

Disclosure Update



Government Finance Officers Association

August 13, 2020

Presenters

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- 0 Brooke Abola, Deputy City Attorney, City and County of San Francisco, CA
- 0 Noel Graczyk, Administrative Services Director, City of Chaska, MN
- 0 Stacey Lewis, Partner, Pacifica Law Group
- 0 Anna Van Degna, Director – Controller's Office of Public Finance, City and County of San Francisco, CA

Disclosure Update

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- Major Subject Areas Covered:
 - SEC Regulatory Update – February 2019
 - Amendments to SEC Rule 15c2-12
 - SEC Staff Legal Bulletin – February 2020
 - SEC Statement on COVID-19 Disclosure – May 2020
- Issuer Experience in the Market
 - City of Chaska, MN
 - City and County of San Francisco, CA
- GFOA Best Practices on Disclosure



Recent SEC Activity

Big Picture: SEC Does Not Directly Regulate Municipal Securities

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- There is no direct regulation by the Securities and Exchange Commission (SEC) of municipal issuers
 - But, SEC indirectly regulates municipal securities through direct regulation of brokers/dealers (Rule 15c2-12), and municipal financial advisors
 - But, SEC enforces market discipline through application of “anti-fraud” provisions of securities laws (including Rule 10b-5) to ensure efficient/fair market

When Federal Securities Laws Apply to Municipal Securities

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0 Anti-fraud provisions of securities laws attach in three contexts:

- 1) Primary Market Disclosure – Official Statements – when government issues bonds
- 2) Secondary Market Disclosure – Filings with Electronic Municipal Market Access (EMMA) website – contractual and voluntary
- 3) Other communications “reasonably expected to reach investors”



Rule 15c2-12 – Indirect Regulation

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- Rule 15c2-12 under the Exchange Act indirectly regulates municipal securities offerings by directly regulating the actions of broker-dealers (i.e., underwriters). The Rule requires an underwriter, prior to bidding for, purchasing, or selling a primary offering of municipal securities, to:
 - 1) Obtain/review “deemed final” official statement
 - 2) Reasonably determine that an issuer has undertaken in a written agreement to provide the MSRB (through EMMA) with certain specified continuing disclosures, including annual financial information, and notices of certain listed events – Continuing Disclosure

What Events Trigger an Obligation to Disclose?

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- (1) Principal and interest payment delinquencies
- (2) Non-payment related defaults, if material
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties
- (5) Substitution of credit or liquidity providers, or their failure to perform
- (6) Adverse tax opinions and similar events affecting tax status of the security
- (7) Modifications to rights of security holders, if material
- (8) Bond calls, if material, and tender offers
- (9) Defeasances
- (10) Release, substitution, or sale of property securing the securities, if material
- (11) Rating changes
- (12) Bankruptcy, insolvency, receivership or similar event
- (13) Merger/consolidation/acquisition, if material
- (14) Appointment of successor or additional trustee or trustee name change, if material

Recent Amendments to Rule 15c2-12 - Overview

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- The Securities Exchange Commission has recently amended Rule 15c2-12 for offerings that close on or after February 27, 2019, to add two new listed events requiring prompt disclosure to investors:

(15) (i) incurrence of a financial obligation of the obligated person, if material, or (ii) agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material

(16) default, event of acceleration, termination event, modification of terms or other similar events under a financial obligation of the obligated person, any of which reflect financial difficulties

2019 Amendments to Rule 15c2-12

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- Two new material events now must be included in Continuing Disclosure Agreements for bond offerings – must be disclosed within 10 business days of the event.

New Event 15

New or amended “financial obligation” – if material*

* if there is a substantial likelihood that a reasonable investor would consider this **fact** as a significant factor in making the investment decision, based on the total facts and circumstances

New Event 16

Default, acceleration event, termination event, modification of terms or similar events under a “financial obligation,” any of which reflect financial difficulties

What is a “Financial Obligation”?

