

Council of Infrastructure Financing Authorities

State Revolving Fund Workshop

The Elements of a Deal

November 11, 2014

- There are certain municipal bonds which are not exempt from federal income tax
 - Private activity (“AMT”) bonds⁽¹⁾
 - Traditional taxable bonds
- In addition to state and local governments, nonprofit health care and higher education entities are allowed to issue tax-exempt bonds, with the assistance of a governmental conduit

THE ELEMENTS OF A DEAL

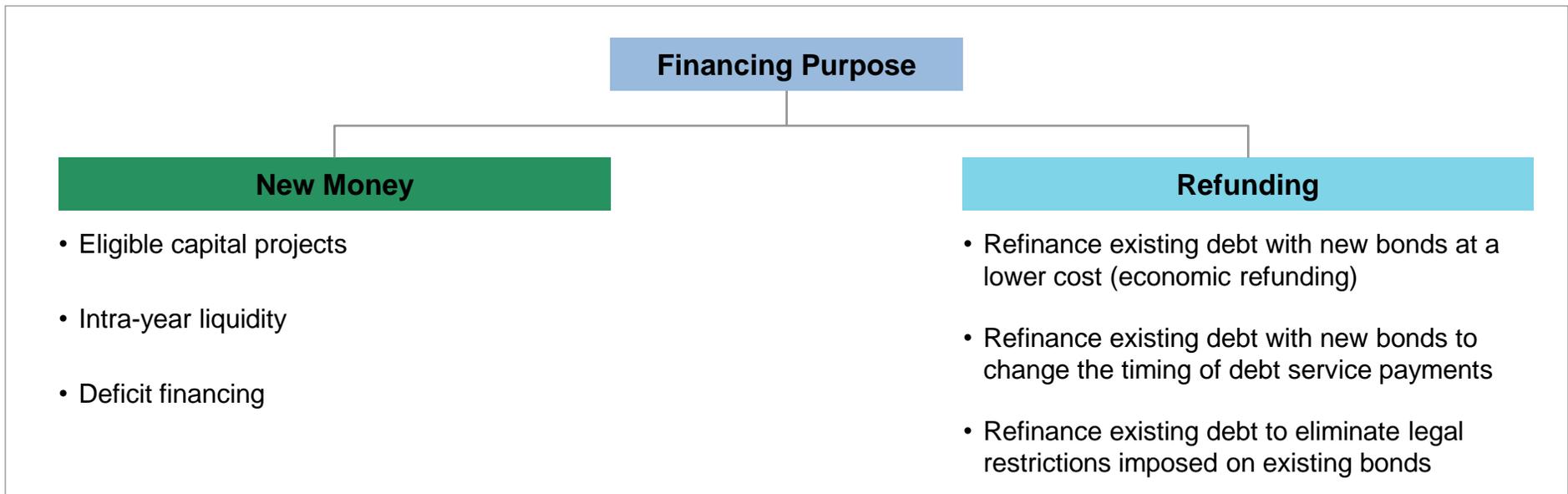
How Do Municipal Bonds Differ From Other Bonds?

- Municipal bonds are generally **tax-exempt**
 - When state and local governments issue bonds to fund eligible governmental purposes, the interest on those bonds is exempt from federal income taxes, and often from state and local taxes
- As a result, investors should be willing to accept a lower interest rate than they would if their income was taxable:
 - If an investor in the 35% tax bracket holds a bond with a 10% coupon, he must pay 3.5% of the interest in tax, leaving an after tax return of 6.5%
 - That investor should be willing to purchase a tax-exempt bond with a 6.5% coupon
 - Not always true in practice; future tax uncertainty and tax-exempt market inefficiency result in somewhat higher tax-exempt rates
- By allowing the investor to avoid tax in return for a lower coupon, the federal government subsidizes municipal issuers

Notes

1. Federal tax-exempt with additional tax liability for certain bondholders

What Are Bond Proceeds Used For?



- **New Money:** Most new money bonds are issued to fund governmental projects undertaken in the public interest for which no private user will earn a profit
 - Sewers, water pipes, water and wastewater treatment facilities, roads, bridges, tunnels, mass transit, schools, power plants, ports, low-income housing, transmission and distribution, hospitals, higher education, student loans
 - Bonds can also be issued to provide intra-year liquidity and, in specific cases, deficit financing
- **Refunding:** Bonds can also be issued to refinance other tax-exempt bonds, either by redeeming them immediately or by escrowing securities sufficient to back all of their future debt service payments
 - Typically in order to reduce debt service on an actual or present value basis
 - Sometimes to change the timing of payments or to release an issuer from legal constraints

What Types of Bonds are Typically Issued?

- Tax Supported Bonds:
 - Bonds secured by the full faith and credit of the issuer
 - Does not require a Reserve Fund or other financial covenants

- Revenue Supported Bonds:
 - Secured only by pledge from an enterprise fund or revenue producing project
 - Bondholders solely dependent upon pledged revenues
 - Generally more extensive bond covenants including:
 - Reserve Fund
 - Additional Bonds Test
 - Debt Service Coverage

Fixed vs. Variable-Rate Debt

	Pros	Cons
Fixed-Rate Bonds	<ul style="list-style-type: none"> • Future credit and rate risk shifted to investors • Most common form of tax-exempt debt • Budget certainty 	<ul style="list-style-type: none"> • Historically higher cost than variable-rate bonds • Potentially expensive to restructure • Typically not callable for 10 years • Little flexibility for borrower once the bonds are issued
Variable-Rate Debt <ul style="list-style-type: none"> - Variable-Rate Demand Bonds - Put Bonds - SIFMA Index Bonds - Floating LIBOR Rate Notes - Auction Rate Securities - Commercial Paper 	<ul style="list-style-type: none"> • Typically callable on any interest payment date at par • Historically lower rates than fixed-rate debt • More efficient use of the yield curve – no premium built in for tax risk • Natural hedge results from short-term investments/operating cash 	<ul style="list-style-type: none"> • Risks related to credit enhancers/liquidity providers • Interest rate risk • Remarketing/liquidity risk • Element of budget uncertainty resulting from potential rate volatility

Who Sells Municipal Bonds?

