

Comptroller's Office Seeks Comment on Revisions to Debt Reporting Form

The Comptroller of the Treasury, through the Office of State and Local Finance, is seeking comment on revisions to a form that a local government is required to complete when it borrows money.

The proposed revisions to the form CT-0253 can be viewed online at:
<http://www.comptroller.tn.gov/sl/pubdebt.asp>

The comment period will last from October 1 through November 15. After all the comments have been reviewed, the Comptroller's staff may make additional revisions to the form before presenting it at the State Funding Board's December meeting for approval.

Effective January 1, 2014, a local government has 45 days after the issuance of debt to submit the new version of the form to its legislative body, and file a copy with the Comptroller's office. Each local government is required to keep a copy of the completed form on file for public review.

The local government must provide information including a description of the debt issue, debt cost, debt type, general descriptions of what the debt will finance, and whether the debt complies with the local government's written debt management policy. The purpose of the form is to provide clear and concise information to members of the governing or legislative body who authorized and are responsible for debt that has been issued. The proposed revisions are mostly format changes to make it easier for a local government to complete.

"It's important that governments be very transparent to the public when issuing debt," Comptroller Justin P. Wilson said. "This form will provide some basic information for people who wish to review debt transactions. We are hoping the comments we receive will help us determine whether any changes need to be made to the form before it is finalized."

Comments on the proposed revisions to the form should be sent by e-mail to:
IGpublic.Finance@cot.tn.gov or by mail to:

Tennessee State Funding Board
17th Floor, James K. Polk Building
505 Deaderick Street
Nashville, TN 37243
Attn: Ann Butterworth

Media contact: Blake Fontenay, Communications Director, (615) 253-2668 or
blake.fontenay@tn.gov

INSTRUCTIONS FOR PREPARATION OF
FORM CT-0253: REPORT ON DEBT OBLIGATION (“Report”)

Note: The Report must be prepared for all debt obligations issued or entered into by any public entity and filed with the governing body with a copy sent to the Office of State and Local Finance/Comptroller of the Treasury for the State of Tennessee (“OSLF”). The purpose for the Report is to provide clear and concise information to members of the governing or legislative body who authorized and are responsible for debt that has been issued. Conduit issuers must complete a Report even if costs and responsibilities are paid or assumed by a non-governmental borrower.

For borrowing programs where the maximum principal amount to be issued and the essential terms have been established, the Governing Body may elect to receive a Report at the time of establishment of the program (with disclosures as if the entire amount is issued). The Governing Body must decide what ongoing disclosures it wishes to receive regarding the program, on a frequency no less than annually, following the same process as with a Report. Copies of the updates may (but are not required to) be filed with the OSLF. Once a Report has been filed for commercial paper, an additional Report is not needed for a “roll” or reissuance of that commercial paper issued pursuant to an established program which does not produce new proceeds.

This Form has been approved by the State Funding Board pursuant to TCA Section 9-21-151(c)(1) and must be used. Responses (including “Not Applicable” or NA) are required for all questions; Reports without responses to each question will be deemed non-compliant under TCA Section 9-21-151, returned to the public entity, and the public entity will be included on the discovery list. **Any entity failing to comply within 15 days will be placed on the list of nonresponsive entities and pursuant to that Section will be legally unable to enter into any additional debt obligations until compliance is achieved.** Definitions are included at the end of these Instructions.

1. Public Entity

Include the full name and address of the public entity issuing the debt (this is NOT the bank or the lending institution). Provide the name of the debt issue (such as “Police Car Three-Year Capital Outlay Notes, Series 2013”). If this is an interfund loan, indicate the borrowing fund.

If the governing body has elected to receive an initial Report for a borrowing program and this Report is disclosing as if the entire amount is being issued, attach a copy of form for updates on the program and specify the frequency (no less than annually) for the updates.

2. Face Amount

Indicate the face or par amount of debt issued and the amount of any premium or discount. When debt is issued in multiple series of bonds (for example Revenue Bonds Series 2013-A and 2013-B), the governing body may file a separate Report for each series or file a consolidated Report. Separate Reports should be used if consolidated reporting does not provide transparent disclosure.

3. Interest Cost:

Indicate the interest rate percentage and method used to determine the rate and whether the debt is federally tax-exempt or taxable. If the rate is variable, indicate the first assigned rate specifying the formula for calculating (such as the index plus spread) or that the rate is established by a remarketing agent. Add-on fees should be disclosed in Item 12- Recurring Costs.

