



Midpeninsula Regional
Open Space District

R-14-149
Meeting 14-33
November 25, 2014

AGENDA ITEM 4

AGENDA ITEM

Resolution approving a Board Policy on Initial and Continuing Disclosures Relating to Bond Issuances

GENERAL MANAGER'S AND CONTROLLER'S RECOMMENDATIONS

Adopt a Resolution of the Board of Directors of the Midpeninsula Regional Open Space District (District) approving a new Board Policy: "Initial and Continuing Disclosures Relating to Bond Issuances."

SUMMARY

The District has issued bonds relatively infrequently over the forty-two years of its existence. The voters recently authorized the issuance of up to \$300 million in additional bonds over the next thirty years. This will increase the need for efficient and effective bond management protocols. In addition, the Securities and Exchange Commission has recently asked that all issuers of municipal bonds focus on improving overall performance on related disclosure requirements. For these reasons, it appears prudent at this time to adopt a formal policy to guide staff and the District's Board of Directors relating to bond disclosure procedures and requirements.

DISCUSSION

Securities and Exchange Commission (SEC) Rule 15c2-12 requires that before a local government can issue municipal bonds to investors in a public sale, the bond underwriters must reasonably determine that the issuer has undertaken to provide certain updated disclosure information to the Municipal Securities Rulemaking Board after the issuance of the bonds. This information is contained in the continuing disclosure certificate and includes annual financial and operating data, audited financial statements and notices of certain listed events, and any material failure to disclose such events in the past. The SEC has recently begun to focus on trying to increase transparency in municipal securities and to improve consistency in meeting disclosure obligations, nation-wide. One of the identified means of accomplishing this goal is the use of formally adopted disclosure policies.

The District's role in fulfilling the underwriters obligations under this rule have traditionally been handled under the professional guidance and management of the General Manager, Controller, General Counsel and outside experts working with the District on each transaction, annually, and as needed. As the District's finances and organization grow and become more complex, and in the interest of transparency and ensuring that our obligations are met in this

area, staff recommends the adoption of the attached Board Policy governing “Initial and Continuing Disclosures Relating to Bond Issuances.”

The proposed policy, as presently crafted, is based on a template recommended by our bond counsel at Jones Hall. It is complex, befitting the subject. It will undoubtedly benefit from refinement and amendment as it is put to use.

The proposed policy has the following key features:

- It sets up a Disclosure Working Group, made up of the three Board appointees: the General Manager, the Controller and General Counsel to review, oversee, and approve all disclosure documents.
- It sets up a Disclosure Coordinator role, to ensure that all of the appropriate information is compiled and reviewed.
- It sets up a Financing Group, made up of the Disclosure Working Group, the Disclosure Coordinator and appropriate outside experts, for preparing the documents requiring for each new financing or re-financing.
- It ensures that the Board of Directors regularly receives an appropriate level of information and training to fulfill its obligations. (Training is the only new aspect.)

All of these functions are presently being undertaken by the same people set out in the proposed policy, with the exception of the creation of a “Disclosure Coordinator” which is new, and the anticipation of a role for a Finance Manager, which position does not exist at this time, but is anticipated to be recommended for addition in the next year. It is recommended that the policy take effect at the beginning of the FY2015-16 to allow the current Disclosure Working Group time to set up any adjustments to our processes necessary to ensure full compliance with the policy.

As noted above, as the District’s “first take” on how to routinize and formalize this process, it is likely to need amendment as we start using it and figure out what parts work and what parts need improvement. This will be figured out as the process is applied to a series of actions that can have short timeframes for fulfilling the disclosure obligations addressed by the Policy. It therefore contains a clause delegating to the General Manager the ability to make temporary changes as needed to stay in compliance with the District’s disclosure obligations, but requiring any such changes be brought back to the Board within 90 days.

FISCAL IMPACT

No new impact. The policies proposed formalize and strengthen procedures for compliance with existing obligations and practices, and should add no new costs.

PUBLIC NOTICE

Public notice was provided as required by the Brown Act.