Aggregate Issuance (2004 - Present)

- The top categories of tax-exempt municipal issuers in the last ten years:

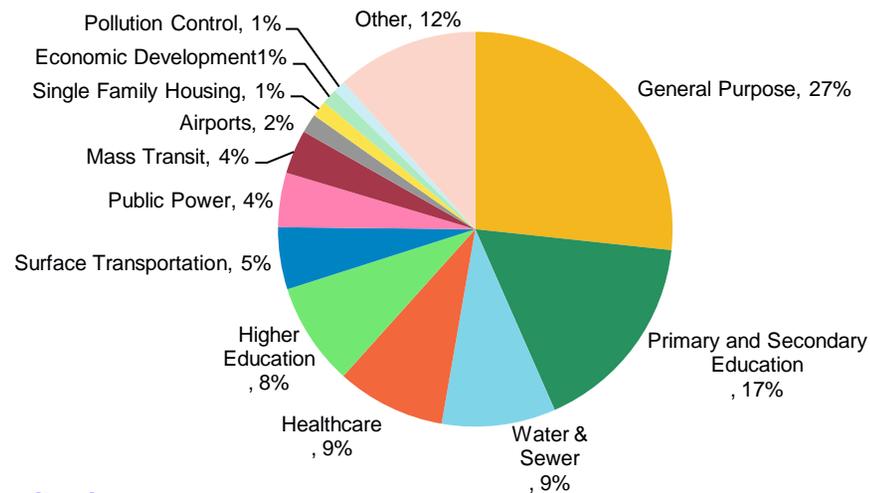
- General Purpose (G.O. and Public Improvement Bonds)
- Primary and Secondary Education
- Water and Sewer
- Healthcare
- Higher Education

- The top categories of AMT municipal issuers in the last ten years:

- Single Family Housing
- Airports
- Student Loans
- Multi Family Housing

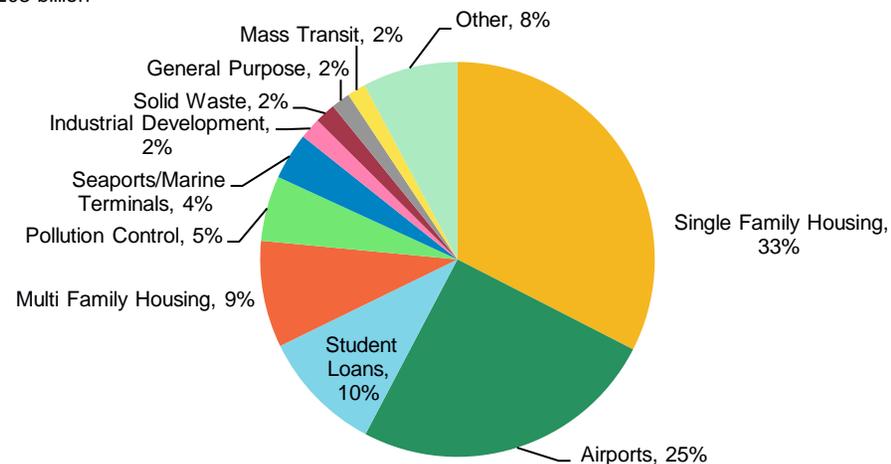
Tax-Exempt Issuer Distribution

Total Tax-Exempt Issuance: \$3,273 billion



AMT Issuer Distribution

Total AMT Issuance: \$203 billion



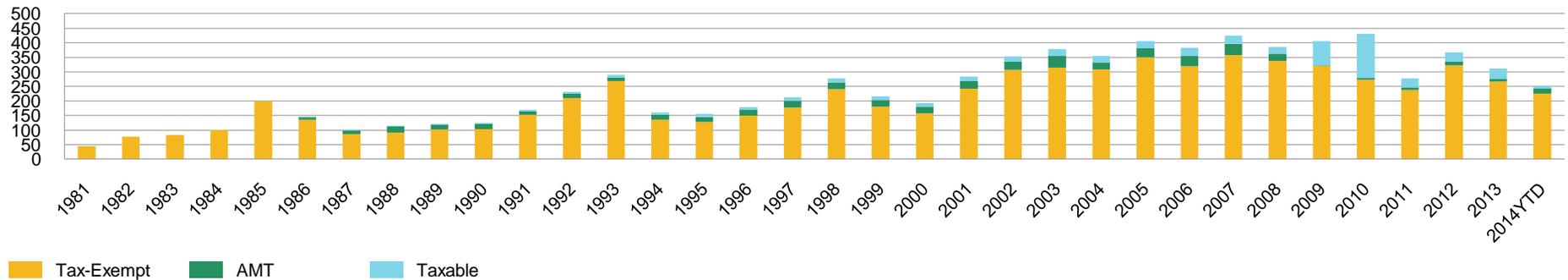
Scope of the Municipal Market

Historical Municipal Issuance (1981 – 2014)

Municipal Issuance

Historical Annual Issuance By Tax Status (1981 - Present)

(\$Billions)

