

AGENDA

SCOTT COUNTY PUBLIC SAFETY AUTHORITY

Monday August 29, 2022 at 11:00 am

Scott County Administrative Center
600 W. 4th St. Davenport, IA 52801
1st Floor – Boardroom

1. Roll Call: Barber, Scheibe, Wills
2. Approval of Minutes
3. Election of Officers

Current Officers: Chairperson: Dale Barber
Secretary: Carolyn Scheibe
Treasurer: Carlton Mills

4. Approval of authorization of debt payment
5. Discuss the policies regarding municipal securities disclosure
6. Other items of interest
7. Adjournment

MINUTES
PUBLIC SAFETY AUTHORITY

Monday, August 23, 2021 at 1:00 P.M.

The Board of Commissioners of the Public Safety Authority at the Scott County Administrative Center Room 605 on Monday, August 23, 2021 at 1:00 P.M.

Commissioners present: Dale Barber, Carolyn Scheibe and Carlton Wills were present.

Staff present: Mahesh Sharma, County Administrator, David Farmer, Budget & Administrative Services Director and Renee Luze-Johnson, Executive Assistant.

Others present: none

Moved by Scheibe, seconded by Wills, approval of the minutes of the September 2, 2020 Meeting

Roll Call: Dale Barber - Aye
Carolyn Scheibe – Aye
Carlton Wills - Aye

Chairperson Barber discussed the annual election of officers.

Moved by Scheibe, seconded by Wills to appoint:

Dale Barber - Chair
Carolyn Scheibe - Secretary
Carlton Wills - Treasurer

Roll Call: Dale Barber - Aye
Carolyn Scheibe – Aye
Carlton Wills - Aye

David Farmer discussed the 2012 Debt Series and answered any questions pertaining to this debt.

Moved by Wills, seconded by Scheibe the approval of the resolution providing for the authorization of debt payment for Series 2012 in the amount of \$1,941,617.50 (\$131,617.50-interest and \$1,810,000-principal) and the authorization of trustee administrative fees up to \$6,000.00.

Roll Call: Dale Barber - Aye
Carolyn Scheibe – Aye
Carlton Wills - Aye

Other items of interest: Dale Barber asked about the possibility of the Public Safety Authority dissolving after debt is paid, it was discussed, that when that happens, the PSA will remain and meet annually in case a reason to issue debt came up again.

Moved by Wills, seconded by Scheibe, motion to adjourn at 1:15 pm. All ayes.

OFFICE OF THE COUNTY ADMINISTRATOR

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August 5, 2022

TO: Public Safety Authority

FROM: David Farmer, CPA, Director of Budget and Administrative Services

SUBJ: 2012 Debt Issuance Payments

The Public Safety Authority has a net principal payment of \$1,850,000 and interest payments of \$95,418 due in fiscal year 2022. The amount due as of June 30, 2022 is \$5,665,000. After payment, the amount of principal due as of June 30, 2023 is \$3,815,000. Final principal payment will be June 1, 2025.

It is recommended, the PSA authorize payment for the 2012 debt service. I will be in attendance at the August 29, 2022 meeting for any other questions.

RESOLUTION

SCOTT COUNTY PUBLIC SAFETY AUTHORITY

August 29, 2022

APPROVING OF AUTHORIZATION OF DEBT PAYMENTS

BE IT RESOLVED BY the Scott County Public Safety Authority as follows:

Section 1. That the authorization of the Series 2012 Debt Payment in the total amount of \$1,945,418 (\$95,418-interest and \$1,850,000 - principal) due on December 1, 2022 and June 1, 2023 as presented by the County Administrator is hereby approved.

That the authorization of trustee administrative fees up to \$6,000.00 as presented by the County Administrator is hereby approved.

Section 2. This resolution shall take effect immediately.



Municipal Securities Disclosure Training

Disclosure Training Objectives

- Gain a better understanding of your disclosure responsibilities and how to manage them
- This session will provide...
 - Overview of regulatory oversight and applicable rules relating to disclosure
 - Review of contents of Official Statement, Continuing Disclosure Certificate and Disclosure Policy
 - Discussion of how to comply with disclosure requirements

Glossary of Terms

- **Issuer**– Governmental entity that issues bonds
- **Financial Advisor/Municipal Advisor**– Financial advisor (municipal advisor) to an Issuer
- **Underwriter**– Company that purchases an issue of bonds
- **SEC**– Federal Securities and Exchange Commission
- **OS**– Official Statement
- **CDC**– Continuing Disclosure Certificate
- **EMMA**– Electronic Municipal Market Access
<http://emma.msrb.org>
- **Dissemination Agent Agreement**– Agreement between Issuer and company that will post disclosure material on EMMA

Purpose of Disclosure-Telling A Story

- The SEC wants municipal issuers to provide ongoing information about their debt issues
 - Ensures market transparency by making information available to the public
 - Ensures Bonds sold to investors on the secondary market are properly priced based on information provided by Issuers
 - This story of the Issuer is done through the POS and final OS at the time of the offering of the debt, and then on a continuing basis (annually and material events)

Official Statement – At a glance

- **The Major Sections of the Preliminary Official Statement**
 - **Terms of Offering**
 - **The “front part” of the POS**
 - **Introduction**
 - **Authority & Purpose**
 - **Security / Source of Payment of the Bonds**
 - **Tax Exemption/Tax Matters**
 - **Bondholders’ Risks**
 - **Continuing Disclosure Section**