CEQA COMPLIANCE

No compliance is required as this action is not a project under CEQA.

NEXT STEPS

After the Board's adoption of this Policy, the General Manager, Controller and General Counsel will take all steps necessary to ensure compliance with it.

Attachments:

1. Resolution Approving new Board Policy: "Initial and Continuing Disclosures Relating to Bond Issuances."
2. Proposed Board Policy: "Initial and Continuing Disclosures Relating to Bond Issuances."

Responsible Department Heads:

General Manager Steve Abbors

Controller Mike Foster

General Counsel, Sheryl Schaffner

Prepared by:

General Counsel Sheryl Schaffner

RESOLUTION NO. 14-__

RESOLUTION OF THE MIDPENINSULA REGIONAL OPEN SPACE DISTRICT ADOPTING A BOARD POLICY: “INITIAL AND CONTINUING DISCLOSURE POLICIES RELATING TO BOND ISSUANCES”

WHEREAS, the Midpeninsula Regional Open Space District (the “District”) has issued and in the future will continue to issue securities in the forms of bonds, notes or other types of indebtedness (referred to herein as “bonds”) in order to finance or refinance various open space projects; and

WHEREAS, Securities and Exchange Commission Rule 15c2-12 (“SEC Rule 15c2-12”) sets forth certain obligations of bond underwriters to review and distribute official statements prepared by bond issuers and to obtain from bond issuers agreements to provide continuing disclosure on a continuing basis pursuant to SEC Rule 15c2-12 (“Continuing Disclosure Undertakings”) while bonds are outstanding such that the bond marketplace has continuing access to information about the issuer and its outstanding bonds and the security for such bonds; and

WHEREAS; pursuant to SEC Rule 15c2-12, annual reports and notice of certain events are to be provided to the Municipal Securities Rulemaking Board (“MSRB”) through the Electronic Municipal Market Access (“EMMA”) online portal; and

WHEREAS, the financial crisis of 2008 underscored the importance of providing bond investors with all material information regarding an issuer’s bonds and the importance of providing continuing disclosure to the municipal marketplace in order to enhance transparency and credibility in the marketplace; and

WHEREAS, to that end, the Board of Directors of the District has determined that ensuring a solid continuing disclosure track record that will be viewed favorably by bond investors, rating agencies and the public is in the best interests of the District, and has determined to adopt this resolution setting forth a Board Policy regarding Initial and Continuing Disclosure Policies Relating to Bond Issuances, to ensure that each of the District’s annual reports and event filings are done in a timely and complete manner;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Midpeninsula Regional Open Space District, as follows:

Section 1. The above recitals are true and correct.

Section 2. Adoption of Board Policy. The “Initial and Continuing Disclosure Policies Relating to Bond Issuances” is hereby approved and adopted.

Section 3. Effective Date. This resolution shall take effect on the first day of the District’s upcoming Fiscal Year 2015/2016, April 1, 2015.

* * * * *

PASSED AND ADOPTED by the Board of Directors of the Midpeninsula Regional Open Space District on _____, 2014, at a special meeting thereof, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST:

APPROVED:

Secretary
Board of Directors

President
Board of Directors

APPROVED AS TO FORM:

General Counsel

I, the District Clerk of the Midpeninsula Regional Open Space District, hereby certify that the above is a true and correct copy of a resolution duly adopted by the Board of Directors of the Midpeninsula Regional Open Space District by the above vote at a meeting thereof duly held and called on the above day.