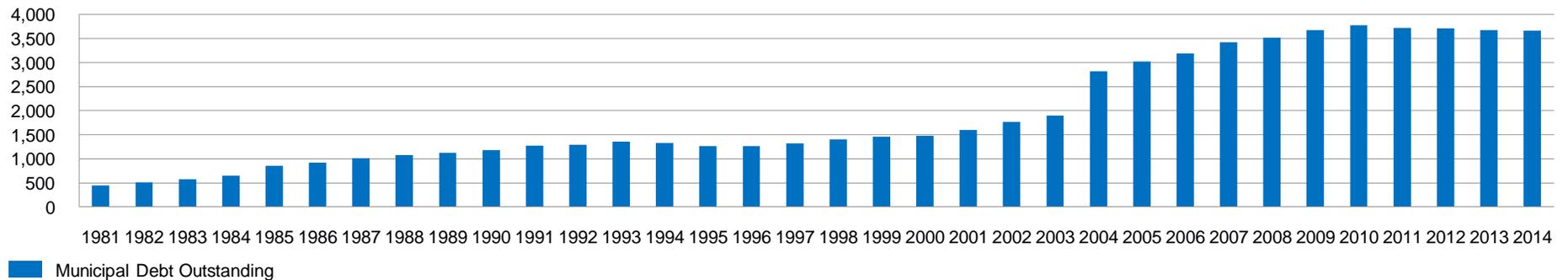


Source SDC Thomson Reuters

Municipal Debt Outstanding

Historical Annual Debt Outstanding (1981 - Present)

(\$Billions)



Source Securities Industry and Financial Markets Association. "SIFMA"

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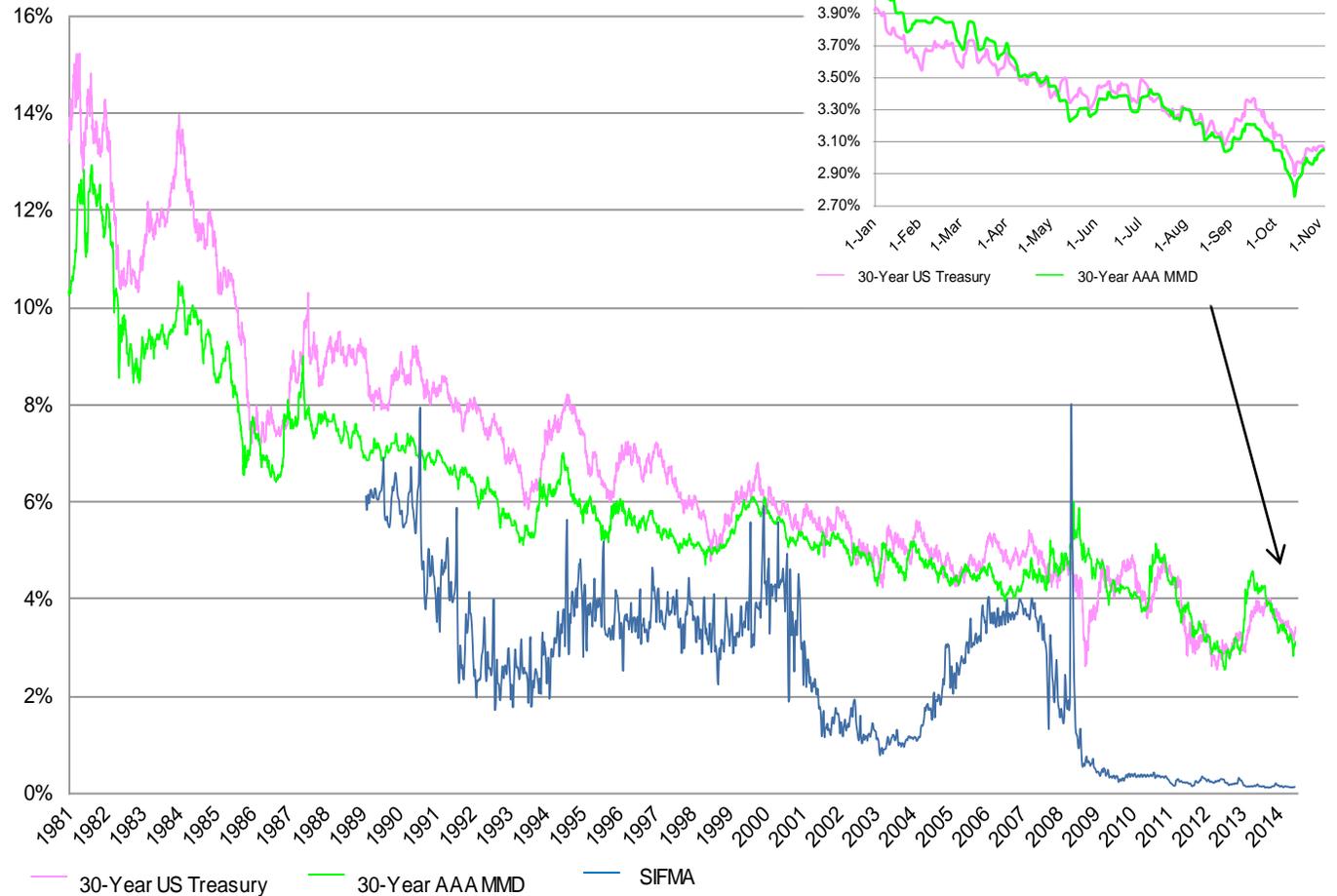
Rates Have Been Dropping For 30 Years

1981-Present

- Both Treasuries and tax-exempt rates have been dropping since the Carter Administration
- With a few notable exceptions, tax-exempt rates set in accordance with but slightly below taxable rates

UST and MMD

1981-Present



Refundings

- Current refunding: the refinancing of a bond that is within 90 days of its call date
- Advance refunding: the refinancing of a bond that is more than 90 days from its call date
 - A municipal bond can only be advanced refunded once during the life of the bond
 - Negative arbitrage can be significant
- AMT bonds may not be advance refunded
- Federal Tax Law considerations for Pooled Loan Program (“PLP”) refundings
 - Generally current refundings do not have implications to underlying borrowers
 - For advanced refundings, Federal Tax Law permits either the PLP or an underlying borrower to issue advanced refundings, **NOT BOTH**

Municipal Bond Refundings

- Bond indentures provide the ability to “defease” an existing bond and issue a new bond in its place (a “refunding”)
- The ability to refund a bond is limited by a number of sources:
 - Bond indenture
 - State/Commonwealth law
 - Federal law

