on the landing page where you will enter your CDIAC number and ID or password that was provided to you in your ADTR notification email. For this report, we will enter CDIAC number 2017-3013 and our ID is 25016326. Below the ID entry field is a Balances Reported as of field. June 30th will always remain the same as that is the end of the reporting period. The year defaults to the current reporting period that can be edited. In this case, we're going to leave the year as 2017 and select Submit.

Sample GO – ADTR Form Webpage **11:57**

Joyce Ward: Now we have accessed the ADTR reporting form. On the top of the report in red, you'll find some helpful hints to completing the report. Use the Tab key to navigate through the fields instead of the Enter key on your keyboard or clicking into the fields with your mouse. Some of the currency fields will only show the currency format when the Tab key is used. Also, do not use any special characters or use commas when entering dollar amounts. The report has been created to allow submitters 60 minutes to enter, verify, and submit their data. At the 45 minute mark, you'll get notification that you have 15 minutes left and asking you if you want to extend the time. Selecting Yes will extend the session for another 60 minutes. If you're not at your computer or don't see the prompt, the report will time out in 15 minutes, or if you select No. If you select Yes, it will extend it, as I said, for another 60 minutes, allowing you another hour to complete your report. Now let's take a look at the actual report.

Sample GO – ADTR Section I: General Information **13:11**

Joyce Ward: Section I, the General Information portion of the report contains prepopulated information which was submitted on the Report of Final Sale. The issuer, project name, and issuer

name fields have been conformed to meet CDIAC's database naming convention. The only editable field in this section is I.G titled Proceeds Used to Acquire Local Obligations. Use this field to enter the amount of proceeds used to acquire local obligations in a Marks-Roos financing. Since this is not a Marks-Roos financing, we will leave the field with the \$0 amount. The Total Reportable Proceeds field is a calculated field. It reflects the sum of principal issued plus or minus any original issue premium or discount reported minus the amount of proceeds used to acquire local obligations. This is the amount of proceeds issuers will have to account for in Section 5, the Use of Proceeds section of the ADTR.

Sample GO – ADTR Section II: Authority

14:22

Joyce Ward: The Authority section. In fields II.A, B and C, enter information concerning the debt authorization. In this case, it was a GO bond measure approved in November 2008. The voter authorized amount was \$93 million and the measure name was Measure E. The voter authorization date was November 4, 2008. We will enter that information into the report. The total debt authorization at the beginning of the reporting period equals the voter authorized amount minus debt that was issued prior to the reporting period. In this case, the \$10 million issuance in 2009 plus the \$5 million in 2012 are deducted from the \$93 million authorized amount. The remaining authorization is \$68 million, which we will enter in this field. In future reports, our goal is to have this field be prepopulated with the ending balance reported in the prior year.

Field II.E – Debt Authorized During the Reporting Period: Since this is a GO bond, there is no additional debt authorization by voters during the period. We'll put a zero in this field.

Field II.F: This is a calculated field. It is the sum of the debt authorized at the beginning of the reporting period plus the debt authorized during the reporting period, fields II.D and E. No submitter editing it allowable in this field.

Field II.G – Debt Issued During the Reporting Period: This field equals a principal amount issued, field I.E. We will enter 13,676,447.85 in this field.

Debt Authorized but Unissued, field II.H: This is a calculated field. It is the sum of total debt authorized minus the debt issued during the reporting period. The principal amount shown should be 54,323,552.15.

Field II.I – Debt That Has Lapsed: If for some reason, the issuer has lost the ability to issue any of the authorized amount, that amount – the portion of the authorization that has lapsed – should be entered in this field. In this case, we'll enter a zero.

Total Debt Authorization Remaining at the End of the Reporting Period: This is also a calculated field. It's the sum of II.H and II.I, the authorized issuer amount minus any authorization that has lapsed.

Sample GO – ADTR Section III: Principal Outstanding**17:22**

Joyce Ward: Now we're going to go to Section III: Principal Outstanding. Enter the principal balance at the beginning of the reporting period. For this initial report, this field equals the principal amount issued in Section I.E. Going forward, we hope to have this field be prepopulated with the ending balance of principal outstanding from the prior year's report. We will enter 13,676,447.85 in this field.

Field III.B – Accreted Interest During the Reporting Period: Enter the amount of accreted interest associated with any capital appreciation bonds, or CABs, in this field. Since \$1.7 million of the issuance were comprised of CABs, we will enter 23,663.06 in this field.

III.C – Total Principal Amount and Accreted Interest: This is also a calculated field. No editing is possible. The total should equal 13,700,110.91.

Field III.D – Principal Paid during the Reporting Period with Proceeds from Other Debt Issues: Use this field to enter the amount of principal that has been refinanced or refunded by another issue of debt, which should have been reported to CDIAC. Having none, we're going to enter zero in this field.

III.E – Principal Payments (not reported in Section III-D): During this reporting period, we're going to assume an early principal payment and enter 500,000 in this field.

III.F – Outstanding Principal at the End of the Reporting Period: This is a calculated field. It is the sum of Section III.C and the total principal amount and accreted interest, minus the amount entered in fields III.D and E. Our total principal amount outstanding equals 13,200,110.91.

Now I'm going to turn it over to Robert and he's going to take you through Sections IV and V.A.

