

# **AGENDA**

**PANOCHÉ FINANCING AUTHORITY  
REGULAR BOARD OF DIRECTORS MEETING  
March 23, 2021 – 9:00 a.m.**

**JOIN THE OPEN SESSION MEETING FROM YOUR COMPUTER, TABLET OR SMARTPHONE  
THROUGH THE FOLLOWING MEANS:**

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**AND PLEASE DIAL**

**Conference call in number: (844) 783-6236    Passcode: 209 364 6136**

**CHAIR'S ANNOUNCEMENT:** Pursuant to Government Code Section 54952.3, let it be known that Board Members receive no compensation or stipend for simultaneous or serial order meetings of the Panoche Water District, Panoche Drainage District, Panoche Financing Authority, and the Panoche Resource Conservation District.

- 1. CALL TO ORDER**
- 2. REVIEW OF AGENDA:** The Board will consider corrections and/or additions to the Agenda of items requiring immediate action that came to the attention of the Board after the Agenda was posted.
- 3. ROLL CALL:** A quorum will be confirmed and the Board will consider appointment of an acting Officer(s) in the event the Chair, Vice-Chair, and/or Secretary is absent from the meeting.
- 4. POTENTIAL CONFLICTS OF INTEREST:** Any Board member who has a potential conflict of interest may now identify the Agenda Item and recuse themselves from discussing and voting on the matter. [Government Code Section 87105]
- 5. PUBLIC COMMENT:** The Board of Directors welcomes participation in Board meetings. The public may address matters under the jurisdiction of the Board that have not been posted in the Agenda. The public will be given the opportunity to address the Board on any item in the Agenda at this time or before the Board's consideration of that item. If members of the public desire to address the Board relative to a particular Agenda item at the time it is to be considered, they should so notify the President of the Board at this time. Please note, California Law prohibits the Board from taking action on any matter during a regular meeting that is not on the posted Agenda unless the Board determines that it is an emergency or one of the other situations specified in Government Code Section 54954.2. During a special meeting, the Board may not take action on any matter that is not on the posted Agenda. The President may limit the total amount of time allocated for public comment on particular issues to 3 minutes for each individual speaker.

*At approximately 9:05 a.m., it is anticipated President Bennett will suspend the Panoche Financing Authority meeting, and continue the Panoche Water District-ONLY meeting.*

*The Panoche Financing Authority meeting is expected to continue at approximately 11:30 a.m.*

### **ACTION ITEMS**

6. The Board to review and consider adopting a Debt Policy (Azhderian – Tab 2);
7. The Board to review and consider adopting a Disclosure Policy (Azhderian – Tab 3);
8. **FUTURE MEETING DATES**
  - A. Board to Consider Action to Set Special Meeting Date(s): *No staff request.*
  - B. Next Regular Meeting Date: April 13, 2021.

### **9. ADJOURNMENT**

- ❖ Items on the Agenda may be taken in any order.
- ❖ Action may be taken on any item listed on the Agenda.
- ❖ Writings relating to open session: Agenda items that are distributed to members of the Board of Directors will be available for inspection at the District office, excluding writings that are not public records or are exempt from disclosure under the California Public Records Acts.

Americans with Disabilities Act of 1990: Under this Act, a qualifying person may request that the District provide a disability-related modification or accommodation in order to participate in any public meeting of the District. Such assistance includes alternative formats for the agendas and agenda packets used for any public meetings of the District. Requests for assistance shall be made in person, in written form, or via telephone at (209) 364-6136. Requests must be received at least 18 hours prior to a scheduled public meeting.

# PANOCHÉ FINANCING AUTHORITY

## DEBT POLICY

**PURPOSE:** This Debt Policy is intended to comply with Government Code Section 8855(i), effective on **???**, and shall govern all debt undertaken by the Authority. The Authority hereby recognizes that a fiscally prudent debt policy is required in order to:

- Maintain the Authority's sound financial position.
- Ensure the Authority has the flexibility to respond to changes in future service priorities, revenue levels, reserves, and operating expenses.
- Protect the Authority's credit-worthiness.
- Ensure that all debt is structured to protect both current and future members, ratepayers, and the Authority.
- Ensure that the Authority's debt is consistent with the Authority's desire to maintain sufficient reserves, as applicable.