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Debt

Obligation to repay borrowed money

Direct purchase by an investor

Loan from a bank or government agency

Line of credit

Lease entered into to borrow money

Obligation that could affect

- Issuer/obligor liquidity
- Issuer/obligor credit
- Bondholders' rights

Derivative

Derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation

Guarantee

Guarantee of a debt obligation or derivative instrument – includes self-liquidity and other contingent arrangements

EMMA Filings and COVID-19

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○ EMMA notices in the time of COVID-19

The public health and financial effects of the pandemic do not in and of themselves require a filing under the Rule. Depending on how the pandemic has affected your entity, however, consider whether a filing is required.

○ Note: No extension of filing dates specified in continuing disclosure undertakings

- Contractual undertaking
- No “force majeure” clause that could provide more time for annual filings or event notice filings
 - May need to file unaudited financial statements to meet CDU deadline, if audit delays

○ With respect to event notices, some that may be particularly relevant now:

- Non-payment related defaults, if material
- Unscheduled draws on debt service reserves/credit enhancement reflecting financial difficulties
- Substitution of credit or liquidity providers
- Ratings changes
- Financial obligation-related events.
 - Liquidity lines of credit, for example, which if material will require a notice filing.
 - Modifications/termination events under existing financial obligations, which reflect financial difficulty

○ Consider whether additional context or cautionary language would be appropriate

SEC: Two Recent Relevant Statements

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○ A Staff Legal Bulletin and a Chair/Director Statement

The SEC Office of Municipal Security (OMS) released a Staff Legal Bulletin summarizing existing law regarding the application of the antifraud requirements to public statements by state and municipal issuers and borrowers, and the SEC Chair and OMS Director released a statement encouraging voluntary COVID-19 disclosure in the municipal market.

○ Staff Legal Bulletin No. 21 (Feb. 7, 2020): Application of Antifraud Provisions to Public Statements of Issuers and Obligated Persons of Municipal Securities in the Secondary Market

- Available at <https://www.sec.gov/municipal/application-antifraud-provisions-staff-legal-bulletin-21>

○ Public Statement: The Importance of Disclosure for our Municipal Markets (May 4, 2020)

- Available at <https://www.sec.gov/news/public-statement/statement-clayton-olsen-2020-05-04>

SEC Staff Legal Bulletin

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- A caution regarding the scope of the antifraud requirements

The SEC Office of Municipal Security (OMS) released a Staff Legal Bulletin summarizing existing law regarding the application of the antifraud requirements to public statements by issuers and borrowers

- Rule 10b-5 under Section 10(b) of the Securities Exchange Act
 - Applies to secondary market disclosures
 - Prohibits making any untrue statement of material fact or omitting to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading
- Any public statement (at least by officials who may be viewed as having knowledge regarding the financial condition and operation of an issuer) may be reasonably expected to reach investors and therefore be subject to the antifraud requirements.

SEC Staff Legal Bulletin

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0 **Focuses on the scienter standard and the total mix of information that affects whether a statement is material**

Noting that any public statement may be reasonably expected to reach investors, OMS also recognized the higher scienter standard that applies to secondary market disclosure, and that public statements can add to the total mix of information

0 “Scienter” is a required element of a 10b-5 fraud violation

- In connection with secondary market disclosures, scienter means willful fraud or reckless disregard
- In contrast, the SEC has settled enforcement actions in connection with primary disclosure based on a mere negligence standard under Section 17 of the Securities Act.

0 Total mix of information

- Case law defines materiality: there is a substantial likelihood that a reasonable bond investor would consider it important in making an investment decision
- There must be a substantial likelihood that a fact "would have been viewed by the reasonable investor as having significantly altered the 'total mix' of information made available"

0 SLB also noted the importance of disclosure procedures but did not resolve the practical difficulty in reviewing all public statements made by a governmental entity and its officials that may be relevant to investors

- PRACTICE NOTE: The SLB is a statement of existing law and does not impose new requirements.

Statement on Municipal COVID-19 Disclosure

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○ Encourages Voluntary Disclosure

The recent statement of SEC Chair Jay Clayton and Rebecca Olsen, Director of the SEC Office of Municipal Securities, encourages voluntary disclosure of COVID-19 impacts and seeks to provide some assurances to issuers and borrowers in making a voluntary disclosure during this time of uncertainty.