Sample GO – ADTR Section IV: Refunding/Refinancing Issues**19:48**

Robert Berry: Thank you, Joyce. In our scenario for the GO issuance of the Big Valley Unified School District, we do not report a principal payment from proceeds from another debt issue under III.D. But if we did, filers would complete Section IV. If not, Section IV would be skipped over or just tabbed through. It's our expectation only a small percentage of filers will be using this section of the report in the inaugural reporting cycle. Section IV is really meant to be a breakdown of the amount reported in Section III.D. Ideally, the total proceeds reported in Section IV should equal the amount reported under III.D if all of the refunding or refinancing debt was reported to CDIAC. But, in any event, the amount reported in Section IV should not be greater than the amount reported in III.D.

The first step in completing Section IV is to enter the CDIAC number of the debt issue that was the source of proceeds for the redemption. As Joyce mentioned earlier, for those of you interested following the main agenda, I'll conduct a brief demonstration on how to use DebtWatch, CDIAC's online viewer of debt issuance data, to look up a CDIAC number.

The next field is simply the amount of proceeds that were used or the amount of proceeds from that debt issue that were used to pay the principal of the debt that is the subject of the report. The last field is the date that the principal was redeemed. This date must be within the reporting period. If the date is outside the reporting period, the data should be submitted on a report in a future reporting cycle.

Just a quick note before we get to the section on reporting on the use of proceeds. If you reported in Section IV a refunding or refinancing debt issue used to repay principal, and that debt issue was itself ADTR reportable, then there will be a corresponding use of proceeds entry on the ADTR of the refunding/refinancing debt that will link the two reports. This will be made more clear in the next section.

Sample GO – ADTR Section V: Use of Proceeds

22:00

Robert Berry: So the next section is Section V, and this is where you'll report the use of proceeds. The first part of Section V.A is intended to provide filers with a snapshot of how you have accounted for the use of proceeds in the current and past reports. The good news is that this section will auto-populate either with end period data that you enter below in the next section or data from prior periods. The report period end will auto-populate from the initial landing page entry. The beginning figure will be the proceeds available at the beginning of the reporting period. If it is your first ADTR, the amount will match the proceeds figure in Section I.H. And then the spent figure will roll up from what you report in the following expenditure sections. Remaining is simply a calculation of the two. Each year the section's beginning, spent and remaining figures will be added to the chart, and all the prior years will be viewable to help guide you in the completion of future reports. Now I'll pass the program back to Joyce and she can walk you through the expenditures subsections.

Sample GO – ADTR Section V: Use of Proceeds cont.

23:15

Joyce Ward: All right, now we're on Section V.B. We're going to use this section to establish the fund categories that you will use to show the expenditure of your debt proceeds. You must account for all proceeds of a financing, meaning the total in Section V.B, Available Proceeds, must equal the total proceeds available in Section I.H and in Section V.A.

Let's click the down arrow in Section V.B. As you can see, we have populated the report with several commonly used funds. But we have also given the submitter the option to create their own unique fund category by the selection of Other. The first fund category we are going to use is the cost of issuance. So let's select Cost of Issuance for our fund category.

Next, in the Total Reportable Proceeds Available field, we'll enter the amount expected to be used to pay cost of issuance. Let's enter 1,367,644. Again, we have created these finances to demonstrate the functionality of the report so that entries we make may not necessarily reflect what would normally occur in an actual financing. In order to capture all the entries in this section, you must select Add Fund after each entry. Let's click Add Fund. For some reason, when you enter your first fund, it takes you back to the top of the report. We're going to work with IT to try to figure out

why it does this. So we're going to arrow back down to Section V.B. Now, as you can see, the first category has been created below, and the total proceeds that have been accounted for is shown.

The next fund category that we will use is a construction fund. So let's use the drop down arrow and select Construction Fund and enter 12,074,819.85 for the amount that we are going to use for this fund. And again, we are going to select Add Fund. You can see it's been populated in the table below. And you can see that the totals are now starting to calculate also. And with the entry of the second fund category, the report no longer jumps to the top. It remains in Section V.B.

A final fund category that we're going to use – we're going to select Other because we're going to create a unique one, and we are going to call it our Pre Construction Funds. The total proceeds available for this fund is going to be \$500,000. And let's enter 500,000 and click Add. So checking the proceeds total, you can see that we have accounted for all the reportable proceeds available, and that the total matches the total listed in Section V.A.

Now let's enter the details for these fund categories. When you go to Section V.C, click the down arrow under Fund Category. You'll see that only the three funds that we have created in Section V.B appear. If for some reason you need to add an additional fund, you would have to go back to Section V.B, create that fund, and then it would also appear in the drop down. The first fund category that we are going to enter data for is the Pre Construction Funds. We're going to say that we used this fund to pay for architect drawings. So we're going to enter Architect Drawings for the purpose. And we're going to enter the amount of \$250,000. After each entry, again, we have to click Add Fund. Now, if you look up at Section V.B, you'll see that that fund, that amount that we spent has been added to the Pre Construction Fund costs in V.B and it has also been added to a new table being developed in Section V.C.