District Clerk

Midpeninsula Regional Open Space District

Board Policy Manual

Initial and Continuing Disclosures Relating to Bond Issuances	Policy 3.06 Chapter 3 – Fiscal Management
Effective Date: 04/01/2015	Revised Date: (none)
Prior Versions: (none)	
Attachments: A – List of Disclosure Documents, to be Amended as Necessary B – Listed Events C – Cover Sheet Documenting Approval of Disclosure Document By Disclosure Working Group D – Form of Cover Letter for Transmittal of Official Statement by Financing Group to Disclosure Working Group E – Form of Staff Report Transmitting Official Statement by District Manager to District Board of Directors F – Form of Cover Letter for Transmittal of Financial Statements to Disclosure Working Group G – Required Tables and Supplemental Financial Disclosures	

Purpose

The disclosure policies and procedures contained herein (the “**Disclosure Procedures**”) of the Midpeninsula Regional Open Space District (the “**District**”) are intended to ensure that the District’s disclosure documents (the “**Disclosure Documents**”), as listed on Attachment A to these Disclosure Procedures, are accurate and in compliance with applicable federal and state securities laws.

Policy

Article I: Key Participants and Responsibilities

Section 1.01. Disclosure Working Group.

(A) *Composition.* By adoption of these Disclosure Procedures, the District hereby establishes a disclosure working group (the “**Disclosure Working Group**”). The members of the Disclosure Working Group shall be the following:

- i. General Manager;
- ii. Controller; and
- iii. General Counsel.

(B) *Responsibilities.* The Disclosure Working Group shall consult with the Financing Group (as defined in Section 1.03) or other interested parties as the Controller or any other member of the Disclosure Working Group determines is advisable related to disclosure issues and practices. The Disclosure Working Group shall meet as often as necessary to fulfill its obligations, but not less than once per calendar year. Members of the Disclosure Working Group may participate in meetings by telephone.

The Disclosure Working Group is responsible for:

- i. Reviewing and approving all preliminary and final official statements, private placement memoranda and remarketing memoranda relating to the District's securities, together with any supplements, for which a continuing disclosure undertaking is required (each, an "**Official Statement**") as further described in Article II, before such documents are released;
- ii. Reviewing and approving the District's Financial Statements (as defined and further described in Section 3.02 below);
- iii. Reviewing and approving any other Disclosure Documents before such documents are released;
- iv. Reviewing annually the District's status and compliance with continuing disclosure undertakings including filings of Disclosure Documents and compliance with these Disclosure Procedures and the annual financial report as described in Article III below;
- v. Reviewing any other items referred to the Disclosure Working Group; and
- vi. Evaluating the effectiveness of these Disclosure Procedures and approving changes to these Disclosure Procedures as further described in Section 5.04 of this Policy.

(C) *Determination of Disclosure Document Status.* Whether or not a particular document or other communication is a Disclosure Document shall be determined by the Disclosure Working Group. At its initial meeting, the Disclosure Working Group shall establish a list of the District's recurring Disclosure Documents, which list shall be added to Attachment A to these Disclosure Procedures to the extent such documents are not already contained therein. The Disclosure Working Group shall continue to update Attachment A to these Disclosure Procedures when appropriate.

(D) *Review and Approval.* Following receipt of a Disclosure Document from a disclosure coordinator selected by the Finance Manager (the "**Disclosure Coordinator**") or the Financing Group (as defined in Section 1.03 below), the Disclosure Working Group shall evaluate the Disclosure Document for accuracy and compliance with federal and state securities laws, and shall, if appropriate, ask questions of the Disclosure Coordinator. The Disclosure Working Group may send the Disclosure Document back to the Financing Group for revisions.

The Disclosure Coordinator shall consult with the District's disclosure counsel to the extent the Disclosure Coordinator considers appropriate to perform his or her responsibilities.

Section 1.02. Disclosure Coordinator.

(A) *Appointment.* The Controller, in consultation with the other members of the Disclosure Working Group, shall select and appoint the Disclosure Coordinator.