- Followed similar statement to corporate issuers
- “Today, in light of the potentially significant effects of COVID-19 on the finances and operations of many municipal issuers, we increase this focus and request that municipal issuers provide investors with as much information about their current financial and operating condition as is reasonably practicable. . . .
- We observe that, in today’s markets, the typical practice of providing historic financial information in the form of an annual information filing or similar disclosure may not enable investors to make informed assessments of the municipal issuer’s current and expected future financial condition.”
- “We also encourage municipal issuers to provide investors with forward-looking information regarding the potential future impact of COVID-19 on their financial and operating conditions.”

Statement on Municipal COVID-19 Disclosure

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O Seeks to Provide Assurance

While encouraging disclosure of current and forward-looking information regarding COVID-19 impacts, the statement seeks to provide some assurances to issuers and borrowers in making voluntary disclosures

- O** “We would not expect good faith attempts to provide appropriately framed current and/or forward-looking information to be second guessed by the SEC.”
- O** Suggests use of “meaningful cautionary language.”
 - Provides some examples of cautions that may be relevant
 - Notes “bespeaks caution” doctrine that provides some leeway with respect to forward-looking statements

Voluntary Disclosure

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○ **Considerations; Potential Topics**

As issuers work to understand the budgetary and other impacts of COVID-19, consider whether, when and how to share this information more specifically with investors.

- Information re Impact of COVID-19 on Operations and Financial Condition. Disclosures should reflect the issuer's assessment of this state of affairs and outlook, and in particular municipal issuers should provide information regarding:
 - their current operational and financial status, including decreases in revenues and delays in collection of revenues;
 - how their COVID-19 response including efforts to protect the health and well-being of residents and employees has impacted their operational and financial condition, including un-budgeted costs; and
 - how their operational and financial condition may change as efforts to fight COVID-19 evolve
 - In these circumstances, comparisons to historical information may be relatively less significant
- Additional information
 - Information regarding sources of liquidity
 - Information regarding the availability of federal, state and local aid funding

Voluntary Disclosure

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O **Cautionary notes**

In the May 4, 2020 Statement, SEC Chair Clayton and OMS Director Olsen suggested that cautionary notes may be appropriate

O Cautionary notes

- a description of relevant facts or assumptions affecting the reasonableness of reliance on and the materiality of the information provided,
- a description of how certain important information may be incomplete or unknown, and
- the process or methodology (audited vs. unaudited) used by the municipal issuer to produce the information

Voluntary Disclosure – Internal Counsel Perspective

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- GFOA Guidance; COVID-19 Debt Service and Disclosures, available at <https://www.gfoa.org/covid19-debt-disclosures>
- NABL Paper: Practical Considerations in Electronic Disclosure by State and Municipal Bond Issuers, Municipal Finance Journal . Fall 2019, Vol. 40 Issue 3, p. 27-54. 28p., Author(s): Crawshaw-Lewis, Stacey; Weinstein, Glenn; Bannard, David Y.; Schmitz, Erich
- MSRB <http://www.msrb.org/News-and-Events/COVID-19-Information.aspx>
- COVID-19 filings available on EMMA

Voluntary Disclosure: Resources and Examples

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- Under current circumstances, any information about recent economic results or future planning carries much greater weight with investors than it typically would. Issuers should consider various options:
 - Voluntary disclosure, including known information and basis for future planning
 - Posting public reports/financial documents to an investor relations page
 - Consider a cover page to provide context
 - Providing greater context and information around required disclosures
- Best practice note: Policies and procedures