**OBJECTIVE:** Policies and Guidelines:

- A. Long-Term Debt. Long-Term debt may be issued to finance the construction, acquisition, and rehabilitation of capital improvements and facilities, equipment, and land that provides benefit to the Authority or its members.
- i. Long-Term debt financings are appropriate when the following conditions exist:
    - When the project to be financed is necessary to provide basic levels of service.
    - When the project to be financed will provide benefit to members and their landowners over multiple years.
    - When total debt does not constitute an unreasonable burden to the Authority and its member and their landowners, as applicable.
    - When the debt is used to refinance outstanding debt in order to produce debt service savings or to realize the benefits of a debt restructuring.
  - ii. Long-term debt financings may be appropriate, upon authorization pursuant to California law, to finance any obligation relating to the Authority, including its members' operations and water deliveries, etc.
  - iii. Long-term debt financings will not generally be considered appropriate for current operating expenses and routine maintenance expenses.
  - iv. The Authority may use long-term debt financings subject to the following conditions:
    - The project to be financed must be approved by the Authority Board.
    - The debt financing will not be financed for a term longer than the expected useful life of the project; or

- The debt financing will not be financed for a term longer than required to reasonably amortize Authority obligations relating to the Authority, including its members' operations or water deliveries, etc.
  - The Authority estimates that sufficient revenues will be available to service the debt through its maturity.
  - The Authority determines that the issuance of the debt will comply with the applicable state and federal laws.
- B. Short-term debt. Short-term debt is indebtedness incurred by the Authority as evidenced by warrants or negotiable notes payable in five years or less from the date of issuance. Short-term debt may be issued to provide financing for the Authority's operational cash flows in order to maintain a steady and even cash flow balance. Short-term debt may also be used to finance short-lived capital projects, water acquisitions, temporary water conveyance facilities, drought mitigation, obligations relating to the Authority, including its members' operations or water deliveries, etc.
- C. Financings on Behalf of Other Entities. The Authority may also find it beneficial to issue debt on behalf of other public agencies in order to further the public purpose of the Authority. In such cases, the Authority shall take reasonable steps to confirm the financial feasibility of the project to be financed and the financial solvency of any borrower and that the issuance of such debt is consistent with the policies set forth herein.

D. Types of Debt.

The following types of debt are allowable under this Debt Policy:

- General obligation bonds (GO Bonds).
- Bond or grant anticipation notes (BANS).
- Lease revenue bonds, certificates of participation (COPs) and lease-purchase transactions.
- Other revenue bonds and COPs.

Debt shall be issued as fixed rate debt unless the Authority makes a specific determination as to why a variable rate issue would be beneficial to the Authority in specific circumstance.

E. Relationship of Debt to Capital Improvement Program, Drought Planning and Budget.

The Authority is committed to long-term capital planning. The Authority may issue debt for the purposes stated in this Debt Policy and to implement policy decisions incorporated in the Authority's capital improvement plan and water supply planning.

The Authority may also issue debt for the purpose of repayment of past capital or other obligations relating to its members' operations or water supply, etc.

The Authority shall strive to fund the upkeep and maintenance of its infrastructure and facilities due to normal wear and tear through the expenditure of available operating revenues. The Authority shall seek to avoid the use of debt to fund infrastructure and facilities improvements that are the result of normal wear and tear.

The Authority shall integrate its debt issuances with the goals of its capital improvement program, drought planning, repayment of capital and other obligations relating to its members' operations or water supply, maintaining existing reserves, and water supply projects by timing the issuance of debt to ensure that projects are available when needed in furtherance of the Authority's public purposes.

The Authority's members' drought planning requires them to maintain significant reserves to facilitate water acquisitions and transfers in an expedient and effective manner. Therefore, the Authority may choose to debt fund capital and water supply projects to ensure the reserves for its members are appropriate to navigate drought conditions.

F. Policy Goals Related to Planning Goals and Objectives.

The Authority is committed to long-term financial planning, maintaining appropriate reserves and employing prudent practices in governance, management, and budget administration. The Authority may issue debt for the purposes stated in this Debt Policy and to implement policy decisions incorporated in the Authority's annual operations budget.

It is a policy goal of the Authority to protect its members and their landowners by utilizing conservative financing methods and techniques so as to obtain the highest practical credit ratings (if applicable) and the lowest practical borrowing costs.

The Authority shall comply with applicable state and federal law as it pertains to the maximum term of debt and the procedures for levying and imposing any related assessments, rates and/or charges.

When refinancing debt, the Authority will use as a general guideline a target savings equal to or greater than 3% of the refunded principal amount. The Authority will evaluate each refunding opportunity on a case-by-case basis, and must take into consideration unique conditions and circumstances at the time of the refinancing.