The next thing we are going to add is another entry for Pre Construction Funds. So we are going to select it again. And this time for the purpose we are going to add Environmental Study. And we're going to say we spent \$100,000 for that. We can select Add Details. So if you look at Section V.C, you see two entries for the Pre Construction Funds. But in Section V.B, those entries have been aggregated in the total spent for the Pre Construction Funds.

Okay, so now we're going to enter something for cost of issuance. From our drop down menu, let's choose Cost of Issuance. And we are going to say we going to spend all of our available funds. So we are going to list the 1,367,664. For the purpose, we're going to put Fees to Participants. And then we're going to click Add Details. We didn't make any expenditures from our construction fund so we don't have to make an entry for that fund in Section V.C. In Section V.B, you can see that all of our expenditures have been captured in Section V.B. All expenditures entered in C have been captured in B, and you can see the proceeds remaining unspent are all of the proceeds associated with our construction fund. If you roll up a little bit more, Usha, they'll also see that in Section V.A, those totals have already also been captured and that remaining proceeds has also been calculated. Let's tab through so that they can see the formatting. There you go.

Sample GO – ADTR Section VI: ADTR Reportable**30:04**

Joyce Ward: Now let's go to Section VI: ADTR Reportable. This section gives the submitter the opportunity to tell us whether or not they feel that the report is reportable for the next reporting period. If you still have debt outstanding, you would select Not Retired, which we're going to do in this instance because we know we have debt that is still outstanding. We also know that we have not expended all of our proceeds so we're going to select No for Proceeds Have Been Fully Spent. You'll see that Section VI.C automatically populates based on those selections, your two earlier selections. If you happen to say that your proceeds were spent or that you had repaid all of the principal and entered a date, that date must be within the reporting period. If you enter a date that's outside of the reporting period, you'll get an error message and you will not be able to submit your report.

Sample GO – ADTR Section VII: Name of Party Completing this Form**31:13**

Joyce Ward: For this initial report, we have prepopulated Section VII with the name of the main issuer contact as identified on the Report of Final Sale. The person identified in this section will receive the ADTR report notice for the next reporting period. If you have identified someone else to be the ADTR contact, please edit this section. Upon submittal of the report, the ADTR contact information will be updated and that person will receive next year's notification. The Date of Report field is not editable and is populated with the date that the report is submitted.

Sample GO – ADTR Section VIII: Additional Comments; Validate and Submit**31:58**

Joyce Ward: Section VIII. Please add any additional comments concerning this step that you feel may clarify any entries you have made.

Now we're ready to select Validate. When you select Validate, if you have left any mandatory entry fields blank, prompts to enter the data will appear in red next to the fields where entries are required. Enter the data, and select Validate again. In this case, we have completed all of our mandatory entries, and we are going to click Confirm. This is a review screen and gives you a chance to review all of your entries. If you see any entries that you need to change as you go through your review, select No, and it will take you back to the reporting form, where you can make your corrections. Hit Validate again, go through the review, and click Yes. So we don't need to change anything, so we're going to click Yes on the Validate screen.

Our information has now been submitted. So click OK, and you will have the opportunity to print a PDF document. Click Print PDF at the bottom of the screen one time. Multiple clicks will lock up your system. And now you see what your report will look like. You have the opportunity to either just print this report or save it. And it shows all of your entries you've made for the ADTR. We have successfully completed our GO bond report. So now let's go back to the PowerPoint presentation. Well first, Jeff, do we have any questions?

Sample GO – ADTR Submittal Questions and Answers**34:11**

Jeff Field: A couple of people are asking where we got the 68 million figure. I believe that was in the Debt Authorization section, Section II. Scroll up on the PDF there.

Joyce Ward: Okay. As I explained, since this is a general obligation bond, it was authorized by voters in the amount of \$93 million. Prior to this ADTR reporting period, the district issued \$15 million. They issued \$10 million in 2009 and another \$5 million in 2012. So if you deduct those two amounts from the \$93 million, that leaves you with \$68 million in the authorization remaining at the beginning of this reporting period.

Robert Berry: Joyce, I think there's a glitch there. We had an issue – Series A of 10 million, Series B of 15 million – so 93 minus 15 is 78. So we've made a math error.

Joyce Ward: Oh my gosh. This is why you put everything into Excel and don't try to calculate in your head. So it should be 78 million, which will increase the total authorization by 10 million for each one of those other fields in the Authority section.

Robert Berry: Thanks for that question.

Joyce Ward: Thanks for the question.

Jeff Field: Thanks for keeping us...

Joyce Ward: ...keeping us honest.

Jeff Field: That's right.

Robert Berry: So if that happens to you and you make a math error like that, what you're going to need to do is contact CDIAC. Give Jeff a call and he will fix it for you.

Joyce Ward: Or you can send it to the CDIAC Issuance mail box. That will ensure that anybody in the Data Unit can fix your error and respond to you. So if Jeff happens to be out of the office which is not very much, but just in case.

Robert Berry: That goes for any error after the fact. If you find something that you need corrected, just contact CDIAC, and we'll help you to make that correction.

Joyce Ward: Any other questions, Jeff?

Jeff Field: We do have another question. Since this looks like this is capital appreciation bond, we have a question: What is the source of the figure for accreted interest?

