

California Debt and Investment Advisory Commission

Webinar Transcript

SB 1029 Phase II: Modifications to the Annual Debt Transparency Report (ADTR)

November 1, 2018

[Editor's Note: This transcript has been prepared by the California Debt and Investment Advisory Commission (CDIAC) and it believes it to be a fair and accurate reproduction of the comments of the speakers. Any errors are those of CDIAC and not the speakers.]

Title Slide – SB 1029 Phase II: Modifications to Annual Debt Transparency Report (ADTR)

ROBERT BERRY: Good morning, everyone, and welcome to the California Debt and Investment Advisory Commission's webinar "SB 1029 Phase II: Modifications to the Annual Debt Transparency Report." My name is Robert Berry, and I am the deputy director here at the California Debt and Investment Advisory Commission. Before we get started, if you are experiencing any technical problems, please contact GoToWebinar at (877) 582-7011 or you can click on the link on your screen. The website provides solutions for a variety of technical problems. That was the actual screen for GoToWebinar, so.... Oh, you didn't see that? As usual, the slides for the presentation are available in the Handouts section of your control panel. And as we did last week, we'll be working through some scenarios today, so the printed slides may be helpful to you to follow along. We'll post the webinar replay to our website for anyone who that would like to review the material presented today, so last week's webinar and this week's webinar should be coming out together in about a week or so. We have a live captioning service in this webinar, which you may access by clicking on the link on your screen or by entering that address in your browser. Then, lastly, of our pre-webcast announcements, please notice that the Fundamentals of Public Funds Investing and our Municipal Debt Essentials seminars are coming up in January and February. And the links to more information and to register are on your screen, or you can go to the CDIAC website under Education.

Slide 2 – SB 1029 Phase II: Modifications to the Annual Debt Transparency Report (ADTR)

02:09

ROBERT BERRY: Welcome again to our webcast on the modifications to the Annual Debt Transparency Report. Joining me again today and ready to walk you through the submission process, are CDIAC's two principal managers who have been leading this effort to install the enhancements that we will discuss. That would be Joyce Ward and Usha Patel. Also joining in and helping us to field our questions today will be Jeff Field, our principal Data Unit analyst that works on the annual debt transparency reporting. So let's go ahead and get started.

Slide 3 – SB 1029 Phase II: Modifications

02:40

ROBERT BERRY: The first thing we will do, I will overview the modifications that are a result of this Phase II project, we'll review why the changes, and then, we'll go back over the modifications for the Report of the Proposed Debt Issuance and the Report of Final Sale. And then finally, we'll go through a summary of the modifications we'll discuss today on the Annual Debt Transparency Report that you will see when you file. Then, Joyce and Usha will walk through the modified process for submitting the Annual Debt Transparency Report. And then, lastly, we'll open it up for questions at the end, and Jeff will help us field those questions. Feel free to submit your questions along the way, and we will try and answer them as we go, or we'll just hold them to the end if it is more appropriate.

Slide 4 – Polling Question**03:53**

ROBERT BERRY: Now, we have a question for you, a short polling question, if you will. Did you participate in last week's webinar on the modifications to the Report of the Proposed Debt Issuance and Report of Final Sale? Looks like quite a few are newcomers to this second webinar and didn't attend last week – about half and half – and that's going to be helpful for us in the rest of the presentation today.

Slide 5 – SB 1029 Phase II: Modifications**04:55**

ROBERT BERRY: So there are several reasons for the modifications that we have implemented, but they all relate to the requirement to collect information on debt authorizations under SB 1029 and essentially provide an annual authorized but unissued balance for those authorizations. First, SB 1029, or Government Code Section 8855(k), establishes the annual reporting requirement for each issue of debt at the issue level. And while the statute as written meshes well with CDIAC's systems because our database architecture and our methods for data submission and reporting are issue-centric, it doesn't sync up with the issuance authorization data that the statute requires you all issuers to submit. It does not take into account that debt authorizations are not necessarily issue-specific. They don't represent a one-to-one relationship all of the time. An issue of debt can be authorized under one authorization and through its issuance affect another authorization, for instance; or a debt issuance is partially authorized under two distinct authorizations; or the most common that we see, of course, is multiple debt issues are authorized under the same authorization over multiple SB 1029 reporting periods. So reporting the issuance activity and the end period balance under a specific authorization in the Annual Debt Transparency Report was tedious and required our issuers to report the same information over and over for every reportable issue that used that specific authorization.