(B) *Responsibilities.* The Disclosure Coordinator is responsible for:

- i. Serving as a "point person" for personnel to communicate issues or information that should be or may need to be included in any Disclosure Document;

- ii. Monitoring compliance by the District with these Disclosure Procedures, including timely dissemination of the annual financial report and Listed Event filings;
- iii. Recommending changes to these Disclosure Procedures to the Disclosure Working Group as necessary or appropriate;
- iv. Communicating with third parties, including coordination with outside consultants assisting the District, in the preparation and dissemination of Disclosure Documents to make sure that assigned tasks have been completed on a timely basis and making sure that the filings are made on a timely basis and are accurate;
- v. In anticipation of preparing Disclosure Documents, soliciting “material” information (as defined for purposes of federal securities law) from District departments;
- vi. Maintaining records documenting the District’s compliance with these Disclosure Procedures;
- vii. Determining when Disclosure Documents are final and ready for review by the Disclosure Working Group to the extent required by these Disclosure Procedures; and
- viii. Ensuring compliance with training procedures as described below.

The Disclosure Coordinator may file the following documents with the Municipal Securities Rulemaking Board (the “**MSRB**”), without prior review and approval of the Disclosure Working Group but after prior review and approval from the Controller if the Controller selects someone other than himself or herself to fill the role of Disclosure Coordinator: those Disclosure Documents that (i) the District is contractually obligated to file with the MSRB as a result of the occurrence of a Listed Event (as defined in Section 2.03) or as a result of the failure to timely file the required annual financial report and (ii) contain no discretionary content.

(C) *Training.* Separate training sessions shall be conducted by the District’s disclosure counsel, with the assistance of the District General Counsel, for the District Board of Directors members. At a minimum, each District Board of Directors member must participate in a disclosure training session as part of his or her new member orientation.

Section 1.03. Financing Group.

General. The Controller shall identify a Financing Group (the “**Financing Group**”) for each financing (the composition of which may differ for each financing), which shall include, at a minimum, the following individuals:

- i. General Manager
- ii. General Counsel;
- iii. Controller;
- iv. Disclosure Coordinator;

- v. The District's outside bond counsel and disclosure counsel;
- vi. The District's financial advisor (if any);
- vii. The District's underwriter (if any); and
- viii. Such other such District staff as the Controller determines to be appropriate.

It is the District's policy to establish continuing working relationships with professional advisors with expertise in the area of public finance and federal securities laws applicable to the issuance of securities by the District.

Article II: Review and Approval of Official Statements

Section 2.01. Responsibilities of Financing Group. The Financing Group shall prepare the Official Statement and transmit the Official Statement to the Disclosure Working Group. More specifically:

(A) The Financing Group shall be responsible for reviewing disclosure documents solicited from the Departments by the Disclosure Coordinator, as required by Section 1.04(B) above. The Financing Group shall identify persons assigned to assist with the review or preparation of an Official Statement ("**Contributors**") who (a) should prepare portions of the Official Statement, (b) may have information necessary to prepare portions of the Official Statement or (c) should review portions of the Official Statement.

(B) The Controller shall contact the individuals and departments identified as Contributors as soon as possible in order to provide adequate time for them to perform their assigned tasks. At the time a Contributor is first contacted, he or she shall be informed by the Controller of the applicable requirements of federal and state securities law, including the standard established by Rule 10b-5, promulgated by the Securities and Exchange Commission.

(C) The Financing Group shall transmit the Official Statement to the Disclosure Working Group, using the cover letter attached to these Disclosure Procedures as Attachment D to these Disclosure Procedures. In so doing, the Financing Group shall (a) confirm that the Official Statement accurately states all material information relating to the District and that all information relating to the District has been reviewed by an appropriate person, (b) confirm that all information in the Official Statement other than the information described in the previous clause (a) will be addressed by a closing certificate or opinion by an appropriate person, (c) report any disclosure issues and concerns to the Disclosure Working Group and (d) confirm that the Official Statement is in substantially final form and is in a form ready to be "deemed final" by the District Board of Directors pursuant to Rule 15c2-12, promulgated by the Securities and Exchange Commission.

(D) The Financing Group shall have at least one all-hands meeting or conference call to review the Official Statement before transmitting it to the Disclosure Working Group.