4. Debt Obligation

Identify the type of debt obligations being issued:

- Notes: bond anticipation note (BAN), capital outlay note (CON), tax and revenue anticipation note (TRAN), revenue anticipation note (RAN), capital revenue anticipation note (CRAN), or grant anticipation note (GAN). **If the note is being issued pursuant to the Local Government Public Obligations Act (TCA Section 9-21-101 et seq.), include a copy of the executed note with the copy filed with OSLF.**
- Bonds
- Capital leases (including Certificates of Participation and Lease/purchase agreements)
- Loan agreements pursuant to a federal or state loan program or with a public building authority, such as the State Revolving Fund, the Energy Efficient Schools Initiative, or Rural Economic Development Loans and Grants (USDA REDLG).

5. Purpose

Indicate the purpose(s) of the debt issue, the percentage of the amount of debt issued in each category, and a brief description of the project(s) or use. If final percentages have not been determined, use reasonable estimates.

6. Security

Indicate the security for the repayment of the debt obligation. Annual appropriations are applicable ONLY to capital lease/lease purchase obligations.

7. Type of Sale

Indicate whether the debt was sold through a competitive sale, negotiated sale, informal bid, or as an agreement under a loan program. If the debt is a loan agreement, specify the name of the loan program. If the debt is an interfund loan, specify the lending fund.

8. Date

The “dated date” is the date that interest begins to accrue on the obligation or the date that value begins to increase or accrete. The “issue or closing date” is the date that proceeds of the debt obligation are received by the public entity.

9. Maturity Dates, Amounts and Interest Rates

Indicate each year that principal is paid, the principal amount maturing in each year and the interest rate for that maturity. **If the debt has a final maturity of 31 or more years, if principal repayment is delayed for two or more years or if debt service is not at least**

level, then prepare a cumulative repayment schedule (grouped in 5 years, out to 30) showing this debt and then total debt outstanding secured by the same source (such as ad valorem tax revenues, user fees). The format to use follows:

THIS ISSUE			TOTAL DEBT OUTSTANDING		
Year	Cumulative Principal	% Total	Year	Cumulative Principal	% Total
1	\$	%	1	\$	%
5			5		
10			10		
15			15		
20			20		
25			25		
30			30		

10. Ratings

Specify the rating(s) the debt has been assigned, or indicate that the debt is unrated.

11. Costs of Issuance

Indicate all costs incurred in the initial issuance of the debt, rounded to the nearest dollar. Related costs that may recur on a periodic basis while the debt is outstanding are reported in #12. Include with professional fees any expenses billed by the professional, such as long distance calls or printing costs. If the financial advisor fee includes any other costs such as legal, printing, or rating fees, these costs should be itemized separately. If there are fees and costs that are not identified by categories shown on the form, indicate these in the “other costs” category; this may be aggregated only if this amount is less than \$5,000. Pro-rate the issuance costs on each Report if multiple series are reported on separate forms.

12. Recurring Costs

List the ongoing or recurring costs involved in connection with remarketing, liquidity, and credit enhancement, specifying any periodic fees and charges that may be incurred on a per transaction basis. Indicate any sponsorship, program, or administrative fees. If the periodic fees are not based on the outstanding principal balance of debt, please specify how the fees are calculated.

13. Disclosure Document/Official Statement

If applicable, provide a link to the document filed with the Electronic Municipal Market Access system or “EMMA” or attach a copy of the final disclosure or official statement.

14. Continuing Disclosure Obligations

Indicate if the public entity previously has agreed to make any continuing disclosures and if the entity agreed to any continuing disclosure obligations in connection with this debt. Indicate the date the annual disclosure is due. Identify the individual responsible for making the disclosures.

15. Written Debt Management Policy

Indicate the approval date of the current version of the written debt management policy and whether the debt complies with the policy and is clearly authorized by the policy.

16. Written Derivative Management Policy

If a Derivative is related to the debt obligation, indicate the approval date of the current version of the written Derivative Policy, the date of the Letter of Compliance, and whether the Derivative complies with the Policy and is clearly authorized by the Policy.

17. Submission of Report

The Report must be filed with the governing body not later than forty-five (45) days after the issuance or execution of a debt obligation by or on behalf of any Public Entity and with a copy to the Director of the OSLF. The Report is to be delivered to each member of the governing body and presented at a public meeting of the body. If there is not a scheduled meeting within forty-five (45) days, deliver the Report to each member and list the date of the next scheduled meeting at which the Report will be presented. **Public Entities that fail to comply with the requirements of TCA Section 9-21-151 will not be allowed to enter into any further Debt Obligations or Derivatives until they have complied with the law.**

18. Signatures

The authorized representative is the chief executive officer of the Public Entity. If the Report is prepared by someone other than the authorized representative, indicate in the space provided. **However, the authorized representative must still sign the Report and is certifying the accuracy of the information included.**

DEFINITIONS

“Chief Executive Officer” means County Executive, County Mayor, Mayor, President, or Chairman.