Steps to Refund a Bond

1. Identify possible candidates
2. Issue “refunding bonds” as the source of funds to pay off “refunded bonds”
3. Use the proceeds from the “refunding bonds” to set up an escrow account that will pay the “refunded bonds” off at the call date or at maturity
 - The escrow is irrevocably pledged to the bondholders
 - The issuer is no longer obligated to pay debt service on the refunded bonds even if the bonds remain outstanding for a period of time
 - On the call date or at maturity on the refunded bonds, the proceeds of the escrow (which have been invested over time) are used to “defease” the outstanding bonds

Financing Team Members

Municipal Transaction

<p>Financial Advisor</p>	<p>Bond Counsel</p>	<p>Underwriters</p>	<p>Underwriter's Counsel / Disclosure Counsel*</p>
<ul style="list-style-type: none"> Advises the issuer on all matters regarding bond issuance Issuer's representative in and to the bond market Fiduciary duty to the issuer 	<ul style="list-style-type: none"> Counsel retained by the issuer to give legal opinions that the issuer is authorized to issue the bonds Provides legal opinion on the tax status of the bonds Prepares bond documents with input from financing team 	<ul style="list-style-type: none"> Securities dealer which purchases municipal securities for resale; either by competitive or negotiated sale, and may purchase the securities in a group with other underwriters (an underwriting syndicate) 	<ul style="list-style-type: none"> Underwriter's Counsel represents the underwriter and works toward accurate disclosure in the offering documents Disclosure Counsel conducts independent due diligence to ensure complete and accurate disclosure in offering documents
<p>Paying Agent / Escrow Agent*</p>	<p>Rating Agencies*</p>	<p>Bond Insurance* / Credit Enhancement*</p>	<p>Trustee*</p>
<ul style="list-style-type: none"> Paying Agent tracks ownership of the securities and coordinates distribution of funds for debt service payments from the issuer to the bondholders Escrow Agent holds bond proceeds in an escrow and distributes funds as described in the bond documents 	<ul style="list-style-type: none"> Rating Agencies evaluate the credit quality of a debt instrument and assign credit (bond) ratings 	<ul style="list-style-type: none"> Organizations such as banks and insurance companies that lend their higher credit quality for a fee and guarantee debt service payments to the bondholders TWDB has loans in its portfolios that have municipal bond insurance As a result of the TWDB's rating requirements, currently no Municipal Bond Insurer is eligible 	<ul style="list-style-type: none"> Financial institution with trust powers that acts in a fiduciary capacity to facilitate the collection, escrow, and distribution of funds for the benefit of the bondholder

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How Are Bonds Sold?

Negotiated Sale

- Underwriter is selected up front, involved in total financing process
- Recommends optimal bond structures, market timing
- Pre-market bonds to investors
- May use one underwriter or multiple firms working as a team

Private Placement

- Directly place debt with one or a few investors
- May be used for higher risk financings, not appropriate for public sale
- May be used for small financings to limit issuance costs

Competitive Sale

- Underwriters submit sealed bids on the day of pricing
- Securities are purchased by the underwriter with the best bid (lowest yield/highest price)
- Used by higher rated issuers with less complex credits
- In volatile market conditions, many issuers move away from competitive sales

Negotiated Sale

- Pre-selected syndicate negotiates the rates and terms with the issuer and the financial advisor
- Pricing occurs 1 to 3 days prior to the award date
- Size and structure can be finalized at pricing
- Underwriting spreads may be lower since there is less uncertainty during volatile markets
- Significant market data provides comparable transactions for pricing evaluation

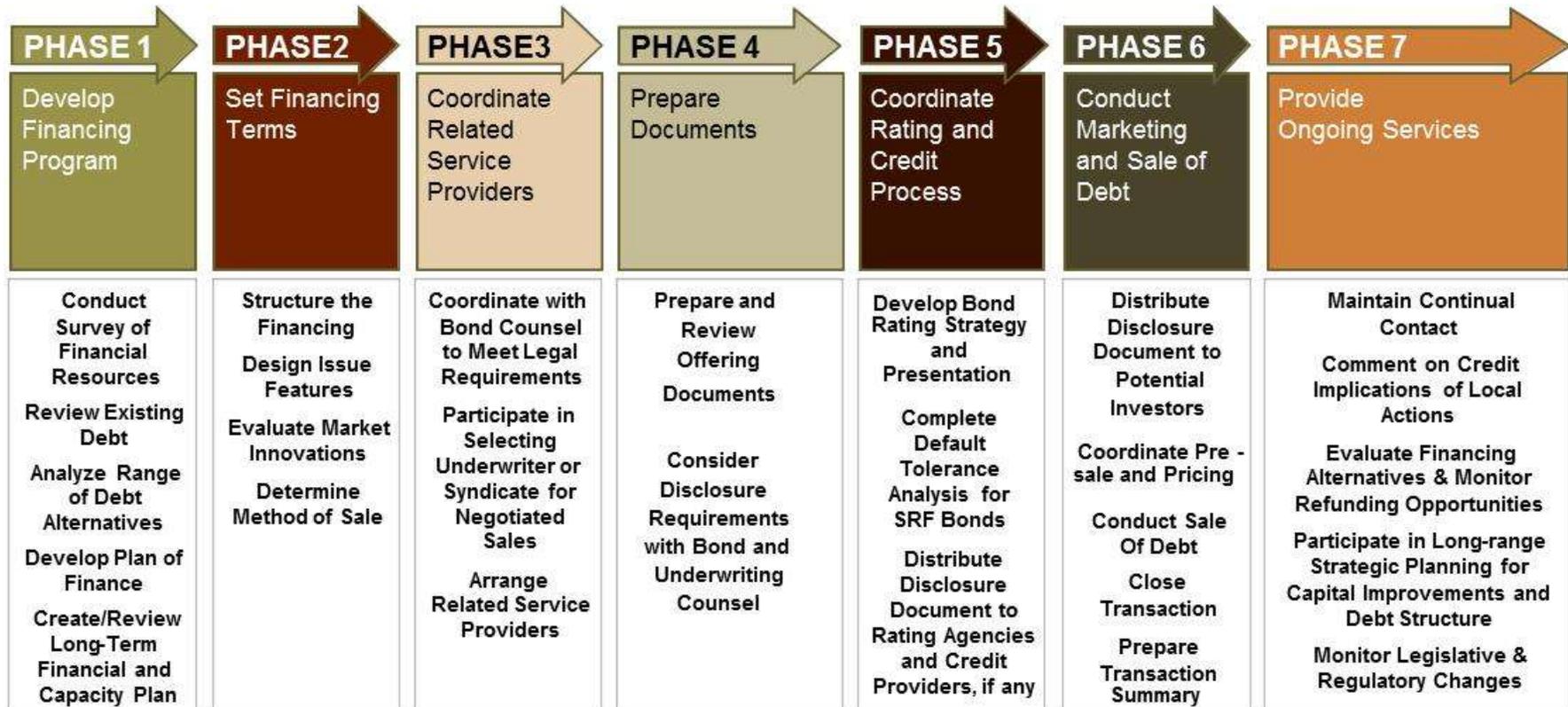
Pros	Cons
<ul style="list-style-type: none"> ▪ Flexibility in timing of sale to take advantage of market conditions ▪ Effective pre-sale education and marketing ▪ Reduced need to compensate for risk ▪ Ability to reprice with strong order flow ▪ Issuer involvement with allocations 	<ul style="list-style-type: none"> ▪ Potential criticism of underwriting syndicate selection ▪ Need to find market comparisons for price evaluation ▪ Potential additional underwriting cost for management fee