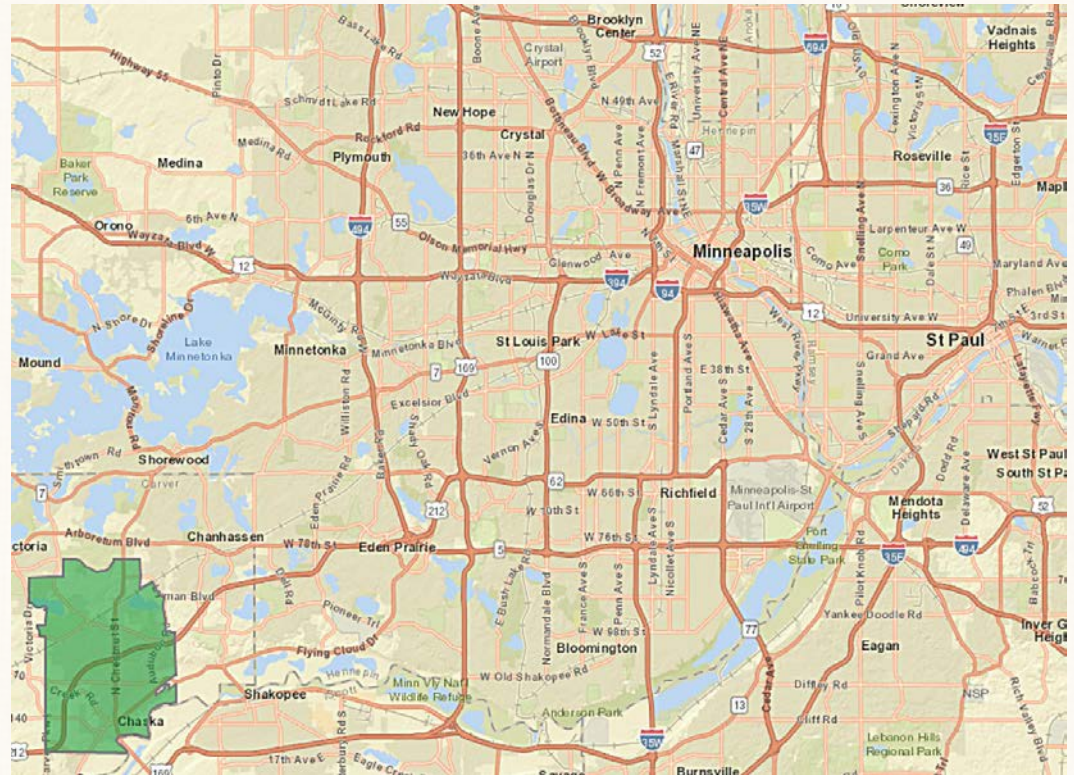
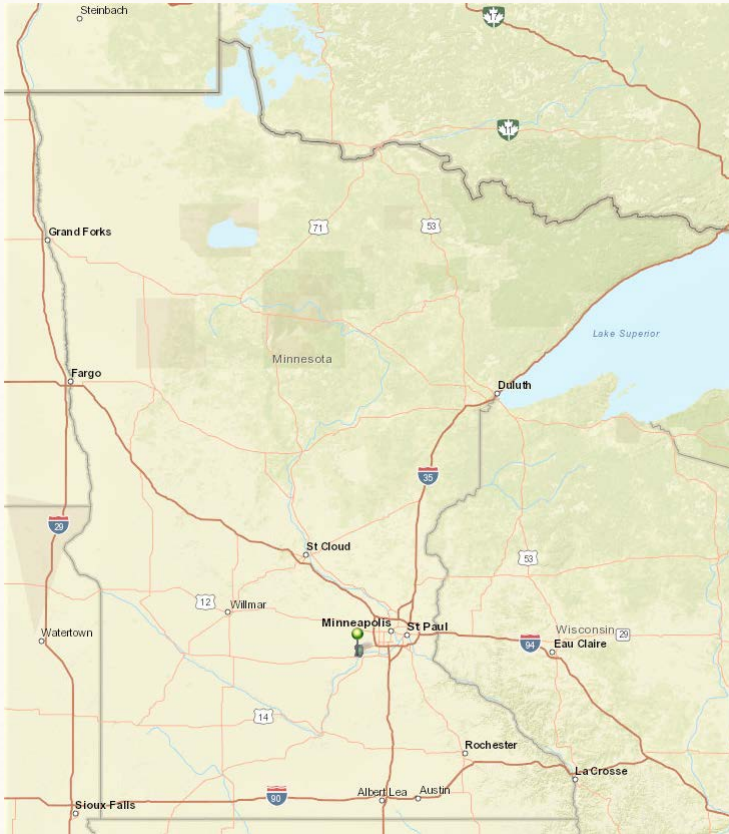