Joyce Ward: I made it up. I told you we made everything up. So basically what I did, I took – we had a TIC amount in our database. I took that TIC, I came up with an annual amount for the 1.7 million that was for the CABs, and I took half of it since it was a six month period. That's what I

basically did. For you, if you do have capital appreciation bonds as a part of your financing, there's normally a table that gives you that accreted interest amount. You should be able to go to that table and figure out how much the accreted interest is. There's also a way to calculate that if it doesn't fall on interest payment dates. So basically, I made the number up. Anything else? All right. So let's go back to our scenario for the revenue bond issue, and we'll complete that report.

Slide 10 – Annual Debt Transparency Report: Scenario for Revenue Bonds 37:57

Joyce Ward: Okay, for the revenue bonds, on July 1, 2015, the board of directors of the Cartwright Water District approved the Resolution 5678 authorizing the issuance of \$29,305,000 of refunding revenue bonds. The district sold the public enterprise revenue bonds on January 15, 2017. The Report of Final Sale was received by CDIAC on January 31, 2017. The source of repayment will be water usage fees from the district's customers. The district used 28.2 million to refinance prior debt that was issued and reported to CDIAC in 2006. The remaining proceeds were used to pay cost of issuance and fund a reserve.

CDIAC Home Webpage: <http://www.treasurer.ca.gov/cdiac/> 39:06

Joyce Ward: We're going to go back to the CDIAC homepage, and we're going to click the Reporting Debt Issuance button.

Reporting Debt Issuance Webpage: <http://www.treasurer.ca.gov/cdiac/reporting.asp> 39:16

Joyce Ward: We're going to again select the ADTR, Annual Debt Transparency Report.

ADTR Webpage: 39:23
[https://cdiacforms.treasurer.ca.gov/\(S\(sqlq2izhs5roaun0v1bsex3j\)\)/login.aspx?form=adtr](https://cdiacforms.treasurer.ca.gov/(S(sqlq2izhs5roaun0v1bsex3j))/login.aspx?form=adtr)

Joyce Ward: And we're going to enter the CDIAC number of 2017-3019 and our password or ID. In this case, we're also going to leave the reporting year as 2017 and click Submit.

Sample Revenue Bonds – ADTR Form Webpage; Section I 40:02

Joyce Ward: You can see that Section I, the General Information section, has again been prepopulated with information from the Report of Final Sale and has been conformed to CDIAC's naming convention. Since this is also not a Marks-Roos financing, we are going to leave the zeros for the Proceeds Used to Acquire Local Obligations. Total Reportable Proceeds is the total of the principal amount issued plus the \$291 in premium, giving us a total of 29,305,291 in reportable proceeds.

Sample Revenue Bonds – ADTR Section II: Authority 40:52

Joyce Ward: For Section II, the Authority section, we're going to enter the 29,305,000 because that was the amount approved by the board. The Authorization Date is going to be 7/1/2015, the date the board approved the resolution. And the resolution number is Resolution 5678. For Debt Authorized at the Beginning of the Reporting Period, we're going to enter the total authorization amount of 29,305,000. Enter zero for Debt Authorized during the Reporting Period since the board

did not amend the authorization to increase the amount. We issued the total amount of the authorization during the period, so we will enter that amount in Section II.G – 29,305,000.

Again, for this initial report... Sorry, hold on a moment. For Debt Authorized but Unissued, that is a calculated field. So we have issued all of our authorization, so we have no authorization remaining. So we have zero. And of course for Debt Authorization That Has Lapsed, we'll enter a zero in that field. So our Total Authorization Remaining at the End of the Reporting Period is zero.

Sample Revenue Bonds – ADTR Section III: Principal Outstanding 42:52

Joyce Ward: The Principal Balance. This is going to equal the principal amount of the debt that was issued. So it's the 29,305,000. Since these aren't CABs, there is no accreted interest to add. So our total principal and accreted interest is the 29,305,000. We're going to say that we made no principal payments, either from refinancing or refunding or early principal payments. So we're going to enter zero in both of those sections. That's going to leave our principal outstanding as a total principal amount issued.

Sample Revenue Bonds – ADTR Section IV: Refunding/Refinancing Issues 43:31

Joyce Ward: Since we didn't have any refinancings or refundings, Section IV is also going to remain blank, and we're going to go to Section V.

Sample Revenue Bonds – ADTR Section V: Use of Proceeds 43:41

Joyce Ward: In Section V, again, you can see the date of the report has been prepopulated with the entry made on the landing page. And the proceeds amount you have to account for is the total amount of proceeds available from this sale, which includes the principal issued plus the premium. Now we're going to establish our funds in Section V.B. Our first fund category is going to be cost of issuance, so let's click the down arrow and select Cost of Issuance. For the amount we're going to enter 96,829.64 and click Add Fund. Again, to the top of the page, so let's get back down to Section V.B.

You can see the table in V.B has been created. We started our table of available proceeds. Our next entry is going to be for our refunding escrow account. So we're going to click the down arrow, select that fund, and we're going to enter the \$28,200,000 that was used to refund the prior bonds. And then we're going to select Add Fund. The next entry is going to be for our reserve fund. For our reserve fund, we're going to enter 1,008,170.36 and again, we're going to click Add Fund.