Submission of data in this manner, as you might expect, increases error and likely increased the error correction effort of CDIAC to an unsustainable level, as we have thousands of reports coming in each year. Given the growing volume of the ADTR reports, we needed to make it easier to file to improve the data validity and compliance, of course. We intend to achieve this by prepopulating the ADTR with the valid data that you already submitted. And then lastly, we have activated the multiyear functions of the ADTR to provide you, as filers, the year-to-year data context for what you are submitting each year. Since now you have the statutory obligation to provide this life cycle debt information and CDIAC the obligation to collect it, we want our issuers to only have to submit information that is changed or is new during the term of the debt. We don't want to cause issuers to start from scratch or rewind each time they have to file a report. And I know that Mello[-Roos] and Marks[-Roos] filers out there might be grumbling about this, but we also have our sights set on folding in some of the statutory filing requirements into a more efficient process with those reports as well.

Slide 6 – SB 1029 Phase II: Modifications – Review: Modifications to the RPDI/RFS 07:57

ROBERT BERRY: Now, let's turn to the actual modifications to the reports, and we can begin by reviewing what we discussed last week. The first modification is only voter approved authorizations are required to be reported on the Report of the Proposed Debt Issuance and Final Sale. And now, all debt issues must report on issuance authorization, at least one, and this is because all issues are required to report on the issuance authorization on the Annual Debt Transparency Report. Next, before, only the reduction in the authorization could be reported, and

now, reduction and replenishment can be reported in the same or two separate authorizations. And then we have added a second authorization to accommodate the more complex issuance structures and circumstances, and Joyce will walk through a couple of those, or at least one of those, today. And then lastly, the issuance activity associated with the authorization had to be submitted, and as I mentioned, resubmitted on the ADTR. Now, the issuance activity, reductions and replenishments from each Report of Final Sale will be carried forward automatically to the Annual Debt Transparency Report. If you reported the debt issuance to CDIAC, that data will show up on the Annual Debt Transparency Report when it comes time to file.

Slide 7 – SB 1029 Phase II: Modifications – Summary of Modifications to the ADTR 09:27

ROBERT BERRY: Now, let's take a look quickly at the modifications to the Annual Debt Transparency Report that Joyce and Usha will review with you. First, you no longer have to submit what I call the original authorization identifier information – that is the name of the authorization, the date the authorization was given, and the original authorized amount. When you log into the Annual Debt Transparency Report, it will be prepopulated from the information you reported on the Report of Final Sale. Next, you will not have to provide the Beginning Period Authorization Balance, unless this is the first ADTR for the reportable issue. The beginning balance will be the ending balance from the prior year filed. Next, you'll no longer have to enter beginning period outstanding principal balance. This will be prefilled with the prior year's ending balance or the principal amount issued for the first-year filers. And then, lastly, proceeds spent in prior periods will be accounted for and the remaining balances in those fund categories will be displayed, and this feature didn't exist last year because, of course, there was no prior year data, so that context, as I mentioned, will be activated for you when it comes time to file.

Slide 8 – Polling Question

10:47

ROBERT BERRY: Another polling question. As I've indicated, what you will see prefilled on your Annual Debt Transparency Report when you log in will depend whether this is your first-year filing or a subsequent year filing. So are you a first-time submitter? It looks like almost 60% have filed an ADTR before. Last year, I'm assuming. That will help Joyce and Usha a little bit as they go through the next part of our presentation. So I'll turn it over to Joyce and Usha and they will walk you through how these modifications directly affect the submission process for the Annual Debt Transparency Report. Joyce....

Slide 9 – SB 1029 Phase II: Modifications – Walk Through Modified Submission Process

12:00

JOYCE WARD: Good. Thanks, Robert, and good morning, everybody. Now, we're going to walk through our sample submissions. I'm going to give you our disclaimer again. We've created fictitious issuers and developed scenarios for each issuer to illustrate the functionality of the report. We're going to review each section and field of the ADTR to illustrate how the data submitted for the Report of Final Sale is carried through to that report. Let's go to our first scenario.

Slide 10 – SB 1029 Phase II: Modifications – Scenario I: Initial Report

12:33

JOYCE WARD: On September 1, 2017, the directors of the Cartwright Water District approved a resolution to establish of a commercial paper program. The district can have no more than \$25 million in commercial paper notes outstanding at any one time, and their notes are to be repaid with the proceeds of the issuance of public enterprise revenue bonds.

