



Finance Department

Presentation to the City of Houston Budget and Fiscal Affairs Committee

Financial Disclosure Policies

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Financial Disclosure Policies

- The City's financial policies provide for a written disclosure policy, which will be updated periodically
- K. Accounting, Auditing, and Financial Reporting Policies
 - *“7. At least every two years, the Finance Working Group shall develop and update a written disclosure policy consistent with federal securities law and the City's continuing disclosure undertakings with respect to the City's outstanding debt.”*



Financial Disclosure Policies

- It is the objective of the City of Houston to
 - i. ensure that the City's financial disclosures for and relating to debt obligations are fair and accurate and comply with all applicable federal and state securities laws,
 - ii. satisfy in a timely manner all contractual obligations undertaken by the City pursuant to continuing disclosure undertakings entered into upon the issuance of debt obligations, and
 - iii. promote best practices relating to financial disclosures by the City.
- The document titled *Amended and Restated Financial Disclosure Procedures and Policies* lays out the General Principles, Representatives, Duties of the Disclosure Committee, Annual Filing Requirements, Event Notices, Document Retention and other Processes for Compliance.



Financial Disclosure Policies

- These procedures apply to all disclosures in City debt offering, unless specifically exempted by federal securities law.
- They include procedures for the preparation, review, revision, updating and approval of any disclosure prior to any filing with EMMA (Electronic Municipal Market Access), the preparation of an offering document pertaining to the issuance of debt, or other dissemination to the public or to a rating agency.
- The policies operate as a living document in that recommendations and suggestions for improvement are solicited and considered regularly.



Financial Disclosure Policies

- February 27, 2019 an update to SEC rule 15c2-12 took effect
- New events (15) and (16) must be included in the City's continuing disclosure agreements
 - (15) Incurrence of a financial obligation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect securities holders, if material; and
 - (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflects financial difficulties.
- The policies were updated to provide for these two additional required event notices.



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Questions?