Responsibility for Official Statement

- Issuers are primarily responsible for the content of their disclosure documents, regardless of who prepared the document
- An Issuer does not discharge its disclosure obligations by hiring professionals to prepare the official statement
- An Issuer has “an affirmative obligation” to know the contents of its official statement, including the financial statements
- Executing an official statement without first reading the document to ascertain whether it is accurate may be reckless (the basis for certain anti-fraud causes of action by the SEC)



Underwriter can't buy until Rule 15c2-12 is satisfied

- Two aspects of the Rule
 - 1) Prohibits an Underwriter from purchasing or selling Bonds without first determining the Issuer has agreed to provide ongoing disclosure of certain information, including
 - Annual financial information (often more than just audited financial statements)
 - Material event notices
 - 2) Requires the final Official Statement to include a description of any *material non-compliance* with continuing disclosure obligations in the five years prior to the offering

SEC Authority-Why Should you care?



- Issuers **are** subject to anti-fraud provisions of federal securities laws
- The Securities and Exchange Commission (the “SEC”) regulates Underwriters through Rule 15c2-12 (the “Rule”) under the Securities Exchange Act of 1934; because of the Rule, the Issuer contractually agrees to provide certain ongoing continuing disclosures

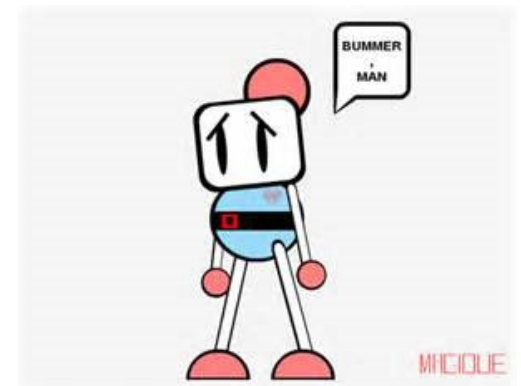


SEC Trend of Municipal Entity Oversight

- Before the 2007 financial crisis, the SEC was less focused on municipal entities
- Steps have since been taken to increase federal regulatory oversight (e.g. Dodd Frank Act)
- In recent years the SEC has expressed concern regarding Issuers' compliance with disclosure obligations
- A series of enforcement actions and the infamous MCDC initiative highlights the SEC's increased interest in the municipal bond market

Official Statement-Continuing Disclosure Section

- **What could happen if the Continuing Disclosure Section contains materially inaccurate information?**
 - **Could result in no bids/no sale**
 - **SEC could bring an enforcement action against the County AND the officers/individuals responsible for the preparation of the Official Statement**



Continuing Disclosure Certificate Material Listed Events

- 1) Payment delinquencies
- 2) Non-payment related defaults, if material
- 3) Unscheduled draws on debt service reserves reflecting financial difficulties
- 4) Unscheduled draws on credit enhancements reflecting financial difficulties
- 5) Substitution of credit or liquidity providers, or their failure to perform
- 6) Adverse determinations with respect to the tax status of the bonds
- 7) Modifications to rights of holders, if material
- 8) Bond calls, if material, and tender offers
- 9) Defeasances
- 10) Release, substitution, or sale of property securing repayment of the securities, if material
- 11) Rating changes
- 12) Bankruptcy, insolvency, receivership or similar event of the issuer
- 13) Merger, consolidation, or acquisition involving issuer, if material
- 14) Appointment of a successor or additional trustee or the change of name of a trustee, if material
- 15) **Incurrence of financial obligation of issuer or agreement to covenant, event of default, remedy, priority right or similar term, if material**
- 16) **Default, acceleration, termination, modification or similar event under financial obligation of issuer reflecting financial difficulties**

Implementing Policies and Procedures Regarding Municipal Securities Disclosure

- The County's Policies and Procedures (the "Policy") addresses three aspects of disclosure:
 - 1) Preparation and approval of official statements in connection with new bond issues;
 - 2) On-going continuing disclosure requirements under a CDC; and
 - 3) Education of staff and elected officials with respect to disclosure matters.

New Offerings of Bonds – Official Statements of the Issuer

- **Under Federal Antifraud Laws, the OS must not:**
 - contain any untrue statement of a material fact
 - omit to state a material fact necessary to make statements in OS not misleading under circumstances in which they were made
- **Accuracy of OS is responsibility of issuer:** An Underwriter, Municipal Advisor, or law firm may assist you in preparing the OS, but **it is imperative that you review the OS for accuracy before it is published.** Failing to do so could result in untrue statements, thereby subjecting the Issuer and its employees and elected officials to liability

Training of Staff and Governing Body Members

- Staff and members of the governing body must also be aware of these procedures. Accordingly, continuous training is important to teach new individuals and remind current individuals of the Issuer's continuing disclosure obligations.
- Three formats of training will aid in maintaining effective disclosure policies and procedures
 1. Annual Training
 2. Specific Training
 3. Governing Body Training

Disclosure Update Take-Aways

- Post-issuance compliance is taking on more significance in light of increased regulatory scrutiny
- Adopt **and** follow policies and procedures to comply with federal securities disclosure laws
- Consult bond or disclosure counsel for assistance

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