Slide 11 – SB 1029 Phase II: Modifications – Scenario I: Initial Report (Cont.) 12:59

JOYCE WARD: On October 1, 2017, the district issued \$5 million in CP notes. On January 15, 2018, they issued an additional \$10 million in CP notes. They submitted their Reports of Final Sale for both of these financings. Both of these issues occurred in this current reporting period, FY17-18. On May 1, 2018, the district submitted a Report of Final Sale for their April 1, 2018, issuance of public enterprise revenue bonds. They issued \$11.5 million. They used \$6 million of the proceeds to pay down their outstanding CP. This issue is ADT reportable for 2017-18. Now, Usha is going to discuss the data that was submitted on the Report of Final Sale.

Slide 12 – SB 1029 Phase II: Modifications – Scenario I: Initial Report (Cont.) 13:54

USHA PATEL: Good morning, everybody. We can see this issue involves two authorizations: one for the issuance of the revenue bonds and one for the pay down of the commercial paper. The first authorization, a resolution authorizing the issuance of the revenue bond, shows an original amount of \$12 million, an issuance of \$11.5 million, and no replenishment. The second authorization is related to the CP program. The original amount authorized to be issued is \$25 million. There was no additional CP issued, but \$6 million was repaid.

JOYCE WARD: Thanks, Usha. Let's go to the CDIAC's reporting forms web page and complete the ADTR for this issue.

CDIAC Web Page – 14:51
[https://cdiacforms.treasurer.ca.gov/\(S\(g2jldk55hgjut0zqas3ptl55\)\)/login.aspx?form=adtr](https://cdiacforms.treasurer.ca.gov/(S(g2jldk55hgjut0zqas3ptl55))/login.aspx?form=adtr)

JOYCE WARD: We are going to enter our... Usha, I think that you were supposed to go somewhere else.

CDIAC Web Page – <https://www.treasurer.ca.gov/cdiac/reporting.asp> 15:05

USHA PATEL: So for those of you who did not participate in last week's webinar, I want to point out to you that we have updated the instructions to include the new Authorization section. If anyone is new to submitting our reports or just wants to refresh their memory, each set of instructions address every data field included in each particular report. Now, we are going to select the Annual Debt Transparency Report and enter the CDIAC Number and password – 2018-2507 and the password.

JOYCE WARD: Uh-oh.

USHA PATEL: Let's try it again. 2018....

JOYCE WARD: Uh-oh. I don't know why our link is not working.

USHA PATEL: Let me try one more time.

JOYCE WARD: Try it that way. What do you see on your screen? Jeff, are you seeing that? Try one more time. Okay, we have success! Okay. All right, let's take a look at Section 1. In Section 1, we have general information that is prepopulated from the Report of Final Sale. The only field

in this section that can be edited is 1G, the Proceeds Used to Acquire Local Obligations. Only enter data in this field if the financing is a Marks-Roos authority issue which has used the proceeds to acquire a local obligation. You can find the definition of what comprises an authority Local Obligor, or LOB, relationship in CDIAC's regulations which are posted on our website. Since the LOB is also required to submit a Report of Proposed, Report of Final Sale, and ADTR, Marks-Roos authorities may deduct the amount used to acquire the LOB from the proceeds that they need to spend. In this case, this is not a Marks-Roos financing, so we have entered zero in this field. The Total Reportable Proceeds 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. There is no premium or discount involved in their sale, so the reportable proceeds equal \$11.5 million. This is the amount of proceeds issuers are going to have to account for in Section 5, the Use of Proceeds section of the ADTR.

On to Section 2, the Issuance Authorization section. Authorization 1 shows the data submitted on the Report of Final Sale regarding the resolution. As you can see, the original amount reported was \$12 million. The original amount of the authorization was \$12 million. The date of the resolution was April 1, 2018, and the Resolution Number was 20180401. This is the initial report for this issuance and the resolution was not in place on July 1, 2017, so we will enter zero for the beginning balance. We will enter \$12 million as being authorized during the reporting period, giving us a total authorization of \$12 million. The issuance reported during the reporting period has been prepopulated with the principal amount of the one financing associated with this authorization, \$11.5 million. There was no replenishment reported, and the authorization for the unissued balance is \$500,000. Since we cannot issue without another resolution, this authorization has lapsed. We will enter \$500,000 in the Authority Lapsed field. This leaves us with zero authorization remaining at the end of the reporting period. Oh, it is cut off. You can't see that, but it is a zero down there in Authorization 1K. Now, we are going to go to the second Authorization section.