City of Chaska **GFOA Webinar - Disclosure Update**

August 13, 2020
Noel J. Graczyk
Administrative Services Director



City of Chaska, Minnesota





City of Chaska, Minnesota

- **Vision: To be the best small town in Minnesota.**
- The City of Chaska, (population 27,692) is located SW of the Minneapolis and is the county seat of Carver County
- Originally established as free-standing growth center
- Growing outer-ring suburban city
- Managing both new growth and redevelopment of downtown/infrastructure
- City operates nine enterprise funds:
 - Electric Distribution Utility (no generation)
 - Water, Sewer, and Storm Water utilities
 - Electric Peaking Turbine
 - Chaska Community Center (~193,250 SQFT)
 - Chaska Curling Arena and Event Center
 - Chaska Town Course (18 hole) and the Chaska Par-30 (9 hole)



Outstanding Debt Obligations

General Obligation (G.O.)	4-Series	\$ 4,475,000
G.O. Special Assessments	13-Series	\$ 30,130,000
G.O. Tax Increment	3-Series	\$ 3,175,000
G.O. Tax Abatement	2-Series	\$ 610,000
G.O. Utility Revenue	9-Series	\$ 18,935,000
G.O. Housing Revenue	1-Series	\$ 2,255,000
Lease Obligations	7-Series	\$ 25,400,000
Installment Purchase Revenue	2-Series	\$ 7,815,000
Electric Revenue	3-Series	\$ 26,290,000
Letter of Credit, Construction	1-LOC	\$ 20,000,000
EDA Promissory Note	1-Note	\$ 90,324
Capital Leases	1-Lease	\$ 113,282
Conduit Debt		
Total		<u>\$ 139,288,606</u>



Frequent Issuer

Competitive and Negotiated Sales (PAR Amounts):

2015	7-Series (1-Refunding)	\$59,220,000
2017	6-Series (3-Refunding)	\$22,160,000
2019	5-Series (1-Refunding)	\$29,745,000
2020-YTD	5-Series (2-Refunding)	\$23,490,000



Administrative Services

- Administrative Services Team Includes:
 - Finance (8.5 FTE) – Finance Manager
 - Utility Billing (5 FTE) – Customer Relations Supervisor
 - Information Systems (5 FTE) – Information Systems Manager
- City Engaged Contractual Professional Services:
 - Municipal Advisor
 - Municipal Advisor Services
 - Continuing Disclosure Services Engagement
 - Arbitrage and Rebate Services Engagement
 - Economic Development and Redevelopment Services
 - Bond Counsel
- Professional services multiply staff resources with expertise in debt issuance, continuing disclosure, and current requirements.



2020 Disclosure Efforts

- Public Documents:
 - Annual five-year financial forecasts
 - Annual budget and amendments
 - Issued Official Statements (Preliminary and Final)
 - COVID-19 Disclosures:
 - January – None
 - May – State mandates and local closures
 - July – State mandates and local openings
 - City Council and EDA Minutes and supporting documents
 - Reports to City Council:
 - Bi-Weekly Message by City Administrator
 - Monthly Budget to Actual by Finance
 - Quarterly Investment by Finance
 - Comprehensive Annual Financial Report (CAFR)
 - Continuing Discloser Agreement (CDA) reports submitted to Electronic Municipal Market Access (EMMA) by Municipal Advisor.



Sixteen Material Events

According to the Securities and Exchange Commission's Rule 15c2-12, the current list of material events is as follows:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements relating to the Obligations reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Series Obligations, or material events affecting the tax-exempt status of the Obligations;



Sixteen Material Events

7. Modifications to rights of Holders of the Obligations, if material;
8. Obligation calls, if material (excluding sinking fund mandatory redemptions), and tender offers;
9. Defeasance of the Obligations;
10. Release, substitution, or sale of property securing repayment of the Obligations, if material;
11. Rating changes on the Obligations;
12. Bankruptcy, insolvency, receivership or similar event of the Issuer;
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;



Sixteen Material Events

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

15. Incurrence of a financial obligation of the issuer or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the issuer or obligated person, any of which affect security holders, if material; and,

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the issuer or obligated person, any of which reflect financial difficulties.

