

SAM - BUDGETING

CLIENT DEPARTMENT'S RESPONSIBILITIES

6886

(New 5/1998)

The 6886 Illustration for this section summarizes key client department responsibilities when obtaining long-term financing for projects. For a more complete discussion, refer to Section 6871 for general obligation bonds, Section 6872 for lease-revenue bonds, Section 6873 for JPA lease-revenue bonds, Section 6876 for financing leases and operating leases used as security for vendor debt issuances, and Section 6884 on continuing disclosure.

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Client Department Key Responsibilities Related to Financing (DGS may handle certain tasks if managing the project)	Type of Project				
	GO Bonds	PWB Lease-Revenue	JPA Lease-Revenue	Financing Lease	Securitized Operating Lease/ Contract
Explain project requirements; determine which other responsibilities DGS will handle	Yes	Yes	Yes	Yes	
Notify DOF and STO, at least eight months in advance—preferably one year—of any pending project outside the normal budget process <i>which may require the services of STO as agent for sale or continuing disclosure agent</i> . Meet as necessary with STO to clarify agent-for-sale role. Make no commitments to local government entities or private vendors regarding financing structure, timing, teams, or use of state credit until concurrence is received from STO. Meet DOF requirements for economic analysis.	NA	NA	Yes	Yes	
Request placement on STO’s bond sale calendar, as necessary, at least eight months in advance of desired bond sale date for project—preferably one year.	Yes	Yes	Yes	Yes	See Sec 6876
Projections of cash flow needs for design and construction					
Make projection	Yes	Yes	Yes	No	No
Review vendor projections	NA	NA	NA	Yes	See Sec 6876
Submit all required information to issuer on a timely basis for authorizing resolutions for bond sales and interim financing.	Yes	Yes	Yes	See Sec 6876	No
Submit requests for interim financing to PMIB or other provider of interim financing	Yes	Yes	Yes	No	No
Participate in pre-sale meetings, including document review and due diligence; provide information necessary to meet initial <i>and continuing</i> disclosure requirements.	Yes	Yes	Yes	Yes	See Sec 6876

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Ensure that the issuer understands: STO's roles and responsibilities when agent for sale; time-frames for bond sales scheduling and other preparation activities; any required DOF reviews for economic viability; any required lease notifications to the Legislature.	NA	NA	Yes*	Yes*	See Sec 6876
Stay within available funds; inform DOF and STO immediately of any material threat to project progress or budget which may affect completion within available funds.	Yes	Yes	Yes	Yes	No
Send STO and issuer <i>Project Closure Memo</i> when project is done.	Yes	Yes	Yes	Yes	See Sec 6876
Obtain liability and rental interruption insurance for project.	NA	Yes	Yes	Yes	No
Set up accounting and budgetary records for payment of debt service.	No	Yes	Yes	Sec 6876	No
Refer bondholder questions to STO; do not communicate confidential information.	Yes	Yes	Yes	Yes	See Sec 6876
Obtain DOF and STO concurrence on use of any potential surplus or excess bond funds.	Maybe	Yes	Yes	Yes	See Sec 6876
Repay interim financing from support appropriation if project is not completed.	No	If required	Not usually	No	No