These are the fields that we added as part of the Phase II modifications. You can see that the original amount is the \$25 million not to exceed amount of the district's CP program. Again, this is the initial report, and the CP program was not in place on July 1, 2017, so we'll enter zero for the beginning balance and \$25 million for the During the Reporting Period, giving us a total authorization of \$25 million. You can see that in 2F. The debt issued during the reporting period is the total of the two CP financings, or \$15 million; it's been prepopulated. The replenishment amount is \$6 million, and that's also prepopulated from information from the Report of Final Sale, and this results in a total authorized but unissued amount of \$16 million for the district's CP program. None of this authorization has lapsed, so we have entered a zero in that field and leaves us with a remaining authorization of \$16 million at the end of the reporting period.

Now, let's look at Section 3, the Principal Outstanding. The principal outstanding at the beginning of the reporting period has been prepopulated with the principal amount issued, because this is the initial report for this financing. It is not a capital appreciation bond, so there is no accreted interest during the period. So we'll enter a zero. Our total principal amount is \$11.5 million. We did not refinance any of this debt by issuing refunding debt that was reported to CDIAC, so we are going to put a zero in that field. We did make a principal payment of \$1 million, so we'll put that in Section 3E. That leaves us with \$10.5 million outstanding at the end of this reporting period. Section 4 is where we would enter data if we had issue refunding or refinancing debt that would have been reported to CDIAC. Since we did not, we are going to leave this blank. As a note, if we refinanced the debt, the redemption would have to occur within the reporting period. That redemption date would have to be somewhere between July 1, 2017, and June 30, 2018.

Now, Section 5A. In Section 5A, it gives you a snapshot of the reportable proceeds: the balance at the beginning of the reporting period, the amount that is going to be reported as spent for each reporting period, and the balance remaining. Since this is an initial report, the beginning balance is the total proceeds from Section 1H. The spent field is a zero because this is our initial report, and the remaining balance is the calculated field, so it is \$11.5 million.

In Section 5B, we are going to use this section to establish a fund category that you will use to show the expenditure of your debt proceeds. You must account for all of the proceeds of the financing, leaving the total of Section V-B, Available Proceeds, must equal the total proceeds shown in section 5A2, the Beginning Balance. So let's click the down arrow under Fund Category. 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. Let's select Cost of Issuance for our first category. We are going to enter \$165,000 for the total available and click the Add Fund button. Our next fund category will be Construction Fund. We are going to enter \$5,336,000 for the available amount and click Add Fund.

Our next fund category, we are going to need to select Other. We are going to name our fund CP Pay Down. And we will enter \$6 million for the available amount and click Add Fund. It looks like we are \$1 over. You see our Total Reportable Proceeds? Our total is supposed to be \$11.5 million and we are \$1 over. If we don't correct that, we will not be able to submit our report. What we need to do is to correct the amount for Cost of Issuance. That's where we added that extra \$1000. We are going to click Edit and go to that field and make it \$164,000 and click Update. All right. And now, let's check out our totals. Now, we have the correct totals. We are good. We can move on to Section 5C and enter our expenditures during the reporting period.

Section 5C, under Fund Category, when you click the down arrow, you can see that it is prepopulated with the three fund categories that you have created in Section 5B. For our first entry, we are going to do a Cost of Issuance. In the Purpose Details column, we are going to enter Issuance Fees, and for the amount that we spent, we are going to enter \$64,000. I'm going to click Add Details. For the next entry, we are going to select Cost of Issuance again, and we are going to put Underwriter Fees for the purpose and \$100,000 for the amount. And click Add Details. It looks correct. If you look up in Section 5B – could you scroll up a little bit? – you see that the aggregate amount, and even though we have two Cost of Issuance details in 5C, it has aggregated that amount up in 5B and it has done the calculations, and you can see that we have no more Cost of Issuance proceeds to spend. We have spent all of them.