So if you look at the total of reportable proceeds, we've got our \$291. So if you look at the total reportable proceeds, we do not match the Total Reportable Proceeds from Section I. We're missing our \$291. So if you arrow back up, Usha, let's look at Section V.A. So you can see the total of reportable proceeds we have to account for is \$29,305,291. So we need to account for that. I think we'll add that to our reserve fund. So let's click Edit in Section V.B on Reserve Fund category, and let's add \$291 to the total amount of reportable proceeds for the reserve fund. That's going to change our total to 1,008,461.36. Now we're going to click Update on the right hand side of your screen. And now we've accounted for all of our reportable proceeds. So if you, too, make an error

in entering, that's the process you would do. You'll select the Fund Category, select Edit, make your update, click Update, and then it'll show your corrected information.

Now we're going to put in our expenditure details for this reporting period. Cost of Issuance is already pre-selected, so let's go ahead and enter our Purpose, our details for that. We're again going to put in Fees to Participants, and we are going to put that we expended all of our cost of issuance proceeds. So 96,829.64. All right, and click Add.

Our next expenditure we're going to capture is for refunding escrow account. We're going to select Refunding Escrow Account. For the Purpose, we're going to put Refund 2006 Bonds. The amount of the expenditure is the total amount allocated for that category, so it's 28,200,000. We did refund the prior issue, so in the Refunded CDIAC# field, we are going to put 2006-1111. If you look up that number on DebtWatch, you'll see that it's not really for this water district. So just remember everything that you're seeing entered in this report, we have fabricated. We didn't make any expenditures out of our reserve funds, so we don't have to make an entry in Section V.C for that. So as you can see, if you go back up to Section V.B, we still have the amount in our reserve fund to be spent. And you can see that same amount that remains in Section V.A. So you have a running total of the proceeds that you have remaining to account for.

Sample Revenue Bonds – ADTR Section VI: ADTR Reportable

49:45

Joyce Ward: So again, let's go to Section VI. Section VI here again, we're going to give you the opportunity to tell us whether or not you believe your financing is reportable in the next period. We know that the principal has not been fully paid, so we are going to put Not Retired. And we also know the proceeds have not been fully spent because we still have our reserve fund balance out there. So we're going to again click No. And you can again see that Section V.C is prepopulated based on your prior two selections.

Sample Revenue Bonds – ADTR Section VII: Name of Party Completing this Form

50:20

Joyce Ward: Again, for Section VII, we have prepopulated this with the main contact for this issuer. If you'd like to change it, edit this section. Upon submittal, the ADTR contact information will be changed, and that new person will receive the notification going forward.

Sample Revenue Bonds – ADTR Section VIII: Additional Comments; Validate and Submit

59:39

Joyce Ward: Section VIII is again to be used for any additional comments you want to make, any clarifying statements about this debt issue. We're again going to click Validate. So there is an error in the form. So let's go down and we should see.... Go up, Usha. Let's see if we've missed something. We should have something in red telling us if we have not – Section V.B, the total available must equal I.H. It does, doesn't it? 29,305,291? Let's go up to I.H and see what it says. 29,305,291. This is interesting. It looks like it matches. 29,305,291. That's what they say. It looks like it matches. So let's do Validate again and see what happens. There's an error. So there's something that it doesn't like about our numbers. What can it be? Do we have any cents unaccounted for?

Robert Berry: Do you think it could be because we didn't put in the reserve fund?

Joyce Ward: Are we missing 64 cents somewhere? No? Let's look at our balance again. Let's look at I.H.

Robert Berry: There's two periods right there.

Joyce Ward: There's two periods where? The bottom line is calculated. Let's go to the top again. It doesn't like something, and we don't know what it is. Must equal I.H.

Robert Berry: Put an expenditure in the reserve fund as zero. It's clearly something we're going to have to address.

Jeff Field: Try tabbing into field H and then tabbing out of it. Tab down.

Joyce Ward: Let's tab all the way through and see if it fixes the problem. Let's see. Nope. Still doesn't like it. We must be missing something, and I don't know what it is. What was our...? It was 291, no cents. 29,305,291.

Jeff Field: We can try deleting the line items for the fund categories and re-entering them.

Joyce Ward: So we can't figure out what our error is. If you have this problem, I would say just contact the Data Unit. Maybe you can print out – what I would do is print out your report from what you entered and let us try to enter it and see if we can figure out what is wrong with it or we will just enter it into the database manually because we cannot figure out what's wrong with this report. So, yeah, it doesn't like it. So we're going to assume that it went through. You won't get to see the submittal process or be able to print your PDF, but we've gone through that for the GO bond sale, so you know what they look like. Going forward, we'll try to figure out what is wrong. Let's just move this up and maybe after we finish the presentation, we'll go back and try to figure out what happened. So we're going to back to our presentation. If there are any other questions, we have some time, so let's just field them now. Jeff, are there any questions?

Slide 11 – Annual Debt Transparency Report: Questions

55:56

Jeff Field: We do have.... One moment. Going back to the general obligation bonds scenario, the question is: What happens to the reporting for Series A and B that would be the prior issues mentioned in the scenario for the general obligation bond. Are we ever going to go back to report on debt outstanding prior to the effective date of this legislation?

Joyce Ward: I would say that is totally up to the issuer. On that landing page where I showed you where you can change the reporting year, if you want to go back and submit reports for prior issues, you can. There's no requirement in the statute for you to go back and submit prior issues. As I said, it's totally up to you.