Competitive Sale

- Bonds sold at a certain date and time
- Once announced, the date, time, size and structure cannot be easily changed
- Limited flexibility could be mitigated with the ability to modify the bid specs before and after the sale
- Underwriter's discount is imputed in the interest rate
- Underwriting spreads may be higher during volatile market and/or with more complex credits
- In today's market, buyers are willing to pay-up for higher quality credits
- Numerous bids result in fair comparison

Pros	Cons
<ul style="list-style-type: none"> ▪ Competitive posture ▪ Simplification of marketing process ▪ Objectivity related to underwriter selection 	<ul style="list-style-type: none"> ▪ Lowest cost of funds not assured ▪ Underwriting risk built into rate ▪ Lack of financing input ▪ Limited flexibility

Overview of the Financing Process



- The three major municipal bond rating agencies are:
 - Moody's
 - Standard & Poor's
 - Fitch

Short Term (less than 3 years)

<u>Moody's</u>	<u>S & P</u>	<u>Fitch</u>
MIG 1	SP-1+	F1 (+ or -)
MIG 2	SP-1	F2 (+ or -)
MIG 3	SP-2	F3 (+ or -)
SG	SP-3	B (+ or -)

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Credit Ratings

Rating Agencies

- Analyze credit quality of bonds and assign ratings which measure credit-worthiness
- Credit rating directly impacts Issuer's cost of borrowing: higher rating = lower interest cost

Non-Rated Bonds

- No rating sought
- Typically used for less than investment grade credits

Credit Quality

- Credit quality directly impacts an issuers' cost of borrowing (cost of capital)
 - Typically, higher the rating, the lower the borrowing cost
- Both general obligation and revenue bonds receive ratings which measure creditworthiness: the investor's chances of actually being repaid in the future

Most municipal bonds fall into these categories

High Yield

Long Term Debt Ratings	Standard & Poor's and Fitch	Moody's
Investment Grade High Quality	AAA	Aaa
	AA+, AA, AA-	Aa1, Aa2, Aa3
Investment Grade Good Quality	A+, A, A-	A1, A2, A3
Investment Grade Satisfactory Quality	BBB+, BBB, BBB-	Baa1, Baa2, Baa3
Speculative Low Investment Grade	BB+, BB, BB-	Ba1, Ba2, Ba3
Highly Speculative	B+, B, B-	B1, B2, B3
Possible Default or In Default	CCC+, CCC, CCC-	Caa1, Caa2, Caa3
	CC, C	Ca, C
	D	
	DDD, DD (Fitch Only)	

- In addition to the DTA analysis, there are several other factors that influence the rating outcome, including:
 - Number of Borrowers in Pool
 - Borrower Concentration
 - Geographic Concentration
 - Credit Evaluation Process
 - Annual Surveillance Process
 - Late Payment Process
 - Additional Legal Provisions

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Credit Ratings

General Credit Criteria

- Basically evaluate “Willingness” and “Ability” to pay
- Four Primary Categories of Evaluation
 - Governance/Management
 - Financial Position
 - Debt Position
 - Economy

Pooled Loan Credit Focus

- Rating agencies utilize Default Tolerance Analysis (DTA's) when evaluating the credit worthiness of Pooled Loan Programs
- While each rating agency has their own defined methodology, in general the analysis is intended to determine the number of defaults a pool can sustain and still be able to make debt service payments

Document Drafting

While ratings are being obtained, the transaction documents will be drafted and finalized

Legal Documentation

Documents

Purpose

Bond Resolution or Indenture	Sets forth security provisions and covenants with which borrower must comply; authorizes general issuance of debt; sets forth parameters under which bonds can be issued, flow of funds, pledge of revenues, types of permitted investments and events of default and remedies
Series Resolution or Supplemental Indenture	Sets forth specific features (amounts, maturities, and redemption features)
Loan Agreement	Provides for loan of bond proceeds to borrowing entity; sets forth covenants with which borrower must comply
Bond Purchase Agreement	Governs purchase of bonds, provisions for underwriter "outs" and stickers and conditions of closing
Preliminary Official Statement ("POS" or Red Herring)	The draft version of the Official Statement. Provides information on security, purpose of issue, background on issuer (and borrower); used to market bonds to potential investors; provides means of disclosure A statement that no offer for or acceptance of bonds can occur on the basis of the POS is made in red on the left of the cover, thus causing it be known as the Red Herring.
Final Official Statement ("OS")	Final Version of POS; includes final rates, maturities, sinking fund payments and redemption provisions
Arbitrage Certificate	Sets forth restrictions on use of proceeds and compliance with arbitrage/rebate provisions; describes flow of funds
If Variable-Rate Bonds: Remarketing Agreement	Sets forth remarketing fees, qualifications and duties of remarketing agent
Legal Opinions	<ol style="list-style-type: none"> 1) Opinion on tax-exemption on bonds and due authorization of bond issuance 2) Opinion as to the authorization of legal documentation, exemption from registration and 10(b)(5) opinion on certain sections of OS (correct and no omissions of material facts)