Now, where are we going to go? We didn't spend any of our construction funds. We have to do our CP program, select CP Program for our Fund Category, and for the Purpose, we are going to enter CP Pay Down, and we're going to put that \$6 million that we paid. Now, we did refund one of our CPs, a portion of one of our CP issuances, so in that CDIAC Number for that one... You are going to have to go back. Click Edit. So for the CDIAC Number, we are going to put in 2018-2506. That was the CDIAC number for that \$10 million CP issuance that we did. We paid off a portion of it. And yes, it is going back – it is giving us this error message and going back to the top of the form. It is very annoying, and it is something that we have discussed with IT, and they are going to see if they can resolve that issue. So, yeah, it is annoying. It is annoying for us, too, but they are going to try and fix it. For the CP, Usha, I think that we are supposed to put in \$6 million, and we only have \$600,000. We are going to have to edit that and put in another zero in there. Click Update. Okay, so if you look up in Section 5B again, you will see that we spent all of

our proceeds available for the CP Pay Down and we are at zero. We didn't spend anything for our Construction Fund, so we are ready to go to Section 6.

Now, we are going to determine whether or not this issue is still ADTR reportable for the next fiscal year. We still have principal that's outstanding, so we're going to click Not Retired, and we still have some unspent proceeds because we didn't spend our construction funds, so we are going to click No. As you can see, the Reportable Next Fiscal Year, auto-populates with a Yes because this is reportable for the next year.

Section 7, this is the name of the person who is submitting the report. This is also the name of the person who is going to be notified for your ADTR reporting responsibilities. If this person is no longer the person that you want to receive your ADTR notifications, you can make that change here. For us, there is no changes needed, so we are going to scroll down, and we are going to select Validate. It's giving us that annoying message again.

There is nothing wrong with our data, so we are going to go ahead and click Confirm. Now, we are given an opportunity to review our submission. Let's scroll down and make sure that we have everything correct. Another thing that we discussed with our IT folks is that some of our fields are formatted for currency with the commas to make it easier for you to see whether or not you have entered the right amount. They are going to work on that, and apparently, it is difficult to get it to work with whatever software we are using for our reports, but it is something that we are aware of and trying to get fixed. All of our information is correct. Let's hit Yes. Your data has been submitted. Now, you have the opportunity to print the pdf copy for your records. You see that Print PDF box? If you choose to print, only hit it once. If you hit it more than once, you are just going to make the system think and it may take a while for your pdf to generate. We are done with our first scenario. Jeff, do we have any questions?

JEFF FIELD: We do. We have a couple of them. The first one has to do with the expenditures and the reporting of expenditures and use of proceeds. If the remaining cost of issuance were transferred to a construction fund during the reporting period, how do we account for the transfer of the expenditures? Do we account for the transfer as an expenditure in cost of issuance or do you otherwise account for the terms of the construction fund?

JOYCE WARD: I believe, what it sounds like, is for the fund category Cost of Issuance, you want to reduce that, and you want to increase your Construction Fund. In order to do that, for the initial report, all you'd have to do is click Edit and make that change to the amount available for the fund categories. If this is a second report and you have already established those fund categories, you are going to have to contact the Data Unit for them to make the changes in the database for you. For initial reports, you can do it by clicking Edit and Update. For ongoing reports, you have to contact the Data Unit.

JEFF FIELD: The way this is phrased, it sounds like it is a subsequent year report.

JOYCE WARD: Yeah, if it's for a subsequent year report, you'll have to contact the Data Unit. They'll make those edits in the database for you. It takes 24 hours for our database to update so that you can access that new information on your report. So the day you call, they make the change and the next day you should be able to file your ADTR and you should see the update. Any other questions?

JEFF FIELD: Since this scenario assumes paying down refunding outstanding commercial paper, shouldn't Section 4 be completed? In other words, the pay down amount to refunding as far as how Section 4 is intended.

JOYCE WARD: Section 4 is related to the issuance you are filing for, not the issues that you are refunding. The issues you are refunding, which are prior issues, are in Section 5C. This issue of... What is this? Public enterprise revenue bonds? Section 4 is going to be used when a portion of that is refunded or refinanced. So Section 4 is related to the issue you are reporting on. If you are refunding a prior issue, it goes in Section 5C.

JEFF FIELD: And a follow up to the question about adjusting the fund balances: yes, the question did pertain to a subsequent year filing. Yes.

JOYCE WARD: Is that it? That's it. All right, Usha, let's go to scenario number two.