Section 2.02. Responsibilities of Contributors. A Contributor shall assist in reviewing and preparing the Official Statement using his or her knowledge of the District and, if appropriate, by discussing the Official Statement with other members of the Contributor's department, all for the purpose of ensuring the accuracy of the relevant portions of the Official Statement. The Financing Group shall identify all Contributors that participated in preparing the Official Statement and their responsibilities in the cover

letter it uses to transmit the Official Statement to the Disclosure Working Group (see Attachment D to these Disclosure Procedures).

Section 2.03. Responsibilities of District General Counsel. The District General Counsel (or a designee) shall review the Official Statement and shall draft for the Official Statement descriptions of (i) any material current, pending or threatened litigation, (ii) any material settlements or court orders and (iii) any other legal issues that are material information for purposes of the Official Statement.

Section 2.04. Responsibilities of Controller. The Controller shall review the Official Statement, identify any material difference in presentation of financial information from the Financial Statements and ensure there are no misstatements or omissions of material information in any sections that contain descriptions of information prepared by the Controller or other Contributors or of relevance to the finances of the District.

In addition, the Controller shall determine whether the District's then-available Financial Statements are appropriate to be included in the Official Statement and whether to seek the consent of the District's auditor to include the Financial Statements in the Official Statement.

Section 2.05. Review by Disclosure Working Group. Following receipt of the Official Statement from the Financing Group, the Disclosure Working Group shall evaluate the Official Statement for accuracy and compliance with federal and state securities laws, and shall, if appropriate, ask questions of the Financing Group and of any Contributor or other person who reviewed or drafted any section of the Official Statement. The Disclosure Working Group may send Official Statements back to the Financing Group for revisions and may instruct the Financing Group to solicit contributions from additional Contributors.

Section 2.06. Approval by Disclosure Working Group. Upon approval of the Official Statement by the Disclosure Working Group, the Disclosure Working Group shall attach to the Official Statement a cover sheet in the form of Attachment C to these Disclosure Procedures. Each Official Statement and the attached cover sheet shall be retained in the files of the District Clerk for 5 years (or such longer period of time as may be required by state law).

Section 2.07. Submission of Official Statements to District Board of Directors for Approval. As part of the docketing process, the District General Manager shall submit all Official Statements to the District Board of Directors for approval using a staff report that is similar in form and substance to the template attached as Attachment E to these Disclosure Procedures. The approval of an Official Statement by the District Board of Directors shall be docketed as a new business matter and shall not be approved as a consent item. The District Board of Directors shall undertake such review as deemed necessary by the District Board of Directors, following consultation with the Controller, to fulfill the District Board of Directors's responsibilities under applicable federal and state securities laws. In this regard, the Controller shall consult with the District's disclosure counsel to the extent necessary.

Article III: Continuing Disclosure Filings

Section 3.01. Overview. Under the continuing disclosure undertakings the District has entered into in connection with its debt offerings, the District is required each year to file annual financial reports with the MSRB's Electronic Municipal Market Access ("**EMMA**") system in accordance with such undertakings. Such annual financial reports are required to include certain updated financial and operating information, and the District's audited financial statements.

The District is also required under its continuing disclosure undertakings to file notices of certain events with EMMA.

Section 3.02. Financial Statements. The Controller shall submit the District's audited financial statements ("**Financial Statements**"), as they are available, to the Disclosure Working Group with a cover sheet in the form of Attachment F to these Disclosure Procedures. The Disclosure Working Group shall review the audited Financial Statements according to these Disclosure Procedures and, when reviewed and approved for disclosure, shall transmit the audited Financial Statements to the District Board of Directors with a cover sheet in the form of Attachment C to these Disclosure Procedures.

If the District does not have audited Financial Statements available, the Controller shall instead submit the District's unaudited financial statements.

Section 3.03. Annual Financial Reports. The Disclosure Coordinator shall ensure that the preparation of the District's annual financial reports shall commence as required under each specific continuing disclosure undertaking. Before any annual financial report is submitted to EMMA, the Disclosure Coordinator shall confer with the Disclosure Working Group as needed regarding the content and accuracy of any such report, including all tables for all Official Statements for all outstanding District debt, including but not limited to those listed in Attachment G.