Jeff Field: We have a couple of people asking, actually more than a couple: Can partially completed reports be saved and completed at a later date?

Joyce Ward: At this time, we do not have the capacity for you to save partially complete reports. As Robert said, we're going to continue to work with IT to further develop the report, so that may come at some future date. But for right now, there's not the ability to do that. My suggestion would be if you partially completed your information, to print it out. At least you'll have it there available when you go back to complete the report again.

Jeff Field: All right. Couple of people have asked about interest earnings. Inferring that they are talking about the bond proceeds are invested in something like an escrow account, if the interest earnings from investment of proceeds should be reported, and if so, how.

Robert Berry: The report doesn't include interest earnings on invested proceeds. It's not covered in the statute. The statute requires us to collect information pertaining to the debt issuance itself. The authority for the issuance, the outstanding balance, and the use of proceeds of the debt issuance itself. So interest earnings would be not included in the report.

Jeff Field: Someone is asking about multiple kind of sources for authorization, debt authorization. Specifically the question is: How do you support issuance with multiple elections on it?

Robert Berry: That's a very good question, and that is something that we are working to deal with in the next phase of our software here. What we would like to do is create the authority section such that it auto-populates based upon information that we know upon issuance. We know that there are occasions when issuers will issue one time under multiple authorities. The system is not able to capture that at this point in time. So if that is the case, that is something that you would want to put in the comments. Go ahead and submit your report, and then give us a call, and we'll try to accommodate that in our capture view data. But that is something that we are working on.

Jeff Field: I'm just going to read this one right off the screen. "Section III.A is the same as II.G. It is slightly misleading to say that III.A is the balance at the 'beginning of the reporting period.'" That's currently being corrected, is it not?

Robert Berry: Yes, the label on that field is a little bit misleading in that it asks for the balance at the beginning of the reporting period. If you issue within the reporting period, then clearly the balance is zero. The objective of that section, however, is to find out – to understand the balance on the debt. So we have – if you issue within the reporting period, we want you to insert in that section the principal balance at issue. And our instructions reflect that and we will also consider changing the label on that field on the form.

Jeff Field: So the original principal amount of the issue...

Robert Berry: Correct.

Jeff Field: ...if it's the first time around?

Joyce Ward: If it's the first time.

Robert Berry: First ADTR, correct.

Jeff Field: All right. When Series D is issued – I don't know if this is a hypothetical Series D – when it's issued two years from now, will the ADTR be a cumulative report to report on C and D? If ADTRs are issue-specific.

Robert Berry: That's correct. The ADTRs are issue-specific, so there would be two ADTRs, two separate ADTRs, for C and future D.

Joyce Ward: The Authority section will capture both of those if you're talking about the GO bond. So if you look at our examples for how to complete the Authority section that we have online, you'll see how we capture the information for all of the series for any particular GO authorization.

Jeff Field: A few questions about the granularity of the proceeds expenditures. How detailed do you have to get when you're reporting the – when you're building the line item section for the expenditure of proceeds in section V.C? That's generally up to the discretion of the filer.

Robert Berry: That's right. We have not established any guidance on the level of detail that is required in the purpose description for the expenditure of proceeds. We did create the issuance or the Fund Category section as a way to provide some level of detail or categorization of how the proceeds are accounted for, but the proceeds descriptions are really left up to the discretion of the filer, of the issuer. It is CDIAC's plan to publish all the data that is collected under SB 1029, under the ADTR report. So the information will be made available. So it really comes down to an issuer making a determination as to what they want to tell the public about how they spent their proceeds, how detailed they want that description to be.

Jeff Field: Several questions on how the underwriter's spread or discount should be reported. CDIAC regards underwriter spread, underwriter discount as a cost of issuance. It should be reported in Section V.C as an expenditure of proceeds.

Joyce Ward: Now, if you are submitting the report and you want to break out the underwriter's spread or discount from the other count of issuance, that's totally up to you. You can do that in the details section.

Robert Berry: We've also captured that information presumably under the Report of Final Sale. So the detail of how cost of issuance breaks out is already captured in the system in the Report of Final Sale. To the extent you want to provide further detail in your expenditure section, again, that is up to you. I would generally recommend, however though, that the numbers that you're putting in the cost of issuance section on your ADTR should, you know, approximate or put to what you provided on the Report of Final Sale.

Jeff Field: As far as who files the report: what if there's a different person completing the form, but we don't want the contact information changed for notices?

Joyce Ward: Then I would say in Section VII, you put the name of the person you want to receive the notification. Whoever's contact information is entered in Section VII will receive the next notification. Anyone can file the report, as long as they have the CDIAC number and ID or password. So if you still want those notifications to go to that contact, leave that section as is.

Jeff Field: As far as how a reporting period is defined: How does the reporting for a calendar year and entity differ? I infer that this means that jurisdiction's fiscal year is not the fiscal year one usually thinks of but the calendar year.

Robert Berry: The statute calls for a July 1 to June 30 reporting year, reporting period. So to the extent the issuer is not on that reporting cycle, they'll need to adjust their numbers to fit the reporting year, as specified in the statute.

Joyce Ward: Any more questions, Jeff?