The term “financial obligation” used above is defined by the SEC as (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). This term shall not include municipal securities for which a final Official Statement has been provided to the Municipal Securities Rulemaking Board as required by the Rule.



COVID-19 Disclosure in 2019 CAFR

The COVID-19 pandemic has caused significant volatility in economic conditions worldwide and has caused an economic downturn as several businesses have had to temporarily halt operations or scale back. In 2020, the City has temporarily closed certain operations, including the Community Center and Curling and Event Center. This situation will result in lower revenues, decreased demand for certain services, an increase in delinquencies or uncollectible accounts receivable, and increased expenses. The City will likely make amendments to its 2020 budget due to COVID-19.

{2019 CAFR}



2020 COVID-19 Disclosure in POS

Potential Impacts Resulting from Coronavirus (COVID-19)

On March 11, 2020, the World Health Organization proclaimed the Coronavirus (COVID-19) to be a pandemic. In an effort to lessen the risk of transmission of COVID-19, the United States government, state governments, local governments, and private industries have taken measures to limit social interactions in an effort to limit the spread of COVID-19, affecting business activities and impacting global, state, and local commerce and financial markets. The emergence of COVID-19 and the spread thereof is an emerging and evolving issue. As the federal, state, and local governments, including the City, continue efforts to contain and limit the spread COVID-19 disease, future tax and other revenue collections may deviate from historical or anticipated collections and may have an adverse impact on the financial position and operations of the City and their ability to fund debt obligations, including the Bonds in accordance with its terms.

The City temporarily closed certain operations, including the City's Community Center and Curling and Event Center. The Community Center reopened on July 7, 2020, and the Curling and Event Center is scheduled to reopen on July 27, 2020. While the City is evaluating the financial effects of the pandemic, it is anticipated that there may be a decline in revenues, a decrease in demand for certain services, an increase in delinquencies or uncollectible accounts receivable, and increased expenses due. The full extent of the pandemic will depend on future developments, including the duration and spread of the pandemic and related governmental or other regulatory actions.

{POS Dated: July 17, 2020}



2020 Ratings by S&P Global Ratings

	City G.O.	EDA Lease Revenue and Limited-Tax
	<u>(Rating / Outlook)</u>	<u>(Rating / Outlook)</u>
February 6, 2020	AA / Stable	AA- / Stable
May 29, 2020	AA / Negative	AA- / Negative
July 31, 2020	AA / Negative	AA- / Negative



Recent Sale Results – August 3, 2020

PAR	Series	Projected TIC Interest Rate	Actual TIC Interest Rate	Basis Point Reduction	Actual Net Present Value Savings as Percent	Actual Net Present Value Savings as Dollars
\$ 2,940,000	G.O., Series 2020C	1.623%	1.139%	48 BP	n/a	n/a
\$ 10,425,000	Taxable G.O. Refunding, Series 2020D	2.006%	1.129%	87 BP	11.929%	\$1,398,268
\$ 2,310,000	EDA Lease Revenue and Limited Tax Refunding, Series 2020E	1.868%	1.471%	39 BP	11.310%	\$368,488
Total Present Value Dollar Savings						<u><u>\$1,766,756</u></u>



GFOA Links

www.gfoa.org

Debt Management

<https://www.gfoa.org/materials/topic/debt-management>

Debt Management Best Practices

<https://www.gfoa.org/best-practices/debt-best-practices>

Debt 101 Issuing Bonds and Your Continuing Obligations

<https://www.gfoa.org/materials/debt-101>



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CITY & COUNTY OF SAN FRANCISCO