“Debt obligation” means bonds, notes, capital leases, loan agreements, and any other evidence of indebtedness lawfully issued, executed or assumed by a Public Entity.

“Derivative” means an interest rate agreement, as defined in TCA § 9-22-103 and other transactions identified by the State Funding Board.

“Finance transaction” means debt obligations, derivatives, or both.

“Governing body” means the legislative body of any public entity or any other authority charged with the governing of the affairs of any public entity.

“NIC” means net interest cost and “TIC” means true interest cost.

“Public entity” means the state, a state agency, a local government, a local government instrumentality, or any other authority, board, district, instrumentality, or entity created by the state, a state agency, local government, a local government instrumentality, or combination, thereof.

INCORRECT OR INCOMPLETE FORMS WILL BE RETURNED
AND THE PUBLIC ENTITY WILL BE DEEMED
NOT IN COMPLIANCE WITH TCA SECTION 9-21-151!!!

REPORT ON DEBT OBLIGATION

(Pursuant to Tennessee Code Annotated Section 9-21-151)

1. Public Entity:

Name: _____

Address: _____

Debt Issue Name: _____

If disclosing initially for a program, attach the form specified for updates, indicating the frequency required.

2. Face Amount: \$ _____

Premium/Discount: \$ _____

3. Interest Cost: _____% Tax-exempt Taxable

TIC NIC

Variable: Index _____ plus _____ basis points; or Variable: Remarketing Agent _____

Other: _____

4. Debt Obligation:

- Bond BAN CON
- TRAN RAN CRAN GAN
- Capital Lease Loan Agreement

If note is issued pursuant to Title 9, Chapter 21, enclose a copy of the executed note with the filing with Office of State and Local Finance ("OSLF").

5. Purpose:

BRIEF DESCRIPTION

- General Government _____% _____
- Education _____% _____
- Utilities _____% _____
- Other _____% _____
- Refunding/Renewal _____% _____

6. Security:

- General Obligation General Obligation +Revenue/Tax
- Revenue Tax Increment Financing (TIF)
- Annual Appropriation (Capital Lease only)

7. Type of Sale:

- Competitive Public Sale
- Informal Bid
- Negotiated Sale
- Loan Program _____
- Interfund Loan _____

Issuer/Administrator Program Fees	_____	_____
Real Estate Fees	_____	_____
Sponsorship/Referral Fee	_____	_____
Other Costs	_____	_____
TOTAL COSTS	\$ _____	_____

12. Recurring Costs No recurring costs

	AMOUNT(basis points/\$)	FIRM NAME (if different from #11)
Remarketing Agent	_____	_____
Paying Agent/Registrar	_____	_____
Trustee	_____	_____
Liquidity/ Credit Enhancement	_____	_____
Escrow Agent	_____	_____
Sponsorship/Program/Admin	_____	_____
Other	_____	_____

13. Disclosure Document/Official Statement

- None prepared
- EMMA link _____ or
- Copy attached

14. Continuing Disclosure Obligations

Is there an existing continuing disclosure obligation related to the security for this debt? Yes No

Is there a continuing disclosure obligation agreement related to this debt? Yes No

If yes to either question, date that disclosure is due _____

Name and title of person responsible for compliance _____

15. Written Debt Management Policy

Approval date of the current version of the written debt management policy _____

Is the debt obligation in compliance with and clearly authorized under the policy? Yes No

16. Written Derivative Management Policy No derivative

Approval date of the current version of the written derivative management policy _____

Date of Letter of Compliance for derivative _____

Is the derivative in compliance with and clearly authorized under the policy? Yes No

17. Submission of Report

To the Governing Body: on _____ and presented at public meeting held on _____

Copy to Director of OSLF: on _____ either by:

- mail to 505 Deaderick Street, Suite 1600, James K. Polk State Office Building, Nashville, TN 37243-1402, or
- email to StateAndLocalFinance.PublicDebtForm@cot.tn.gov

18. Signatures

	AUTHORIZED REPRESENTATIVE	PREPARER
Name	_____	_____
Title	_____	_____
Firm	_____	_____

Email
Date

DRAFT