Slide 13 – SB 1029 Phase II: Modifications – Scenario II: 2nd Reporting Cycle 36:27

JOYCE WARD: This is for an issuer that has filed a report last year. We are back with our Big Valley Unified School District. The voters approved Measure E authorizing the issuance of \$93 million in GO Bonds. And that was done in 2008. In 2009, the district issued \$10 million in a Series A and Series B in the amount of \$5 million. Okay, let me go back. So the district issued bonds in 2009 and 2012. They issued Series A in 2009. That was \$10 million. In 2012, they issued Series B in the amount of \$5 million.

Slide 14 – SB 1029 Phase II: Modifications – Scenario II: 2nd Reporting Cycle (Cont.) 37:11

JOYCE WARD: These two issues are not ADT reportable, since the Report of Final Sale was received prior to January 1, 2017. On December 15, 2016, the district issued Series C in the amount of \$13,676,448. Twelve million were in current interest bonds, and they had \$1.7 million in capital appreciation bonds. They submitted their Report of Final Sale on January 23rd and submitted an ADTR in January 2018. This will be their second ADTR for this issuance. Now, on December 15, 2017, the district issued Series D in the amount of \$22 million and submitted a Report of Final Sale on January 7, 2018. The initial ADTR will be required for this report, and it has to be submitted no later than January 31, 2019. Usha, tell us what the district submitted on their ADTR that they submitted last year for Series C. Go to the next slide. Do we have it on the next slide? No? Okay.

USHA PATEL: The district reported \$13,942,463.85 in total proceeds, which included the principal amount issued plus the net original issue premium. They ended the period with \$54,323,552.15 in remaining authorization. That represents the original authorization of \$93 million, minus the \$10 million issued in 2009, the \$5 million issued in 2012, and \$13.7 million issued in 2016. There was \$12,607,447.85 in principal outstanding at the end of the period because they reported a \$1 million debt service payment in January. They spent \$255,831.95 on available proceeds and had a remaining balance of \$13,686,631.90.

Return to CDIAC Web Page with Sample Annual Debt Transparency Report 39:43

JOYCE WARD: Let's go to the website and take a look at filing their second ADTR. The CDIAC Number is 2017-3013. The password is 25016326. As you can see, Section 1 has, again, been

prepopulated with the general information on this issue. One thing that I want to point out is that Section 1G, the Proceeds Used to Acquire, is still editable. We'd like for it to not be editable, which may be resolved going forward, but since this was not a Marks-Roos filing, we are going to leave it as zero. Now, let's get to our Authority Section. We can see that Authority 1, our initial authorization is for the general obligation bonds. We see our \$93 million of the Original Authorization Amount and we see our date and our measure number. The amount of debt authorized at the beginning of the period has been prepopulated. It shows the amount of debt for those prior issuances deducted from the \$93 million. There was no additional authorization during the period, so we are going to enter a zero. And now you can see that Section 1F is a calculated field. In 1G, you can see the \$22 million that was reported during this reporting period for Series E. There was no replenishment reported, so you can see that the authorized and unissued amount for Authorization 1, the general obligation bonds, is approximately \$42 million. We didn't have any lapsed authorization, we are going to enter zero. And again, that total is cut off at the bottom, but it is \$42 million. There was no second authorization for this issue, but normally we would think that you should leave everything in the second authorization, 2C, blank, but we are still working on these mandatory entry fields. We are going to enter a zero in the beginning balance, and a zero in the lapsed so we can submit our report. If we didn't, we wouldn't be able to submit it and verify the data. That's another issue that we are having IT resolve.

Now, we are going to go to Principal Outstanding. You can see that Principal Outstanding has been prepopulated with the amount of the principal that was remaining at the end of your last reporting period. This is not a CAB issuance, so we are going to put zero in that field, which leaves us with the \$12 million. We did not report any refunding or refinancing, so we are going to put a zero in that field. We did however.... Oh, this was a CAB. I'm getting ahead of myself! Okay so, this was a CAB issuance and we did have some accreted interest so we are going to put in \$507,834.90. I made that up, so don't try and figure out where I got it from. I made it up. So the new total principal outstanding is the amount of principal that was remaining at the end of the prior reporting period plus any accreted interest, and you can see that the amount outstanding has been updated. We did not refund or refinance any, but we did have a principal payment. And we had a principal payment of \$1.5 million. That leaves us with a balance of \$11,684,282 at the end of this reporting period. And like I said, there were no refinancings, so we are not going to enter anything in Section 4. And remember Section 4 is related to this issuance. It is not related to prior issuances. So we are going to go to Section 5.