Marketing Process

Lays the Groundwork for a Successful Pricing

- The goal of the marketing process is to:
 - Notify investors of an impending transaction
 - Communicate relevant features of the credit, addressing any questions or concerns
 - Gauge acceptance of the credit and willingness and interest in investing
 - Receive preliminary feedback on likely clearing levels

- Some key steps in the marketing process are:

Preliminary Official Statement

- Disclosure document used by investors to understand the offering
- Issued at the start of the marketing process
- Comprehensive data, not tailored to investors or a coherent narrative

Investor Roadshow

- Tailored narrative designed to concisely communicate transaction and credit deficits
- Typically delivered electronically, sometimes also in person

Investor Calls

- One-on-one discussions with investors interested in the credit, but who have open questions
- Targeted to credit analysts at major institutional investors

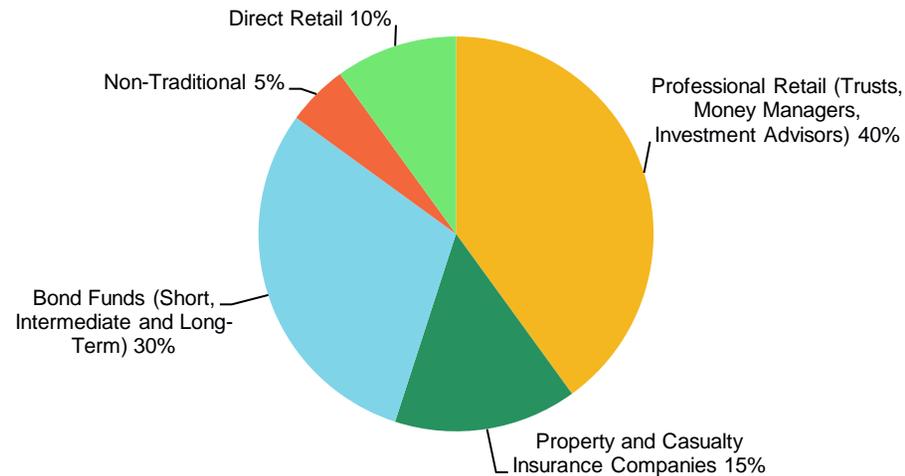
Price Discovery

- Sales and Trading conducts conversation with investors to determine (i) likelihood of participation, and (ii) expected pricing
- Non-binding, provides the underwriter with an indication of the appropriate starting pricing, along with an opportunity to adjust structure to market demand

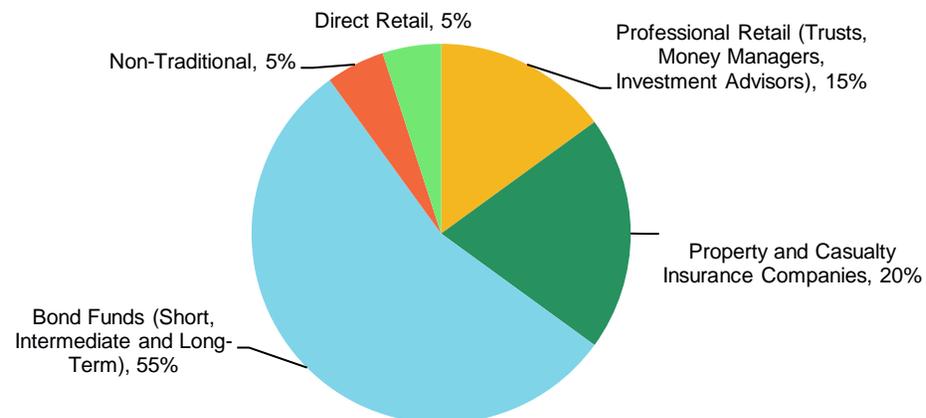
Who Buys Municipal Bonds?

- There are two major classes of bond buyers:
 - Retail, i.e. individuals/ households/“Mom & Pop” or professional retail (i.e. investment advisors)
 - Institutional
- Institutional investors fall into the following categories:
 - Bond funds
 - Investment advisors
 - Commercial banks
 - Bank trust departments
 - Insurance companies
 - Hedge funds

