

## **Small Government/New Issuer - Debt Issuance Checklist: Considerations When Issuing Bonds**

- 1) Has the issuer retained a municipal advisor (the issuer should determine if they wish to use a municipal advisor that is or is not associated with a municipal broker/dealer firm) and bond counsel to, among other tasks, assist the issuer in determining the most appropriate method of sale: competitive, negotiated, bank qualified, bank loan or private placement? Is the issuer aware of new SEC regulations over municipal advisors, and the changes regarding if and when an underwriter may provide advice to the issuer? Has the issuer discussed the possibilities of using disclosure counsel in addition to bond counsel? (BP – [Selecting and Managing the Engagement of Municipal Advisors](#); BP – [Selecting and Managing the Method of Sale of State and Local Government Bonds](#), BP – [Selecting Bond Counsel](#), [GFOA Municipal Advisor Issue Brief](#))
- 2) Is the type of debt being considered the most appropriate form for the type of project being financed? For example, if the capital improvement is for a revenue-generating project or system, the use of revenue bonds may be a better financing option than using a portion of the government's limited general obligation bonding capacity. (BP – [Debt Management Policy](#))
- 3) Does the maturity structure and estimated debt service match the anticipated flow of revenues available for debt service in a manner that will not raise credit concerns and will unduly contribute to a favorable market reception? (BP – [Debt Management Policy](#))
- 4) For a competitive sale, do the terms and conditions of sale as described in the Notice of Sale allow potential bidders sufficient flexibility to structure the most favorable bid possible? (BP – [Selecting and Managing the Method of Sale of State and Local Government Bonds](#))
- 5) For a negotiated sale, does the underwriter request for proposals (RFP) request sufficient information to enable the issuer to select the most qualified firm at the best price? Does the RFP process provide a transparent and objective evaluation/ranking of respondents, free of undue political influence? Additionally, does the RFP require the underwriter to provide information on the cost of borrowing for the duration of the bonds, not just the cost of issuance, as well as having the underwriter provide at sale pricing comparables and a post-pricing book showing market conditions at the time of the sale and other sales in the market at the time of the sale? (BP – [Selecting and Managing the Method of Sale of State and Local Government Bonds](#), [Selecting and Managing the Engagement of Underwriters for Negotiated Bond Sales](#))
- 6) Depending on method of sale and applicable state laws, has the issuer, with assistance from its municipal advisor and/or bond counsel, developed a preliminary official statement, official statement or other disclosure documents, and are they being properly distributed?" (BP – [Selecting and Managing the Method of Sale of State and Local Government Bonds](#), BP – [Selecting and Managing the Engagement of Municipal Advisors](#), BP - [Selecting Bond Counsel](#))
- 7) Does the preliminary official statement and/or other disclosure documents meet or exceed industry standards? (BP – [Maintaining an Investor Relations Program](#), [Using Your Web Site for Disclosure](#), [Understanding Your Continuing Disclosure Responsibilities](#))

- 8) Has legal counsel been consulted to ensure that all tax and legal requirements been satisfied, including any public notices as directed by state or federal laws?
- 9) Has the municipal advisor and/or bond counsel been consulted to ensure that the appropriate level of investor outreach has been conducted? (BP – [Maintaining an Investor Relations Program](#))
- 10) Have credit ratings been sought for the issue? Has the municipal advisor and/or bond counsel been consulted as to how many different ratings should or need to be obtained for this type of bond issue? Has the municipal advisor and/or bond counsel been consulted about using bond insurance or other credit enhancements for the issue especially if the rating is, or is expected to be A or lower? (BP – [Debt Management Policy](#))
- 11) Have post issuance compliance policies and procedures been adopted, to ensure compliance and understanding of what is required by the issuer on an ongoing basis? (Post Issuance Compliance Checklist, BP - [Debt Management Policy](#), BP - [Understanding Your Continuing Disclosure Responsibilities](#), BP – [Investment of Bond Proceeds](#))
- 12) Do the appropriate issuer officials and representatives have an understanding of all the fees that the issuer must pay in conjunction with the bond transaction? Have the municipal advisor and/or other professionals been consulted about these various fees and if they are necessary and appropriate for a financing of this nature, size and complexity? (BP – [Expenses Charged by Underwriters in Negotiated Sales](#), BP – [Cost of Issuance Incurred in a Publicly Offered Debt Transaction](#)).

## **Resources**

- GFOA Best Practice, [Cost of Issuance in a Publicly Offered Debt Transaction \(2013\)](#)
- GFOA Best Practice, [Debt Management Policy \(2012\)](#)
- GFOA Best Practice, [Expenses Charged by Underwriters in Negotiated Sales \(2012\)](#)
- GFOA Best Practice, [Maintaining an Investor Relations Program \(2010\)](#)
- GFOA Best Practice, [Pricing Bonds in a Negotiated Sale \(2010\)](#)
- GFOA Best Practice, [Understanding Your Continuing Disclosure Responsibilities \(2010\)](#)
- GFOA Best Practice, [Using Your Web Site for Disclosure \(2010\)](#)
- GFOA Best Practice, [Selecting and Managing the Engagement of Municipal Advisors \(2014\)](#)
- GFOA Best Practice, [Selecting Bond Counsel \(2008\)](#)
- GFOA Best Practice, [Selecting and Managing the Engagement of Underwriters for Negotiated Bond Sales \(2014\)](#)
- GFOA Best Practice, [Investment of Bond Proceeds \(2013\)](#)
- GFOA Best Practice, [Selecting and Managing the Method of Sale of State and Local Government Bonds \(2014\)](#)
- GFOA/NABL, Post Issuance Compliance Checklist
- [GFOA Issue Brief: SEC Municipal Advisor Rule](#)
- CDIAAC Debt Issuance Primer, [http://www.treasurer.ca.gov/cdiac/publications/alphabetical.asp#debt\\_primer](http://www.treasurer.ca.gov/cdiac/publications/alphabetical.asp#debt_primer)