Section 3.04. Disclosure of Listed Events. Pursuant to Rule 15c2-12(b)(5)(i)(C), the District is obligated to disclose to the MSRB notice of certain specified events with respect to the District's securities (a "**Listed Event**"). Each member of the Disclosure Working Group shall notify the other members of the Disclosure Working Group if he or she becomes aware of any of the Listed Events listed in the District's continuing disclosure undertakings. The Disclosure Working Group may meet to discuss the event and to determine, in consultation with disclosure counsel to the extent determined by the Disclosure Coordinator, whether a filing is required or is otherwise desirable. If such a filing is deemed necessary, the Disclosure Coordinator shall cause a notice of the Listed Event (a "**Listed Event Notice**") that complies with Rule 15c2-12 to be prepared, and the Disclosure Coordinator shall file the Listed Event Notice as required by Rule 15c2-12. For securities issued after December 1, 2010, and variable rate demand obligations issued at any time but which convert from a mode exempted from Rule 15c2-12 to a mode not so exempted on or after December 1, 2010, such related continuing disclosure undertakings should contain Listed Events as listed in Attachment B to these Disclosure Procedures.

Article IV: Public Statements Regarding Financial Information

Section 4.01. Financial Information. Whenever the District makes statements or releases information relating to its finances to the public that are reasonably expected to reach investors and the trading markets (including, without limitation, all Listed Event Notices, statements in the audited Financial Statements, and other financial reports and statements of the District), the District is obligated to ensure that such statements and information are complete, true, and accurate in all material respects. The Controller shall have primary responsibility for ensuring that such statements and information are accurate and not misleading in any material respect.

Article V: Miscellaneous

Section 5.01. Documents to be Retained. The Disclosure Coordinator, working with the District Clerk as needed, shall be responsible for retaining records demonstrating compliance with these Disclosure Procedures. The Disclosure Coordinator shall retain an electronic or paper file ("**Deal File**") for each continuing disclosure annual financial report that the District completes. Each Deal File shall include

final versions of Disclosure Documents accompanied by the cover sheet attached as Attachment C to these Disclosure Procedures; written confirmations, certifications, letters and legal opinions described herein; copies of these Disclosure Procedures and a list of individuals to whom they have been distributed and the dates of such distributions; and a written record of the dates of meetings of the Disclosure Working Group. The Deal File shall be maintained in a central depository for a period of five years from the later of the date of delivery of the securities referenced in the Disclosure Document, or the date the Disclosure Document is published, posted, or otherwise made publicly available, as applicable.

Section 5.02. Education and Training. The Disclosure Coordinator shall ensure that the Disclosure Working Group, all Contributors, and the District Board of Directors are properly trained to understand and perform their responsibilities.

The Disclosure Coordinator shall arrange for at least annual disclosure training sessions conducted by the District's disclosure counsel. Such training sessions shall include education on these Disclosure Procedures, the District's disclosure obligations under applicable federal and state securities laws and the disclosure responsibilities and potential liabilities of members of District staff and members of the District Board of Directors. Such training sessions may be conducted using a recorded presentation.

Section 5.03. District's Website. The District shall maintain an investor information section of the District's website. Disclosure Documents that are material to the District's securities, and no other information, shall be posted to the investor information section of the District's website following review and approval as set forth in this Section 5.03. The investor information of the District's website shall include the following statement:

"The only information on this Web site that is posted with the intention of reaching the investing public, including bondholders, rating analysts, investment advisors, or any other members of the investment community, is located on the investor information web pages. Other than the specific information presented in the investor information web pages, no other information on the District's website is intended to be the basis of or should be relied upon in making an investment decision. Because each security issued by the District or its related entities may involve different sources of payment and security, you should refer for additional information to the official statement and continuing disclosure filings for the particular security. The information posted in the investor information web pages speaks only as of its date."