As you can see, Section 5A gives you a little snapshot of what was reported last year for use of proceeds. It tells you what they began with, what they spent, and what the remaining balance is. Here you can see in Section 5B, we already have our fund categories created, and if you try to click that down arrow under Fund Category, it is not going to let you because in order to add or make changes to the Fund Category and the amount of Total Reportable Proceeds available, you have to contact the Data Unit. So we are going to go all the way down to Section 5C, where we are going to show what we spent for this current reporting period. Let's see what we did. We started construction on the arts center, so in our Fund Category, we are going to select Construction Fund. For the amount that we spent, we are going to enter \$650,000.

USHA PATEL: The purpose was...?

JOYCE WARD: Oh, the purpose is going to be foundation; the purpose is going to be foundation. We paid for our foundation and the amount that we spent was \$650,000. We are going to click Add Detail. All right, so you can see that in the current period, it shows that we spent that \$650,000.

We hadn't spent any in our prior period, so the total expenditure for that fund is \$650,000. Now, let's select Facilities Improvement for our next fund category. Oh, what's our purpose? Solar. Yes, we bought some solar panels for a couple of schools, so let's enter \$10 million. Oh, we got that message. This time we deserve to get it because we only had \$5 million in our funds and we entered \$10 million for the amount that we spent. So we need to go back and correct that and make that \$1 million. So, let's click Edit and change the \$1 million to \$10 million, and let's click Update. Now, that looks a lot better. I think that we are done with our expenditures for this year. Again, let's go to Section 6. The principal balance has not been retired, so you are going to click No. And we have some unspent proceeds, so we are going to click No in there. It will autopopulate for reportable next fiscal year. Lee Majors is still the assistant superintendent, so we are not going to make any changes to our ADTR contact information. We are going to verify and validate our report. Let's click Validate. It looks like we have everything correct. If we had not corrected that \$10 million, if we had ignored the error message and not corrected it, when we hit validate, it would have told us that we needed to make that correction and would not let us submit our report. Now, let's confirm our data. Take a look at it. Everything looks correct. If there was something that was not correct, when we get here to the bottom, you would hit No, and it would allow you to go back and make any corrections that you needed. Ours is correct, and we are going to hit Yes, and now our data has been submitted and we'll have the opportunity to print our report. Jeff, do we have any questions?

JEFF FIELD: We have.... No, we don't.

JOYCE WARD: We don't? Oh, that was great! I'm excited. Go back to the PowerPoint. Now, we are ready. If anybody has any questions, now is your time.

Slide 15 – SB 1029 Phase II: Modifications – Questions?

49:06

JEFF FIELD: We're having trouble scrolling.

JOYCE WARD: You're having trouble scrolling?

JEFF FIELD: I got it. It's backwards. This is just a general one. Can you speak more to the Authority Section regarding replenishment and in what instance would debt be replenished during the reporting period?

JOYCE WARD: In our illustration, we used the CP program. For most of the CP programs that we are familiar with, they have a not to exceed amount, which to us means, if you pay down the CP, you can now reissue CP in whatever amount has been paid down. We are calling that a replenishment. So if that's the case, it may be the same if you have a loan.... What do you call it?

ROBERT BERRY: A revolving loan.

JOYCE WARD: ... a revolving loan or something like that where you have an amount that you can't exceed, but if you pay some down, you can go ahead and reissue that amount, or re-borrow that amount. That's what we are calling replenishment.

ROBERT BERRY: And also to be clear with respect to the question, it is not a replenishment of the debt, it is a replenishment of the authorization to issue. Another example might be in the case of a bond anticipation note, for instance, issued by a school district where the authority to issue

that note is the voter authority, but when the long term GO debt issue is made, it replaces that bond anticipation note. So essentially, there's a replenishment of the authority to accommodate the reduction from the general obligation bond.

JOYCE WARD: We know in some programs, when you issue bond anticipation notes or CP, that issuance is tied to the actual GO program. So in that case, if it is a GO bond, you wouldn't be replenishing the authorization for the bond, but you would still be replenishing the amount for the CP. It is all how you account for your debt.