Typical Tax-Exempt Distribution



Typical AMT Distribution

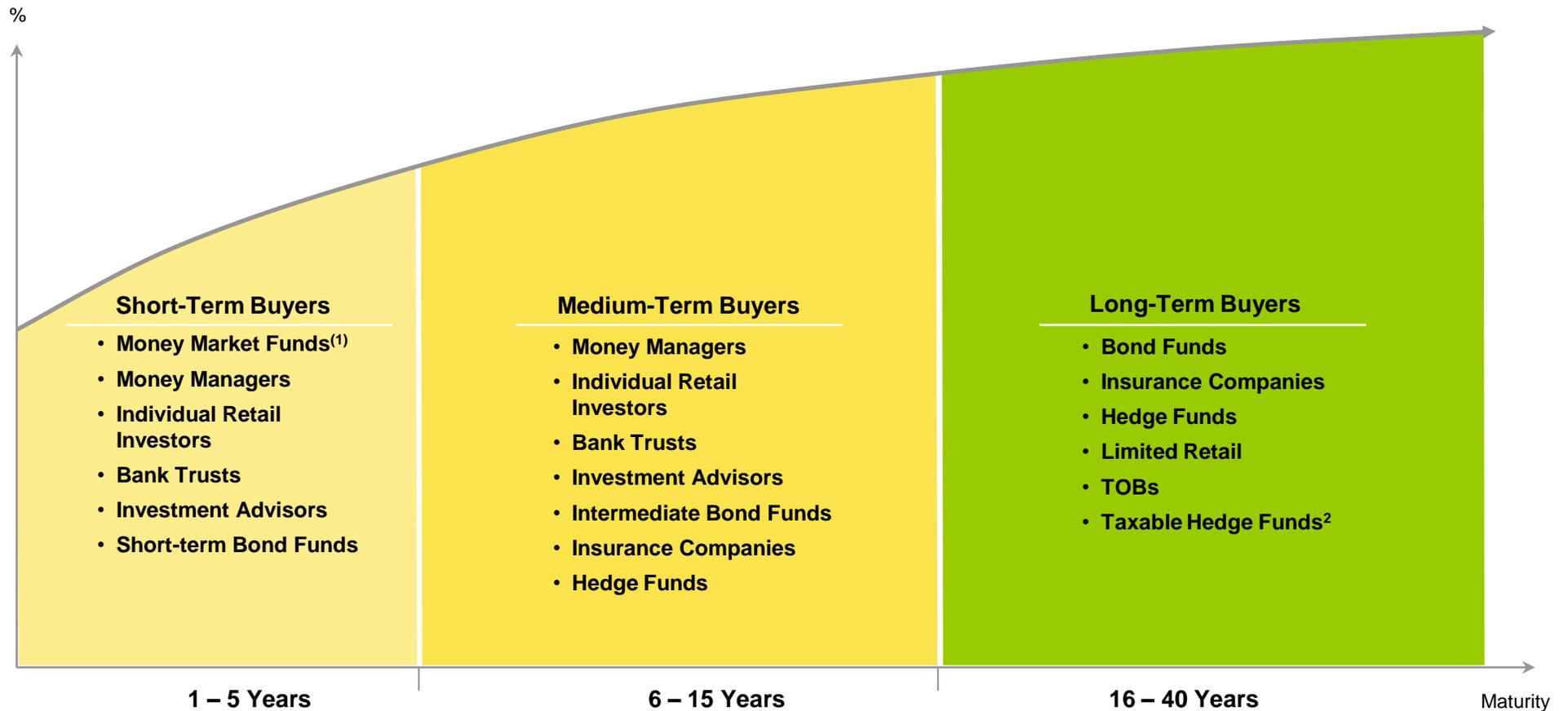


Likely Buyers of Tax-Exempt Bonds

Buyers Across the Yield Curve

Expected Investor Types by Maturity

Hypothetical Yield Curve (For Illustrative Purposes Only)



Notes

1. Buyers of bonds maturing in thirteen months or less
2. Non-traditional tax-exempt buyers

Execution Timetable

Week Prior to Pricing	Day Prior to Pricing	Day of Pricing	Post Pricing	Closing
<ul style="list-style-type: none"> ▪ Underwriters distribute preliminary structure to sales professionals and investor client base <ul style="list-style-type: none"> – POS Released – Sales Point Memorandum – Issue posted on national calendar ▪ Determine retail and institutional order period timing ▪ Set Priority of Orders and Designation Policies ▪ Select selling group, if desired ▪ Feedback received from investors regarding structure, coupon ideas, call features, etc. 	<ul style="list-style-type: none"> ▪ Pre-marketing call with issuer, financial advisor and underwriters <ul style="list-style-type: none"> – Underwriters provide overview of market conditions – Compares proposed financing to other comparable bond sales in the market – Senior and co-managers provide price views – Structure and price firmed up (consensus scale) 	<ul style="list-style-type: none"> ▪ Senior manager receives approval from issuer and financial advisor to release pricing wire with structure, scale, priority of orders and designation policy ▪ Once pricing wire is released, order period is open – usually lasts one to two hours <ul style="list-style-type: none"> – Issuer and financial advisor can monitor orders being received real-time via Ipreo ▪ Call is held at the end of the order period to review results ▪ Final price is negotiated with the issuer and financial advisor <ul style="list-style-type: none"> – Senior manager commits to underwrite the transaction – Issuer provides verbal award ▪ Senior manager allots bonds; subject to review and approval by the issuer and financial advisor 	<ul style="list-style-type: none"> ▪ Bond Purchase Agreement is executed ▪ Issue is booked and trades are processed ▪ Underwriting syndicate markets unsold (underwritten bonds) ▪ Secondary trading may begin ▪ Print and distribute Final Official Statement within seven days of pricing 	<ul style="list-style-type: none"> ▪ At closing, bonds are delivered to the senior manager and purchase price of the bonds is delivered to the Trustee ▪ Transaction is closed ▪ Post sale analysis is provided to the issuer ▪ Post-closing Underwriter maintains secondary market liquidity in bonds ▪ Post-closing Underwriter monitors credit and addresses investor questions

Underwriter's Discount or Spread

Underwriter Spread: With respect to a new issue of municipal securities, the difference between the price paid by the underwriter to the issuer for the new issue and the prices at which the securities are initially offered to the investing public; this is also termed the "gross spread," "gross underwriting spread" or "production." The spread is usually expressed in dollars or points per bond. Historically, the spread has consisted of four components, although one or more components may not be present in any particular offering ⁽¹⁾:

- **Management Fee**
 - Compensation for handling the affairs of the syndicate
 - Discretionary and based solely on performance
- **Takedown**
 - Sales commission
 - Varies, based on market conditions
 - Proper level will assure strong marketing effort, resulting in most favorable interest rates available
 - Typically negotiated in advance of sale
- **Expenses**
 - Underwriters' Counsel
 - Ipreo, DTC, CUSIP, day loan, travel and expenses
- **Underwriting Fee**
 - Compensates for market risk associated with commitment to underwrite (place capital at risk)