Section 5.04. Amendments. In addition to the General's Manager's authority to adopt an Administrative Policy to make this Board Policy more specific, any provision of these Disclosure Procedures may be waived or amended at any time by the General Manager, with the written confirmation of the members of the Disclosure Working Group. This authority is triggered only if such waiver or amendment is necessary for timely and effective compliance with disclosures laws. Any waivers or amendments made under this provision shall be reported to the Board of Directors, with conforming revisions recommended for the Board's consideration at the next update of this Board Policy and no later than within three months of implementation of such waiver or amendment.

ATTACHMENT A

LIST OF DISCLOSURE DOCUMENTS, TO BE AMENDED AS NECESSARY

1. Preliminary and final official statements, private placement memoranda and remarketing memoranda relating to the District's securities, together with any supplements.
2. Financial Statements.
3. Filings made by the District with the Municipal Securities Rulemaking Board, whether made pursuant to a continuing disclosure undertaking to which the District is a party or otherwise.
4. Press releases and other information distributed by the District for public dissemination to the extent that such releases are reasonably expected, in the determination of the Disclosure Working Group, to reach investors and the trading markets for municipal securities.
5. Rating agency presentations.
6. Postings on the investor information section of the District's website.
7. Such portions of the District's published adopted annual budget as the Disclosure Working Group determines to be appropriate, which shall, at a minimum, include the executive summary.
8. Any other communications that are reasonably expected, in the determination of the Disclosure Working Group, to reach investors and the trading markets for municipal securities.

ATTACHMENT B

LISTED EVENTS

The Disclosure Coordinator should review this list at least once each week to determine whether any event has occurred that may require a filing with EMMA.

For securities (subject to Rule 15c2-12) issued on or after December 1, 2010, or for variable rate demand bonds that are converted from a mode currently exempted from rule 15c2-12 to a mode not so exempted on or after December 1, 2010, the following events automatically trigger a requirement to file on EMMA within ten (10) business days of their occurrence, without regards to the materiality of the event:

1. principal and interest payment delinquencies
2. unscheduled draws on debt service reserves reflecting financial difficulty
3. unscheduled draws on credit enhancements reflecting financial difficulty
4. substitution of credit or liquidity providers, or their failure to perform
5. adverse tax opinions or events affecting the tax-exempt status of the security
6. tender offers
7. defeasances
8. rating changes
9. bankruptcy, insolvency, receivership or similar event of the obligated person
10. failure to provide in a timely manner notice to provide required annual financial information by the date specified in any continuing disclosure undertaking

The following events trigger a requirement to file notice of their occurrence on EMMA within a reasonable period of time after their occurrence, once they are determined to be material by the Disclosure Working Group:

1. non-payment related defaults
2. modifications to the rights of security holders
3. bond calls
4. release, substitution or sale of property securing repayments of the securities
5. the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, 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
6. appointment of a successor or additional trustee or the change of name of a trustee

ATTACHMENT C

**Cover Sheet Documenting Approval of Disclosure Document
By Disclosure Working Group**

Date: _____

[Option #1] The attached Disclosure Document has been reviewed and approved by the Disclosure Working Group pursuant to the District’s Disclosure Policies and Procedures.

General Manager

Controller

General Counsel

Note: The approval of only the Disclosure Coordinator is required for Disclosure Documents that (i) the District is contractually obligated to file with the MSRB as a result of the occurrence of a Listed Event or as a result of the failure to file the required annual financial report on a timely basis or (ii) contain no discretionary content.

[Option #2] The attached Disclosure Document has been reviewed and approved by the Disclosure Coordinator pursuant to the District’s Disclosure Policies and Procedures.

Disclosure Coordinator

ATTACHMENT D

**Form of Cover Letter for
Transmittal of Official
Statement by Financing Group
to Disclosure Working Group**

Disclosure Working Group:

With respect to the attached Official Statement:

(i) the Financing Group has performed its responsibilities set forth in subsection iii. of Section 3.01 of the Disclosure Policies and Procedures;

(ii) the members of the Financing Group and the Contributors to the Official Statement are listed below;

(iii) the Official Statement accurately reports all material information relating to the District, and all information relating to the District has been critically reviewed by an appropriate person; and

(iv) all information in the Official Statement, other than the information described in the previous clause (iii) will be addressed by an appropriate person in a closing certificate or opinion and (iv) [**Option #1:** in our judgment, the Official Statement is in substantially final form and ready for review by the Disclosure Working Group] [**Option #2:** the following are significant disclosure issues or concerns identified by the Financing Group].

