

#12

DEC 11 2014



MEMORANDUM Management Services Memo No. 15-022

DATE: DECEMBER 11, 2014

TO: MAYOR AND COUNCIL

THRU: RICH DLUGAS, CITY MANAGER RD
NACHIE MARQUEZ, ASSISTANT CITY MANAGER ^{NM}

FROM: DAWN LANG, MANAGEMENT SERVICES DIRECTOR ^{DL}

SUBJECT: RESOLUTION NO. 4824 ADOPTING A REVISION TO ISSUANCE AND POST-ISSUANCE COMPLIANCE PROCEDURES RELATING TO TAX-EXEMPT BONDS, OTHER TAX EXEMPT FINANCING, BUILD AMERICA BONDS (DIRECT PAY), RECOVERY ZONE BONDS, TAX CREDIT BONDS, AND TAX CREDIT BONDS (DIRECT PAY) FOR THE CITY OF CHANDLER, ARIZONA

RECOMMENDATION

Staff recommends approval of Resolution No. 4824 adopting a revision to Issuance and Post-Issuance Compliance Procedures Relating to Tax Exempt Bonds, Other Tax Exempt Financing, Build America Bonds (Direct Pay), Recovery Zone Bonds, Tax Credit Bonds, and Tax Credit Bonds (Direct Pay) for the City of Chandler, Arizona.

DISCUSSION

On April 25, 2013, Council approved Resolution No. 4679 which adopted the City's first Issuance and Post-Issuance Compliance Procedures for various tax-exempt bonds. These procedures are required by the Internal Revenue Service. During the City's recent General Obligation Bond Refunding process, it was brought to our attention that the City was only completing one part of the financial filings required for prior bond sales. The City was posting the Comprehensive Annual Financial Report to the Electronic Municipal Market Access (EMMA) system, but certain supplemental financial information was not posted. Working closely with our bond Attorney and our Financial Advisor, this information was posted to EMMA prior to the final closing of the refunding. However, we have identified the need to add specific requirements about continuing disclosure into the existing procedures.

Specifically, this Resolution will add paragraph 9, CONTINUING DISCLOSURE to the existing Issuance and Post-Issuance procedures. This paragraph specifies the requirement to post supplemental information as required in each bond sale Official Statement, to the EMMA system

by February 1st of each year for the prior Fiscal Year. It also requires posting of information to EMMA for singular events such as rating changes for underlying insurance companies, bond calls, delinquent payments, and other events that could be of interest to bond holders. Internally, Management Services has created a checklist to ensure that the required information is posted for every bond series currently outstanding. Adding Continuing Disclosure to the approved procedures and implementing the internal control checklist will ensure compliance for all existing and future debt issues.

PROPOSED MOTION

Move for approval of Resolution No. 4824 adopting a revision to the Issuance and Post-Issuance Compliance Procedures Relating to Tax Exempt Bonds, Other Tax Exempt Financing, Build America Bonds (Direct Pay), Recovery Zone Bonds, Tax Credit Bonds, and Tax Credit Bonds (Direct Pay) for the City of Chandler, Arizona.

Attachment: Resolution No. 4824, Exhibit A – Addition to Issuance and Post-Issuance Compliance Procedures Relating to Tax Exempt Bonds, Other Tax Exempt Financing, Build America Bonds (Direct Pay), Recovery Zone Bonds, Tax Credit Bonds, and Tax Credit Bonds (Direct Pay) for the City of Chandler, Arizona.

c: Marsha Reed, Assistant City Manager

RESOLUTION NO. 4824

RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF CHANDLER, ARIZONA, ADOPTING A REVISION TO PREVIOUSLY ADOPTED ISSUANCE AND POST-ISSUANCE COMPLIANCE PROCEDURES RELATING TO TAX-EXEMPT BONDS, OTHER TAX-EXEMPT FINANCINGS, BUILD AMERICA BONDS (DIRECT PAY), TAX CREDIT BONDS AND TAX CREDIT BONDS (DIRECT PAY) FOR THE CITY OF CHANDLER, ARIZONA; AND PROVIDING FOR AN EFFECTIVE DATE

WHEREAS, the City of Chandler, Arizona (the “City”) has issued tax-exempt bonds and other tax-exempt financings and may issue additional types of bonds in the future (collectively the “Bonds”); and

WHEREAS, federal tax law encourages the City to develop issuance and post-issuance compliance procedures related to the Bonds; and

WHEREAS, the City has previously adopted Resolution No. 4679 along with written issuance and post-issuance compliance procedures related to the Bonds; and

WHEREAS, the City desires to modify the previously adopted written issuance and post-issuance compliance procedures related to the Bonds by adding new requirements for continuing disclosure; and

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF CHANDLER, ARIZONA, THAT:

Section 1. The City hereby adopts a revision to previously adopted Issuance and Post-Issuance Compliance Procedures Relating to Tax-Exempt Bonds, Other Tax-Exempt Financings, Build America Bonds (Direct Pay), Tax Credit Bonds and Tax Credit Bonds (Direct Pay) for the City of Chandler, Arizona, attached hereto as Exhibit A and incorporated herein by reference.

PASSED AND ADOPTED by the Mayor and Council of the City of Chandler, Arizona, this 11th day of December, 2014.

ATTEST:

CITY CLERK

MAYOR

CERTIFICATION

I HEREBY CERTIFY that the above and foregoing Resolution No. 4824 as duly passed and adopted by the City Council of the City of Chandler, at a regular meeting held on the ___ day of _____, 2014 and that a quorum was present thereat.

City Clerk

APPROVED AS TO FORM:

City Attorney (*KB*)

**EXHIBIT A
TO
RESOLUTION NO. 4824**

[Addition to Issuance and Post-Issuance Compliance Procedures]

See following pages.

**ISSUANCE AND POST-ISSUANCE COMPLIANCE PROCEDURES
RELATED TO TAX-EXEMPT BONDS, OTHER TAX EXEMPT FINANCINGS, BUILD
AMERICA BONDS (DIRECT PAY), TAX CREDIT BONDS, AND TAX CREDIT
BONDS (DIRECT PAY) FOR THE CITY OF CHANDLER, ARIZONA**

(SUPPLEMENTING PREVIOUS PROCEDURES IMPLEMENTED APRIL 25, 2013

UNDER RESOLUTION NO. 4679)

9. CONTINUING DISCLOSURE.

a) All bonds sold by the City contain a Continuing Disclosure Certificate in which the City makes certain covenants regarding the bonds for the benefit of the Bondholders and in order to assist the Participating Underwriter(s) in complying with Security and Exchange Commission (SEC) rules.

b) Each Continuing Disclosure Certificate is different but, as a minimum, requires the posting of the Comprehensive Annual Financial Report (CAFR) on the Electronic Municipal Market Access (EMMA) System. Other supplemental information defined in each Official Statement will be maintained on a master checklist for all bond issues. Information required will be posted to the EMMA system by February 1st of each year for the previous fiscal year (i.e., seven months following the close of the fiscal year). The Bond Compliance Official will ensure that both the CAFR and the supplemental information is prepared and posted prior to the deadline.

c) Each Continuing Disclosure Certificate also requires that certain types of events be posted to the EMMA system. Such events include rating changes of either the City ratings or the underlying insurance company ratings (if applicable), bond calls, delinquent principal and interest payments, and a series of other issues identified in each Official Statement. The Bond Compliance Official is responsible for monitoring activity and, in conjunction with the City's Bond Attorney and Financial Advisor, determining when a posting to EMMA is required.

Date: _____