Jeff Field: Our board authorizes the maximum amount for a bond issue. So our actual amount issued is generally less than the board authorization. However, is generally authorized for a specific issue. So we wouldn't issue more bonds under that authorization. How do we show that in the authorized amount? How would we show that in the authorized amount? Would it be considered "lapsed"?

Joyce Ward: No, I would say in the authorized amount, you would have the amount that your board has authorized, the total amount, and then you would list the amount that you actually issued. You'll have a balance of authorization remaining that you can issue going forward. And that's how you would show it. No, whether or not you actually ever issue that balance, that's totally up to you, your board, and your organization, but that's how you would capture it on the ADTR.

Robert Berry: But to the extent that authorization remaining did technically lapse, it expired, it's no longer available for issuance, then on the ADTR, you could enter that remaining amount as lapsed and zero out your authority.

Joyce Ward: Yeah. If you have a certain date by which you had to use this authorization and that date has passed, then yes, you should put that as authorization which has lapsed.

Jeff Field: Here's one pertaining to which issues are reportable. In the overview, it indicated that the ADTR is required for every issue with a Report of Final Sale submitted on or after 1/21/2017. Does that mean that issues prior to 1/21/2017 do not need to be included in the report or do not need to be reported on?

Joyce Ward: As you saw in one of our examples, I believe it was the GO bond example, that debt was actually sold in December 2016. But we didn't receive the Report of Final Sale until after January 21, 2017. Therefore, that issue was reportable. So really, the sale date does not make a difference in whether or not it's reportable. It's when you submit your Report of Final Sale to CDIAC.

Jeff Field: This relates to multifamily housing bonds. We aren't sure how this translates for reporting of multifamily housing bonds or multifamily bonds. We have projects still under construction and do not have cost cert info and do not know the final amount of the bond until the permanent financing. Sometimes the multifamily housing conduit issues have an initial note, and then they have a construction permanent note. And one of the...there are two – I think that comes down to....This relates to the question about the expenditure of the proceeds being at the discretion of the filer.

Joyce Ward: It sounds to me that they're asking when they have to report. And as it says in statute, it is based on when you submit your Report of Final Sale. I would say that you would not submit a Report of Final Sale until the financing has been finalized. So you'll know your principal amount. So that's what reporting is based on – submittal of the Report of Final Sale to CDIAC.

Jeff Field: Is the reporting of the expenditure of proceeds on the same basis as our audit? For example, on accrual basis?

Robert Berry: So the date that was chosen for the submittal of the ADTR being January 31st of the following year, of the reporting period, was to allow users to reflect information in our ADTR that was consistent with their CAFRs [*Comprehensive Annual Financial Report*] and their audited financial documents. So to the extent – well, I should say, you probably want to make sure you're reflecting in our information what you've already put out to the public and to other agencies in your CAFR.

Jeff Field: Regarding new bond issuances: How do you report other sources of funds such as cash deposits from cash on hand to pay interest on the refunded bonds? Basically the question is as far as the Section V.B and V.C go, what do you do if the funds are comprised of sources other than the bond proceeds reported as principal?

Robert Berry: Proceeds that are outside the bond issuance or the debt issuance itself are not inputted into the ADTR. And so if you had, for instance, interest earnings from a refunding debt escrow that went to pay down refunded debt, that would simply be inserted in the amount that was inserted in III.E, I believe. It's like an extra principal payment. So you just show that money going to pay down the principal and reducing the refunded debt.

Jeff Field: What if a reserve fund is increased after a couple of years? An increased reserve fund requirement?

Robert Berry: So you can add funds in future reports. You can edit funds in future reports. So you could do that, make that change, to the extent they were proceeds still unspent. So you can move proceeds from one fund to another using the edit feature or add a fund, for instance, you can call it reserve fund increase or something along those lines that allows you to display, you know, what happened. So yes, those fund categories are flexible to allow that kind of change.

Joyce Ward: Wouldn't it depend on where those funds came from? If they weren't from proceeds of the issue, then they probably really shouldn't add that to the reserve fund.

Robert Berry: Right, so it all should be relative to the proceeds of the issue.

Joyce Ward: This is going to be our last question.

Jeff Field: Okay. It's a good one. What are the penalties for errors in reporting ADTRs?

Robert Berry: Well, the statute doesn't call for any penalties. Errors, we hope that we can work with you to correct errors, and that's what we're here for. So there's no penalties involved in the mistakes. As you saw, we made some today, so we're going to work with you to make sure that we get the information through, and as I mentioned in my opening comments, that it's an easy process as possible.

Slide 12 – Annual Debt Transparency Report: CDIAC Contacts

01:14:51

Joyce Ward: So that's going to bring us to the end of our primary program today. Here's our contact information. And as I said, if you want to make sure that someone responds to whatever questions or concerns you have, please use the Data Unit's email address at the bottom of this page or call our main number, (916) 653-3269.

So as we stated at the beginning of the webinar, Robert is going to take us on a tour of DebtWatch. And he's going to show those who want to remain on with us how to look up a CDIAC number if you have a refunding issue and you're not sure of the CDIAC number for your refunded debt. He's going to show you how you would go on DebtWatch and find that CDIAC number.