Sample Underwriter's Discount		
Assuming \$50 million transaction		
Underwriter's Discount	\$/1000	Amount
Average Takedown	4.705	235,256.25
Management Fee	1.000	50,000.00
Expenses	0.640	32,000.00
	6.345	317,256.25

(1) Source: Municipal Securities Rulemaking Board (www.MSRB.org/glossary.aspx)

Premium and Discount Pricing

- **Premium Bonds:** The amount by which the price paid for a security exceeds the security's par value.
- **Original Issue Premium:** The amount by which the public offering price of a security at the time of its original issuance exceeded its par value. The original issue premium is amortized over the life of the security and results in an adjustment to the basis of the security. Original issue premium generally is not deductible for federal income tax purposes. The amount of original issue premium received by the issuer in a primary offering, also known as the "bond premium," is generally treated as proceeds of the issue.
- **Discount Bonds:** A bond that is purchased for less than its par value.
- **Original Issue Discount:** The discount from par value at the time the bond or other debt is issued. It is the difference between the stated issue price and the redemption price at maturity. The original issue discount is amortized over the life of the security and is generally treated as tax-exempt interest. When the investor sells the security before maturity, any profit or loss realized on such sale is calculated (for tax purposes) on the adjusted book value. The adjusted book value is calculated for each year the security is outstanding by adding the accretion value to the original offering price. The amount of the accretion value (and the existence and total amount of original issue discount) is determined in accordance with the provisions of the Internal Revenue Code and the rules and regulations of the Internal Revenue Service.

Source: Municipal Securities Rulemaking Board (www.MSRB.org/glossary.aspx)

Sample Premium and Original Issue Discount

Assuming \$50 million transaction

Sources:

Par Amount	50,000,000.00
Original Issue Discount	(419,778.40)
Premium	1,160,204.95
	50,740,426.55

Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity	Call Date	Premium (-Discount)
6/1/2014	445,000	2.000%	1.180%	100.407			1,811.15
6/1/2015	895,000	2.000%	1.360%	100.947			8,475.65
6/1/2016	910,000	3.000%	1.650%	103.293			29,966.30
6/1/2017	940,000	3.000%	1.950%	103.535			33,229.00
6/1/2018	965,000	3.000%	2.350%	102.760			26,634.00
6/1/2019	995,000	4.000%	2.660%	106.814			67,799.30
6/1/2020	1,035,000	4.000%	2.910%	106.412			66,364.20
6/1/2021	1,075,000	4.000%	3.210%	105.228			56,201.00
6/1/2022	1,120,000	4.000%	3.430%	104.171			46,715.20
6/1/2023	1,165,000	5.000%	3.600%	111.180			130,247.00
6/1/2024	1,225,000	5.000%	3.770%	109.745	C 3.862%	6/1/2023	119,376.25
6/1/2025	1,285,000	5.000%	3.950%	108.250	C 4.093%	6/1/2023	106,012.50
6/1/2026	1,350,000	5.000%	4.120%	106.860	C 4.285%	6/1/2023	92,610.00
6/1/2027	1,415,000	5.000%	4.250%	105.812	C 4.424%	6/1/2023	82,239.80
6/1/2028	1,485,000	5.000%	4.380%	104.776	C 4.547%	6/1/2023	70,923.60
6/1/2029	1,560,000	5.000%	4.500%	103.830	C 4.650%	6/1/2023	59,748.00
6/1/2030	1,640,000	5.000%	4.610%	102.973	C 4.738%	6/1/2023	48,757.20
6/1/2031	1,720,000	5.000%	4.690%	102.354	C 4.800%	6/1/2023	40,488.80
6/1/2032	1,810,000	5.000%	4.770%	101.740	C 4.856%	6/1/2023	31,494.00
6/1/2033	1,900,000	5.000%	4.840%	101.207	C 4.903%	6/1/2023	22,933.00
6/1/2034	1,995,000	5.000%	4.910%	100.676	C 4.947%	6/1/2023	13,486.20
6/1/2035	2,095,000	5.000%	4.970%	100.224	C 4.983%	6/1/2023	4,692.80
6/1/2036	2,195,000	5.000%	5.000%	100.000			-
6/1/2037	2,305,000	5.000%	5.070%	99.045			(22,012.75)
6/1/2038	2,420,000	5.000%	5.110%	98.472			(36,977.60)
6/1/2039	2,545,000	5.000%	5.140%	98.022			(50,340.10)
6/1/2040	2,670,000	5.000%	5.160%	97.703			(61,329.90)
6/1/2041	2,805,000	5.000%	5.180%	97.376			(73,603.20)
6/1/2042	2,945,000	5.000%	5.190%	97.189			(82,783.95)
6/1/2043	3,090,000	5.000%	5.200%	96.999			(92,730.90)

Premium Bond

Par Bond

Discount Bond

- Ongoing needs apart from bond sales
 - Identify market opportunities and potential refunding savings or debt service restructuring opportunities
 - Monitor legislative, regulatory changes

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Other Bond Issuance Considerations

- Rebate Compliance (small issuer exemption < \$5,000,000)
 - Simply, this means the issuer has to rebate, or send back to the federal government, every dollar earned over the interest rate on the bonds
- Continuing Disclosure – SEC Rule 15c2-12
 - Full and accurate disclosure
 - Responsibility and obligation of issuer and its governing body
 - Official Statement in initial offering
- Municipalities Continuing Disclosure Cooperation (“MCDC”) Initiative
 - On March 4, 2014 the SEC announced MCDC
 - SEC seeks to address perceived abuses in continuing disclosure
 - SEC is requesting both issuers and underwriters to self-report
 - No financial penalties for issuers
 - Reduced financial penalties for underwriters
 - December 1, 2014 deadline for issuer self-reporting
 - Severe financial penalties for non-compliance

Additional Information?

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Appendix A

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