GFOA Disclosure Update Webinar

City and County of San Francisco

OVERVIEW

- 49 square mile City/County, population of 890,000
- Proposed FY2021 Budget of \$13.7 billion
- Debt issuing entities include the Public Utilities Commission, Port, Airport, Redevelopment Successor Agency, Metropolitan Transportation Agency
- The Controller's Office of Public Finance directly manages over \$4 billion of debt including general obligation bonds, lease revenue bonds, certificates of participation and special tax bonds



Controller's Office of Public Finance

MISSION

Provide and manage low-cost debt financing of large-scale, long-term capital projects and improvements that produce social and economic benefit to the City and its citizens while balancing market and credit risk with appropriate benefits, mitigations and controls

OBJECTIVES

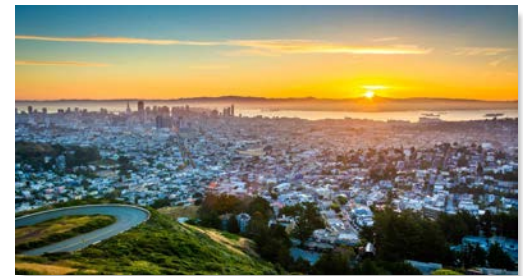
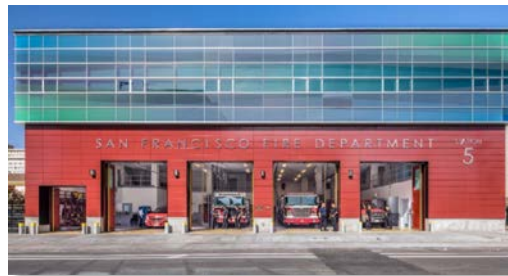
- Maintain cost-effective access to the capital markets with prudent policies
- Maintain moderate debt and debt service levels with effective planning and coordination with City departments
- Meet significant capital demands through debt financing and alternate financing mechanisms such as public/private partnerships
- Achieve the highest practical credit rating



Disclosure Policies & Procedures

PRE-COVID

- Board of Supervisors adopted debt policy includes detailed Disclosure Policies & Procedures
 - Includes roles, responsibilities, process steps and form documents for initial and ongoing disclosure
 - Key parties – Disclosure Coordinator, Disclosure Practices Working Group (DPWG), Departmental Submitters, City Attorney and new co-Disclosure Counsels
- New Reporting Requirement Events 15 and 16
 - Internal discussions, two debt policy updates, training sessions, list of obligations, Controller's letter, a framework to evaluate materiality



Office of Public Finance

CITY & COUNTY OF SAN FRANCISCO

Disclosure Challenges

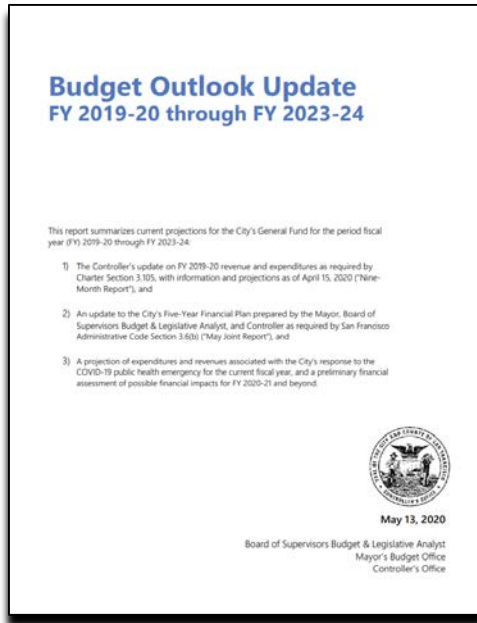
POST-COVID

- Citywide emergency declared on 2/25, shelter in place started on 3/17
- Postponed Board of Supervisors training indefinitely
- Quickly incorporated COVID disclosure into annual report due by end of March
- Five series of planned issuances postponed due to market conditions, legislative limitations, disclosure timing and underwriter due diligence requirements
 - ✓ \$196M GO Refunding Bonds (Priced 4/30, Closed 5/7)
 - ✓ \$82M Transbay CFD Special Tax Bonds (Priced 5/7, Closed 5/14)
 - ✓ \$50M Seawall GO Bonds (Priced 5/21, Closed 6/2)
 - ✓ \$27M CalHFA Supportive Housing Bonds (Priced 7/16, Closed 7/29)
 - 🕒 \$136M MTA GO Bonds (Postponed until 9/15)