G. Internal Control Procedures.

When issuing debt, in addition to complying with the terms of this Debt Policy, the Authority shall comply with any other applicable policies regarding initial bond disclosure, continuing disclosure, post-issuance compliance, and investment of bond proceeds.

Without limiting the foregoing, the Authority will periodically review the requirements of and will remain in compliance with the following:

- Any continuing disclosure undertakings entered into by the Authority in accordance with SEC Rule 15c2-12.
- Any federal tax compliance requirements, including, without limitation, arbitrage and rebate compliance.
- The Authority's investment policies as they relate to the use and investment of bond proceeds.
- Annual audit preparation and reporting.

Proceeds of debt will be held either (a) by a third-party trustee or fiscal agent, which will disburse such proceeds upon the order of the Authority upon the submission of one or more written requisitions by the Authority's Treasurer (or his or her written designee), or (b) by the Authority, to be held and accounted for in a separate fund or account, the expenditure of which will be carefully documented and monitored by the Authority. Any disbursement shall be verified with supporting documentation that the disbursement is being used for the project in accordance with the governing document and then authorized by the Treasurer and General Manager. All documentation of debt expenditures and payments shall be recorded and maintained as provided in the Authority's Accounting Policies & Procedures Manual, as updated from time to time.

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# panoche financing authority

## POLICY FOR DISCLOSURE PROCEDURES

### PURPOSE

The purpose of these Disclosure Procedures (the “Procedures”) is to memorialize and communicate key principles and procedures in connection with obligations, including notes, bonds and certificates of participation, issued by the Panoche Financing Authority (the “Authority”) so as to ensure that the Authority continues to comply with all applicable disclosure obligations and requirements under the federal securities laws.

### BACKGROUND

The Authority from time-to-time issues certificates of participation, revenue bonds, notes or other obligations (collectively, “Obligations”) to fund or refund capital investments, other long-term programs and working capital needs. These Obligations may be issued directly by the Authority, on behalf of the Authority by the Panoche Water Authority Financing Corporation or the Panoche Financing Authority (collectively, the “Issuer”). In offering Obligations to the public, and at other times when making certain reports, the Authority and/or the Issuer (if other than the Authority) must comply with the “anti-fraud rules” of federal securities laws. (“Anti-fraud rules” refers to Section 17 of the Securities Act of 1933 and Section 10(b) of the Securities and Exchange Act of 1934, and regulations adopted by the Securities and Exchange Commission under those Acts, particularly “Rule 10b-5” under the 1934 Act.)

The core requirement of these rules is that investors and potential investors in Obligations must be provided with all “material” information relating to the offered Obligations. The information provided to investors and potential investors must not contain any material misstatements, and the Authority and/or the Issuer (if other than the Authority) must not omit material information which would be necessary to provide to investors a complete and transparent description of the Obligations and the Authority’s financial condition. In the context of the sale of securities, a fact is generally considered to be “material” if there is a substantial likelihood that a reasonable investor would consider it to be important in determining whether or not to purchase the securities being offered or alter the total mix of available information.

When the Authority issues Obligations, the two central disclosure documents which are prepared are a preliminary official statement (“POS”) and a final official statement (“OS”, and collectively with the POS, “Official Statement”). The Official Statement generally consists of (i) the forepart (which describes the specific transaction including maturity dates, interest rates, redemption provisions, the specific type of financing, the leased premises (in certificate of participation financings) and other matters particular to the financing, (ii) a section which provides information on the Authority, including its financial condition as well as certain operating information (“Authority Section”), and (iii) various other appendices, including the Authority’s audited financial report, form of the proposed legal opinion, and form of continuing disclosure undertaking. Investors use the Official Statement as one of their primary resources for making informed investment decisions regarding the Obligations.

## DISCLOSURE PROCESS

When the Authority determines to issue Obligations, the General Manager requests the involved departments to commence preparation of the portions of the Official Statement (including particularly the Authority Section) for which they are responsible. While the general format and content of the Official Statement does not normally change substantially from offering to offering, except as necessary to reflect major events, the General Manager is responsible for reviewing and preparing or updating certain portions of the Authority Section which are within their particular area of knowledge. Once the Official Statement has been substantially updated, the entire Official Statement is shared with the Board of Directors, General Manager and General Counsel for review and input. Additionally, all participants in the disclosure process are separately responsible for reviewing the entire Official Statement. The Board of Directors and staff of the Authority are requested to inform the financing team of any and all material changes that takes place up to and including the closing date of the transaction for review and input.