CDIAC Home Webpage: <http://www.treasurer.ca.gov/cdiac/>

01:15:47

Robert Berry: So for those of you that remain, I'm just going to walk through a couple of very brief examples of a method for looking up a CDIAC number on DebtWatch. As I mentioned earlier, DebtWatch is the viewer of all the debt issuance data that's been collected by CDIAC since the mid-80s. So first, as you can see on the screen, I'm at the CDIAC website. And in the far left hand column is a box here linked to DebtWatch. This link is also available on the Treasurer's main site.

DebtWatch Webpage: <http://debtwatch.treasurer.ca.gov/>; **Tutorial**

01:16:36

Robert Berry: So if I click through on DebtWatch, it'll take me into the DebtWatch site. And what I want to do is scroll down if you will to number 3, the Explore All Data wheel, and click on the center of that wheel. And then what I'll want to do is on this button here, Explore Data, I'll click on the pull down here, and then choose View Data.

So what you're looking at now is a list, a dataset, of all 59,000 records or debt issuances that are in the California Debt Issuance database. This has been collected since 1985. And what I'm going to do here is quickly show you how to run through a couple of scenarios that I made up that I think will demonstrate how to find a number. As you can see, here in the very first column is the CDIAC Number column. And what I'm going to do to – well first I'm going to set up the scenario. Let's

say all I know is that it's an issue of the Anaheim Housing Authority, and it's issued sometime I think in 2015 or 2016. That's all I really know.

So how would I go about finding that from 59,000 records? Well, what you want to do is start with this button here called Filter. Those online are familiar with Excel filtering features. It works fairly similarly. What you want to do is use the filter and add filter conditions based on what you know about what you're looking for. My Anaheim Housing Authority example, I know of course Anaheim is in Orange County. So what I want to do here is add a condition. Right here with this CDIAC Number, you can pull this down, and it'll give you the ability to sort on all 62 items that are collected for each issue of debt. So what I want to do here is simply select Issuer County and type in Orange. And then I click on this little box to the left. And now the 59,000 records are sorted just to things that were issued by issuers in Orange County.

Now, I know that it was issued sometime in 2015 or 2016. So I want to add a new filter condition. And I'm just going to say Sale Date. That's what I want to filter on. And let's say it's Between, and I'll put in my dates. Now all the records are sorted to Orange County with dates between January 1, 2015, and December 31, 2016. And lastly, I want to add a new condition here, Issuer. Maybe I don't know exactly the name of the issuer, but I do know it contains Anaheim. So I'll just say Contains Anaheim. So now what I have here is all the issues from 59,000, I have sorted this out. Oh, I didn't get my check box. I'm sorry. There, now I've got it. Now I've sorted this down to 13. And I can see here – here's my Anaheim Housing Authority issue No. 3, issue No. 4, and issue No. 13 here. Also, perhaps I was really looking for the Anaheim Public Housing Improvements Authority and I didn't realize it, and it's showing that, too. The less restrictive you can be in your search criteria, the more results you'll get to work with.

Let's just do another quick scenario. To reset the dataset, you just come up here to this button here and press Revert, and you're back to all 59,000 records. So now let's do a scenario of a refunding debt issued sometime in 2009 by the Oakland Unified School District. Again, I go back to my Filter button. Add a filter condition. There are numerous ways to do this. Issuer County. Add another condition. Let's go with the date. And I know it was sometime since 2009. And I can even put a future date. And again, it's refining the list of 59,000 records. And I'll go to Issuer and I'll put in here – let's say Contains again. It gives me a greater capture of more data that way.

Then I know that it's a refunding. I can go through these and probably find it. But I can also set a filter condition on refunding and principal amount. There's my refunding amount. I can say refunding amount is greater than zero. And I have whittled down 59,000 records to the four refunding issues by the Oakland Unified School District since 2009. And you can see the CDIAC number there for your reference.

Now, if you know a very specific data point and you have a very small set of issues that you might be looking for that – and you just want to cut through the entire 59,000 records – you can use this Find in This Dataset search method here. So just an example, let's say I'm looking for issues by the Lone Pine School District. I can just type in Lone Pine. Let's say Lone Pine School. Now it will pull up everything that matches that text string, Lone Pine School. Looks like there's 13 issues now. You can see that it's a pretty discrete search. If I have that kind of information, this search tool here can be useful for those.

Joyce Ward: It looks like it's not case-specific. Robert typed the name in all lower case, and you can see that the issuer name has upper and lower. So it doesn't look to be case-specific.

Robert Berry: So that's just a couple of the methods that you can use to find CDIAC numbers or any of the other issuance information we have on DebtWatch. The site has a number of other tutorials up here that you can take a look at to learn how to navigate the site. So I hope you've found this tutorial useful.

All right. So that's the close of our program. Before we depart, I'd just like to thank everyone for participating today and remind you of the commercial paper and Mello-Roos version of this webinar that we will air next Wednesday, the 15th, at 10:00 a.m. And also a brief commercial for CDIAC's upcoming Advanced Public Funds Investing seminar on portfolio analytics. We are co-hosting that seminar with the California Municipal Treasurers Association in Carmel on January 17-18, 2018, at the Carmel Mission Inn. The information for that seminar is on CDIAC's website and registration is open. So again, thanks so much for participating with us today, and feel free to come on next week, and we'll walk through the report for commercial paper and Mello-Roos debt. Thanks, everyone.