

Municipal Securities Continuing Disclosure Report



SEPTEMBER 2014



Municipal Securities Rulemaking Board

OVERVIEW

Issuers must disclose material information throughout the life of a bond that reflects the financial or operating condition of the issuer over time, as well as specific events occurring after issuance that can have an impact on the ability of the issuer to repay the bond, the value of the bond if it is bought or sold prior to its maturity, the timing of repayment of principal and other key features of the bond.¹

This Continuing Disclosure Report analyzes disclosure documents submitted by municipal securities issuers and obligated persons to the Municipal Securities Rulemaking Board (MSRB) from July 2009 through June 2014. The MSRB collects disclosure documents associated with virtually all municipal bonds and makes them available to investors for free through its Electronic Municipal Market Access (EMMA®) website. Issuers, obligated persons and those that act on their behalf submit continuing disclosure documents to EMMA.

Continuing disclosures are either contractually required to be provided by municipal issuers and obligated persons as contemplated by Securities and Exchange Commission (SEC) Rule 15c2-12 under the Securities Exchange Act or are provided voluntarily. Subject to certain exemptions,² such contractual agreements exist for most securities issued after July 3, 1995, although some issuers and obligated persons voluntarily provide continuing disclosures for older securities or for securities otherwise exempt from SEC Rule 15c2-12. Continuing disclosures generally are divided between those made to update financial or operating information about the issuer or obligated person and those that disclose specific events that may have an impact on the bonds.³

Between July 2009 and June 2014, the MSRB received nearly 700,000 continuing disclosure documents. Disclosures submitted continue to increase on a yearly basis, reaching 147,079 disclosure submissions in 2013, up from 139,493 disclosure submissions in 2012. The number of continuing disclosures submitted in the first half of 2014 totaled 87,294, up 7.4 percent from the 81,289 submissions in the same period last year. Bond calls accounted for 36 percent of all submissions, audited financial statements or Comprehensive Annual Financial Reports (CAFRs) accounted for 20 percent and annual financial information and operating data and rating changes accounted for 16 percent and 7 percent, respectively.

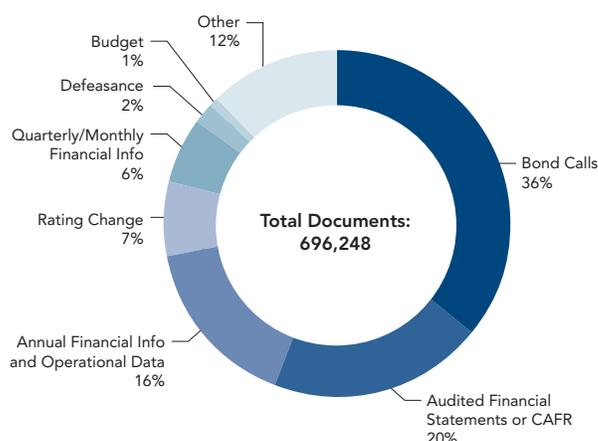
¹ Continuing disclosure definitions are available beginning on page 11.

² Under SEC Rule 15c2-12, before purchasing or selling municipal bonds in connection with a primary offering of municipal bonds with an aggregate principal amount of at least \$1,000,000, underwriters must reasonably determine that the issuer or obligated person has undertaken, in a written agreement for the benefit of holders of the municipal bonds, to provide continuing disclosure documents to the MSRB. This requirement is inapplicable to underwriters participating in certain offerings of municipal bonds issued in large denominations (at least \$100,000 denominations) that are sold to no more than 35 sophisticated investors or that have short-term maturities. This requirement also is inapplicable in offerings by issuers that had less than \$10,000,000 in principal amount of bonds outstanding, including the offered bonds, so long as the issuer or obligated person provides a limited disclosure undertaking. Also exempt from the requirement for an undertaking calling for the disclosure of annual financial information are offerings of bonds with an 18-month or shorter maturity.

³ A complete listing of continuing disclosure categories, including identification of which categories are subject to the contractual requirement and which are voluntary, appears at the end of this report.