Members of the financing team, including the Bond Counsel and the Authority's Municipal Advisor with respect to the Obligations, assist staff in determining the materiality of any particular item, and in the development of specific language in the Authority Section. Members of the financing team also assist the Authority in the development of a "big picture" overview of the Authority's financial condition, included in the Authority section. This overview highlights particular areas of concern. Bond Counsel has a confidential, attorney-client relationship with officials and staff of the Authority.

The General Manager or a member of the financing team at the direction thereof schedules one or more meetings or conference calls of the financing team (which includes Authority officials, Bond Counsel, the Authority's Municipal Advisor, the underwriter of the Obligations, and the underwriter's counsel), and new drafts of the forepart of the Official Statement and the Authority Section are circulated and discussed. Such communications may occur via electronic means rather than by meetings or conference calls. During this part of the process, there is substantial contact among Authority staff and other members of the financing team to discuss issues which may arise determine the materiality of particular items and ascertain the prominence in which the items should be disclosed.

Prior to distributing a POS to potential investors, there is typically a formal conference call which includes Authority officials involved in the preparation of the POS, members of the financing team and the underwriters and the underwriter's counsel, during which the POS is reviewed in its entirety to obtain final comments and to allow the underwriters to ask questions of the Authority's senior officials. This is referred to as a "due diligence" meeting.

A substantially final form of the POS is provided to the Authority Board of Directors in advance of approval to afford the Board of Directors an opportunity to review the POS, ask questions and make comments. The substantially final form of the POS is approved by the Boards of Directors which generally authorizes certain senior staff to make additional corrections, changes and updates to the POS in consultation with General Counsel and Bond Counsel.

At the time the POS is posted for review by potential investors, senior Authority officials execute certificates deeming certain portions of the POS complete (except for certain pricing terms) as required by SEC Rule 15c2-12.

Between the posting of the POS for review by potential investors and delivery of the final OS to the underwriter for redelivery to actual investors in the Obligations, any changes and developments will



have been incorporated into the POS, including particularly the Authority Section, if required. If necessary, to reflect developments following publication of the POS or OS, as applicable, supplements will be prepared and published.

In connection with the closing of the transaction, one or more senior Authority officials (and under certain circumstances the Issuer) execute certificates stating that certain portions of the OS, as of the date of each OS and as of the date of closing, does not contain any untrue statement of material fact or omit to state any material fact necessary to make the statements contained in the OS in light of the circumstances under which they were made, not misleading. General Counsel also provides an opinion letter advising the underwriters that information contained in the section of the OS relating to the Authority and its operations (or specified portions thereof) as of its date did not, and as of the date of the closing, does not contain any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. General Counsel does not opine on any financial, statistical, economic or demographic data or forecasts, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, and certain other customary matters.

## **AUTHORITY SECTION**

The information contained in the Authority Section is developed by personnel under the direction of the General Manager, with the assistance of the financing team. In certain circumstances, additional officials will be involved, as necessary. The following principles govern the work of the respective staffs that contribute information to the Authority Section:

- Authority staff involved in the disclosure process is responsible for being familiar with its responsibilities under federal securities laws as described above.
- Authority staff involved in the disclosure process should err on the side of raising issues when preparing or reviewing information for disclosure. Officials and staff are encouraged to consult General Counsel, Bond Counsel or members of the financing team if there are questions regarding whether an issue is material or not.
- Care should be taken not to shortcut or eliminate any steps outlined in the Procedures on an ad hoc basis. However, the Procedures are not necessarily intended to be a rigid list of procedural requirements, but instead to provide guidelines for disclosure review. If warranted, based on experience during financings or because of additional SEC pronouncements or other reasons, the Authority should consider revisions to the Procedures.
- The process of updating the Authority Section from transaction to transaction should not be viewed as being limited to updating tables and numerical information. While it is not anticipated that there will be major changes in the form and content of the Authority Section at the time of each update, everyone involved in the process should consider the need for revisions in the form, content and tone of the sections for which they are responsible at the time of each update.
- The Authority must make sure that the staff involved in the disclosure process is of sufficient seniority such that it is reasonable to believe that, collectively, they are in possession of material information relating to the Authority, its operations and its finances.

## TRAINING

The Procedures shall be provided to all members of senior staff and any other member of the Authority staff that is involved in the Authority's disclosure obligations.