Disclosure Challenges (cont'd)

POST-COVID



The following information regarding certain recent developments in the finances and operations of the City supplements and amends the information set forth in Appendix A as of the date of this Official Statement. Certain of the information provided below regarding the recent and ongoing COVID-19 Emergency (as defined below) has had and is expected to continue to have material adverse impacts on the projections and budget information provided in APPENDIX A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES," which information in certain cases was prepared and released by the City prior to the COVID-19 Emergency. Investors are advised to carefully consider the information presented below, together with other information presented in this Official Statement, in order to make an informed investment decision. Certain of the information provided below, and elsewhere in this Official Statement, involves forward-looking statements, which are based on current expectations and are not intended as representations of fact or guarantees of results. Any such forward-looking statements inherently are subject to a variety of risks and uncertainties that could cause actual results or performance to differ materially from those that have been forecast, estimated or projected. See "CERTAIN RISK FACTORS – Public Health Emergencies."



Thank you!

CONTACT INFORMATION

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SFCONTROLLER.ORG/OPF



Office of Public Finance

CITY & COUNTY OF SAN FRANCISCO



Internal Counsel Perspective

Recent Developments - Internal Counsel Perspective

- Operationalizing Events 15 and 16
 - Internal survey re financial obligations
 1. How will we know that there are new or amended financial obligations?
 2. How will we know if actions are being taken during a time of financial difficulty?
 - Incorporate these existing/enhanced work and information flows into policies and procedures
 - Train relevant staff, and re-train periodically as a reminder
- “Routine” communications – pre- and post-pandemic
- Sharing new categories of information with investors – e.g., liquidity details and “future scenarios” or “projections”



POLL: Does your entity use external assistance for disclosure matters?

- Yes, we rely on bond and/or disclosure counsel
- Yes, our municipal advisor assists us
- Yes, we use a dissemination agent
- Yes, we use an external compliance company
- No, we do all of our disclosure work internally



External Counsel Perspective

Recent Events: Role of External Counsel

Overview of range of issuers and range of approaches

The state and municipal bond market is a very diverse market, and a one-size-fits-all approach is not workable for state and municipal issuers. It's also important to keep in mind how much information is provided to constituents, and others.

- Wide range of impacts on issuers
 - Size and type of issuer
 - Breadth and type of credit
- Issuers may not be able to avoid speaking to the market
- Consider how to provide required disclosures in an uncertain time
- Consider whether/how/when to provide voluntary investor disclosure

Next steps, in a time of uncertainty

Additional COVID-19 Disclosures

We may be navigating a period of financial stress – and heightened investor attention – for some time.

Importance of disclosure procedures

- Demonstrates careful approach
- Allows for some consistency in approach even in uncertain times
- Allows for institutional approach
- Incorporates training

Next steps

- Keep required disclosures top of mind
 - Consider appropriate context and cautionary language
- Consider periodic, or episodic, voluntary disclosure
- Look forward towards the future of investor communications
 - Electronic disclosure, whether investor website, EMMA, even social media
 - May be helpful to be able to specifically designate investor channels and investor information
 - To allow for procedures-based approach
 - To organize the flood of information for investors
 - May be more effective than expecting issuers to monitor statements not intended for investors



GFOA Best Practices and Materials on Disclosure

GFOA Best Practices and Materials

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0 Best Practices (links below)

- [Bank Loans and Direct Placements](#)
- [Maintaining an Investor Relations Program](#)
- [Primary Disclosure Responsibilities](#)
- [Understanding Your Continuing Disclosure Responsibilities](#)
- [Using Technology for Disclosure](#)

0 Materials

- [GFOA Guidance on COVID-19 Disclosure](#)
- [Debt 101: Issuing Bonds and Your Continuing Obligations](#)



Questions