Controller

Members of Financing Group:

[to come]

Contributors:

[to come]

ATTACHMENT E

Form of Staff Report Transmitting Official Statement by District Manager to District Board of Directors

To: Members of the Board of Directors

From: General Manager

Date: _____

This Staff Report relates to the proposed issuance of _____ (the "Obligations") by the District. The Board of Directors (Board) is asked to approve issuance of the Obligations and all related documents. The near-final versions of these documents are attached.

The attached Preliminary Official Statement has been reviewed and approved for transmittal to the Board by the District's Disclosure Working Group. The distribution of the Preliminary Official Statement by the District is subject to federal securities laws, including the Securities Act of 1933 and the Securities Exchange Act of 1934. These laws require the Preliminary Official Statement to include all facts that would be material to an investor in the Obligations. Material information is information that there is a substantial likelihood would have actual significance in the deliberations of the reasonable investor when deciding whether to buy or sell the Obligations. If the District Council concludes that the Preliminary Official Statement includes all facts that would be material to an investor in the Obligations, it must adopt a resolution that authorizes staff to execute a certificate to the effect that the Preliminary Official Statement has been "deemed final."

The Securities and Exchange Commission (the "SEC"), the agency with regulatory authority over the District's compliance with the federal securities laws, has issued guidance as to the duties of the elected body with respect to its approval of the Preliminary Official Statement. In its "Report of Investigation in the Matter of County of Orange, California as it Relates to the Conduct of the Members of the Board of Supervisors" (Release No. 36761 / January 24, 1996) (the "Release"), the SEC stated that, if a member of the elected body has knowledge of any facts or circumstances that an investor would want to know about prior to investing in the Obligations, whether relating to their repayment, tax-exempt status, undisclosed conflicts of interest with interested parties, or otherwise, he or she should endeavor to discover whether such facts are adequately disclosed in the Preliminary Official Statement. In the Release, the SEC stated that the steps that a member of the elected body take include becoming familiar with the Preliminary Official Statement and questioning staff and consultants about the disclosure of such facts.

Section 1. Purpose of Financing.

Section 2. Documents for Approval; Security for the Obligations.

Section 3. Risks Relating to Repayment and Tax-Exempt Status of the Obligations.

Section 4. Requested Approvals.

ATTACHMENT F

**Form of Cover Letter for
Transmittal of Financial Statements
to Disclosure Working Group**

Disclosure Working Group:

I attach the District's financial statements as of March 31, ____, along with an opinion of our independent auditor. I believe the financial statements present fairly, in all material respects, the financial position of the District as of March 31, ____ in accordance with accounting principles generally accepted in the United States of America and applicable laws and regulations of the State of California. In addition, the financial statements include a Management Statement and certain supplementary schedules that I conclude are true and accurate. These Financial Statements are ready for review by the Disclosure Working Group pursuant to Section 4.02 of the Disclosure Procedures.

Controller

ATTACHMENT G

Annual Financial Report

Required Tables and Supplemental Financial Disclosures

The Annual financial report is due 210 days after end of fiscal year and will update all tables for all Official Statements for all outstanding District debt and CUSIP number, including:

1. Updated Tables from Official Statement
 - a. District Secured and Unsecured Tax Receipts
 - b. Projected District Revenues
 - c. Projected Debt Coverage
 - d. Composite District Payment Obligations
 - e. District Debt Outstanding
 - f. District Assessed Valuation
 - g. Direct and Overlapping Debt
2. Supplemental Financial Disclosures
 - a. Bonds Redeemed Prior to Maturity
 - b. Amount of Bond Reserve Funds