Periodic training for the staff involved in the preparation of the Official Statement (including the Authority Section) is coordinated by the finance team and the General Manager. These training sessions are provided to assist staff members involved in identifying relevant disclosure information to be included in the Authority Section. The training sessions also provide an overview of federal laws relating to disclosure, situations in which disclosure rules apply, the purpose of the Official Statement and the Authority Section, a description of previous SEC enforcement actions and a discussion of recent developments in the area of municipal disclosure. Attendees at the training sessions are provided the opportunity to ask questions of finance team members, including Bond Counsel concerning disclosure obligations and are encouraged to contact members of the finance team at any time if they have questions.

## ANNUAL CONTINUING DISCLOSURE REQUIREMENTS

In connection with the issuance or execution and delivery of Obligations, the Authority has entered into a number of contractual agreements ("Continuing Disclosure Certificates") to provide annual reports related to its financial condition (including its audited financial statements) as well as notice of certain events relating to the Obligations specified in the Continuing Disclosure Certificates. The Authority must comply with the specific requirements of each Continuing Disclosure Certificate. The Authority's Continuing Disclosure Certificates generally require that the annual reports be filed no later than 270 days after the end of the Authority's fiscal year, and event notices are generally required to be filed within 10 days of their occurrence. Filing is centralized on the MSRB's Electronic Municipal Market Access ("EMMA") web site and portal.

Specific events which require "material event" notices are set forth in each particular Continuing Disclosure Certificate.

The General Manager shall be responsible for preparing and filing the annual reports and material event notices required pursuant to the Continuing Disclosure Certificates. Particular care shall be paid to the timely filing of any changes in credit ratings on Obligations (including changes resulting from changes in the credit ratings of insurers of particular Obligations).

An amendment to Securities and Exchange Commission (the "SEC") Rule 15c2-12 (the "Rule") becomes effective as to underwriters of publicly offered municipal securities on February 27, 2019 (the "Effective Date"). As a result, we would expect that with respect to any debt offered publicly by the Authority or the Issuer after the Effective Date to which the Rule applies, the Authority will be required to enter into a continuing disclosure certificate pursuant to which it will agree to provide notice on the EMMA electronic reporting system ("EMMA") of the incurrence of any "financial obligation" if material and will be obligated to disclose default on and certain other information with respect to any "financial obligation" regardless of when the financial obligation was incurred.

The Rule provides a general definition of a "financial obligation." While the impetus for the proposed changes to the Rule was a perception by the SEC and others that municipal issuers were increasingly entering into bank or other private placement debt, the final amendment to the Rule defines

“financial obligation” more broadly to include “a debt obligation, derivative instrument ... or a guarantee of either a debt obligation or a derivative instrument.”

To date the SEC has provided limited guidance on the specific application of the definition of “financial obligation”. The SEC release accompanying the final amendment does suggest a key concept is that a “financial obligation” involves the borrowing of money. In public comments representatives of the SEC have declined to provide a definition of a “guarantee” but did indicate that the SEC will not look to state law definitions of a “guarantee” or “debt”.

The Authority will need to monitor agreements or other obligations entered into by the Authority or the Issuer after the Effective Date, and any modifications to such agreements or other obligations, carefully to determine whether they constitute “financial obligations” under the Rule and, if material, would need to be disclosed on EMMA within 10 business days of execution or incurrence.

In addition, if the Authority or the Issuer receives a notice of default or an event of default or of an acceleration, termination event, modifications of or other similar event on any agreement or other obligation after the Effective Date, the Authority will need to determine whether such obligation constitutes a financial obligation (regardless of when originally incurred) and whether such default or other event reflects financial difficulty (i.e., reduction in overall liquidity, creditworthiness or debt owner’s rights).

Types of agreement or other obligations which are likely to be “financial obligations” under the Rule include:

- 1 Bank loans or other obligations which are privately placed;
- 2 State or federal loans
- 3 Commercial paper or other short-term indebtedness for which no offering document has been filed on EMMA.
- 4 Letters of credit, surety policies or other credit enhancement with respect to the Authority’s publicly offered debt;
- 5 Letters of credit, including letters of credit which are provided to third parties to secure the Authority or Issuer’s obligation to pay or perform (an example of this is a standby letter of credit delivered to secure the Authority’s obligations for performance under a mitigation agreement);
- 6 Capital leases for property, facilities, fleet or equipment; and
- 7 Agreements which guarantee the payment or performance obligations of a third party (regardless of whether the agreements constitute guarantees under California law);