ROBERT BERRY: It reflects kind of a generic option for issuers to show a reduction in one authority and a replenishment in another one by virtue of the same debt issue. It just provides options for some of these unique issuance structures that we see. We found there was quite a number of them, so this structure was our solution to try and accommodate how we could get an accurate authorized but unissued balance at the end of the year.

JOYCE WARD: Any other questions, Jeff?

JEFF FIELD: If we expend 100% of our proceeds, do we have to continue filing?

JOYCE WARD: You have to file until your outstanding principal has been fully repaid and your proceeds have been fully spent. So if in Section 6, you would have put that you still have principal outstanding, but you still have spent all your proceeds, you would still get a Yes for Reportable Next Fiscal Year because you have to do both.

JEFF FIELD: This pertains to the last scenario we went over. Would the lines for solar and foundation, for example, appear in next year's report?

Return to CDIAC Web Page with Sample Annual Debt Transparency Report 53:17

JOYCE WARD: Yes, they will. If you go up.... So just like in this one, you see Construction Fund and you see Architect? That was put in there last year. If you made additional payments to the architect, you could hit Edit and you could increase that amount. You could put that in a payment for the current period. But you added a new detail under Construction Fund, so once you create those fund categories and those purposes, every year when you go to file, they will be shown on your report and you can increase the amount paid or put in that you paid in the current period.

JEFF FIELD: That was the second part of the question. Would they remain separate items or would they be aggregated into the Construction Fund?

JOYCE WARD: They remain separate items in Section 5C, and then they are aggregated for that fund in Section 5B. Is that all? Did we get them all, Jeff? Any questions?

JEFF FIELD: Do you have to be that specific with solar and foundation? Can you just say construction and building costs?

JOYCE WARD: Specificity is up to the submitter. Some want to be very specific and give details on what they spent their funds on. Some are not so specific. So the specificity is up to you, the filer.

JEFF FIELD: Question about the Authorization Section. Is the measure resolution, the name of the authorization autopopulated, even if it is the first report?

JOYCE WARD: Yes. On the first report, yes, it will be. Anything that is submitted on the Report of Final Sale, which you have to submit with at least one authorization – anything submitted on your Report of Final Sale is going to show up on your ADTR. It will be prepopulated. If when you come in, you see there may be an error in that, if you mistakenly put in the wrong date or whatever, contact the Data Unit. They will make that change for you. You have to wait 24 hours in order for our database to batch, and then the next day, you can go in and file your report.

JEFF FIELD: And quite a few questions asking about pdf forms – the thing that you get at the end – if the pdf form will be available anywhere for these test scenarios.

JOYCE WARD: Do you want to click on Print PDF to show them what the submitted report will look like? We won't print it, but we can generate it so you can see what it looks like. Oh, we waited too long to try and generate our report, so there you go. Shouldn't have because we haven't been here an hour, but apparently, it timed us out. When you print your pdf, you will get a copy of the report. It will include everything that you submitted. Let's see if that one works, Usha. No? Timed out on that one. They don't like us. Yeah, that's not good. Robert is holding his head. Yeah, the report is supposed to allow 60 minutes, and that's supposed to be 60 minutes of inactivity, and we have not been inactive for 60 minutes so it should not have timed us out. If as you are filing your reports, you find that you are being timed out and you have not been inactive for 60 minutes, please send an email to the Data Unit, and we can contact IT because that's not what's supposed to happen.

ROBERT BERRY: I think it's fair to say we are going to lift the hood on that problem as soon as this is done and see where it went wrong.

Slide 16 – SB 1029 Phase II: Modifications – CDIAC Contacts

58:15

ROBERT BERRY: Well, I hope that the two webinars; this one on the ADTR, and the webinar last week on our Report of the Proposed Debt Issuance and Report of Final Sale have been helpful to you. If you'd like to review them again, give us about a week or so, and the replays with the transcript will be posted to our website. In the interim or after the fact, of course, if you have questions, feel free to contact us by phone or by email. There are numerous contacts on the screen. I mentioned Jeff is our day-to-day ADTR analyst, but feel free to contact any of us if you have questions. Before we sign off, I want to remind everyone of our upcoming programs again: our Fundamentals of Public Funds Investing on January 23rd and 24th in Riverside; and also, our Debt Essentials program February 12th through the 14th also in Riverside at the same Riverside Convention Center. Thank you all for participating. Thank you to Joyce, Usha, and Jeff for walking us through today, and we will see you on our next webinar. Thanks again.

JOYCE WARD: Thank you.