Types of agreements which could be a “financial obligation” under the Rule include:

- 1 Payment agreements which obligate the Authority or the Issuer to pay a share of another public agency’s debt service (for example, an agreement with a joint powers agency whereby the Authority or the Issuer agrees to pay a share of the joint powers agency’s bonds, notes or other obligations);
- 2 Service contracts with a public agency or a private party pursuant to which the Authority or Issuer is obligated to pay a share of such public agency or private party’s debt service obligation (for example, certain types of P3 arrangements);

- 3 Water purchase, water banking or other similar agreements pursuant to which the Authority or the Issuer is obligated to pay amounts expressly tied to the other party's debt service obligations, regardless of whether service is provided or not; and
- 4 Water purchase, water banking or similar agreements which include a rate component that expressly passes through debt service or capital obligation of the other party.

Types of agreements which may be a "financial obligation" subject to the Rule include:

- 1 Any agreement the payments under which are not characterized as an operation and maintenance expenses for accounting purposes if such agreement could be characterized as the borrowing of money;

Debt management staff will continue to work with General Counsel and bond counsel to refine the definition of financial obligation going forward based on future SEC guidance, if any.

### **INFORMATION/STATEMENTS AVAILABLE TO THE PUBLIC**

The OMS released a bulletin on February 7, 2020 which states that, in the view of the OMS, the antifraud provisions of SEC Rule 10b-5 apply to all municipal issuer statements that provide information that is reasonably expected to reach investors and the trading markets regardless of the intended primary audience and the medium of delivery. The following sections provide guidance to Authority staff and officials with respect to information and statements relating to the Authority that could reach the investment market outside of the context of Official Statements or in Annual Reports.

**1. Information on the Authority Website.** The SEC Commission has noted that, in circumstances where it is not apparent to the reasonable person that the posted materials or statements on a public company's website speak as of a certain date or earlier period, previously posted materials or statements that have been put on a public company's website should be separately identified as historical or previously posted materials or statements, and located in a separate section of the website.

When placing or updating information or reports on the Authority website, historical information should be clearly identified and located in separate section of the website. For example, when uploading the Authority's annual Comprehensive Annual Financing Reports, the most recent Comprehensive Annual Financing Report should be clearly identified and posted in a separate section from prior year Comprehensive Annual Financing Reports.

Hyperlinks to third-party websites on the Authority's website should be avoided when possible. If hyperlinks to third-party websites are included on the Authority's website, an appropriate disclaimer to the effect that the Authority has not verified and is not responsible for the information on such third-party website should be included. In addition, statements as to why the Authority is including the hyperlink on its website, the nature of the hyperlink, and use of disclaimers, "exit notices," or "intermediate screens" should be included or employed, as appropriate. Authority staff are encouraged to reach out to debt management staff and General Counsel for guidance with respect to the inclusion of hyperlinks to third-party websites on the Authority's website.

In summaries of events or developments with respect to the Authority included on the Authority's website, consideration should be given as to whether such summaries provide sufficient context so as to

not be misleading. If additional information is necessary to provide sufficient context to the summary, a hyperlink to such information should be used.

**2. Public Reports.** The SEC has cited certain reports, including those that are produced by the Authority (Comprehensive Annual Financing Reports, budgets, and other financial reports), as information reasonably expected to reach investors and the trading markets, and therefore subject to the antifraud provisions, even if not filed with EMMA.

Reports produced by the Authority, including staff reports for agenda items and those that may be provided to other governmental bodies or regulators should include appropriate disclaimer language. Authority staff should contact debt management staff and General Counsel for disclaimer language before any reports that could reasonably reach investors are finalized and made available to the public.

**3. Statements Made by Authority Officials.** When making public statements, including verbal statements, Authority elected officials and staff should give consideration as to whether such statements can reasonably be expected to reach investors and if so, whether such statements could be materially misleading. Authority officials are encouraged to clearly identify when a public statement relating to the Authority is a personal expression of opinion. Authority elected officials and staff should contact debt management staff and General Counsel for guidance if there is a question as to whether statements, including verbal statements, can be reasonably expected to reach investors and whether such statements could be materially misleading.

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**CERTIFICATION AND RECEIPT OF UNDERSTANDING**

**I certify that I have received a copy of the Panoche Water Authority Policy for Disclosure Procedures. I have reviewed and understand its contents and agree to abide by the principals and requirements in the Disclosure Procedures.**

**Name:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**Date:** \_\_\_\_\_

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