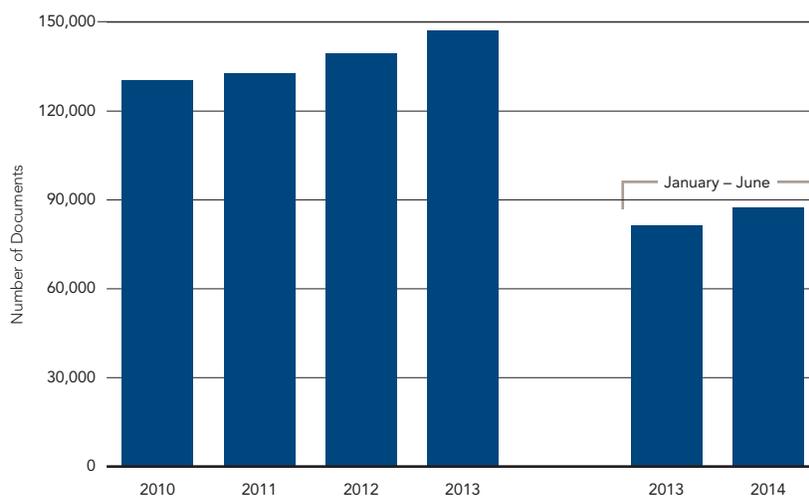
OVERALL NUMBER OF CONTINUING DISCLOSURE DOCUMENTS

July 2009 – June 2014



NUMBER OF CONTINUING DISCLOSURE DOCUMENTS

January 2010 – June 2014

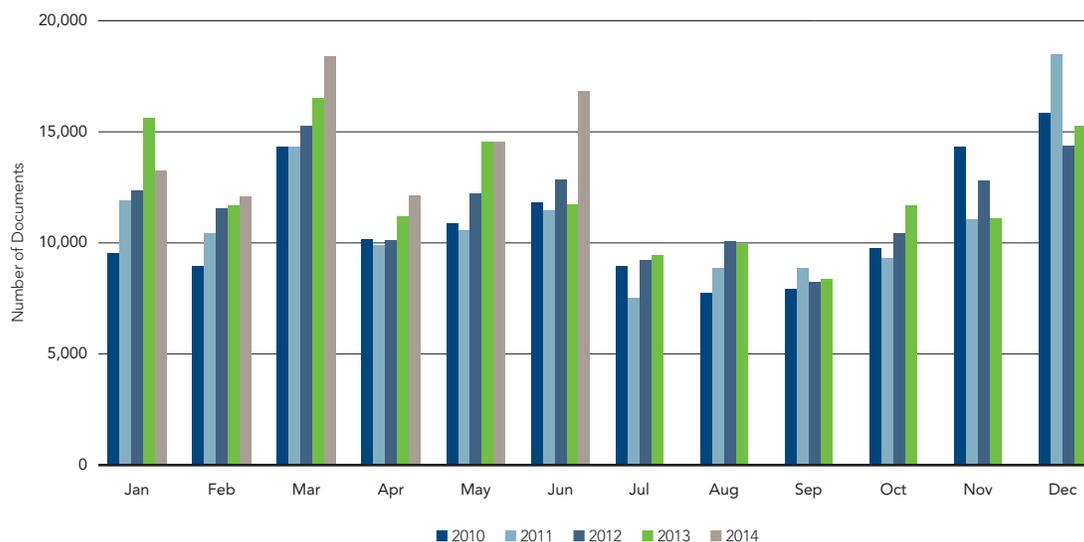


Similar growth patterns in the number of submitted disclosures are evident on a monthly basis, where, generally, volumes have increased in recent years. March and December have typically been the busiest months for the number of submissions received, primarily due to sharp increases in submissions of annual financial and operating information as well as audited financial statements. These increases occur approximately six months after September 30 and June 30, which are the fiscal year-end dates for many municipal issuers. The data also show an unusual spike in June 2014 when compared to the same period in the last previous years. The higher volume in June 2014 may be attributed to increased focus on continuing disclosures brought about by the Securities and Exchange Commission’s Municipal Continuing Disclosure Cooperation (MCDC) initiative. The MCDC initiative, which was announced in March 2014, provides issuers and underwriters the opportunity to self-report materially inaccurate statements relating to prior compliance with the continuing disclosure obligations specified in SEC Rule 15c2-12, and by self-

reporting, becoming eligible for standardized settlement terms from the SEC's Division of Enforcement.⁴ According to the initiative, the deadline for underwriters was September 10, 2014 to self-report to be eligible, while the deadline for issuers is December 1, 2014.

MONTHLY NUMBER OF CONTINUING DISCLOSURE DOCUMENTS

January 2010 – June 2014

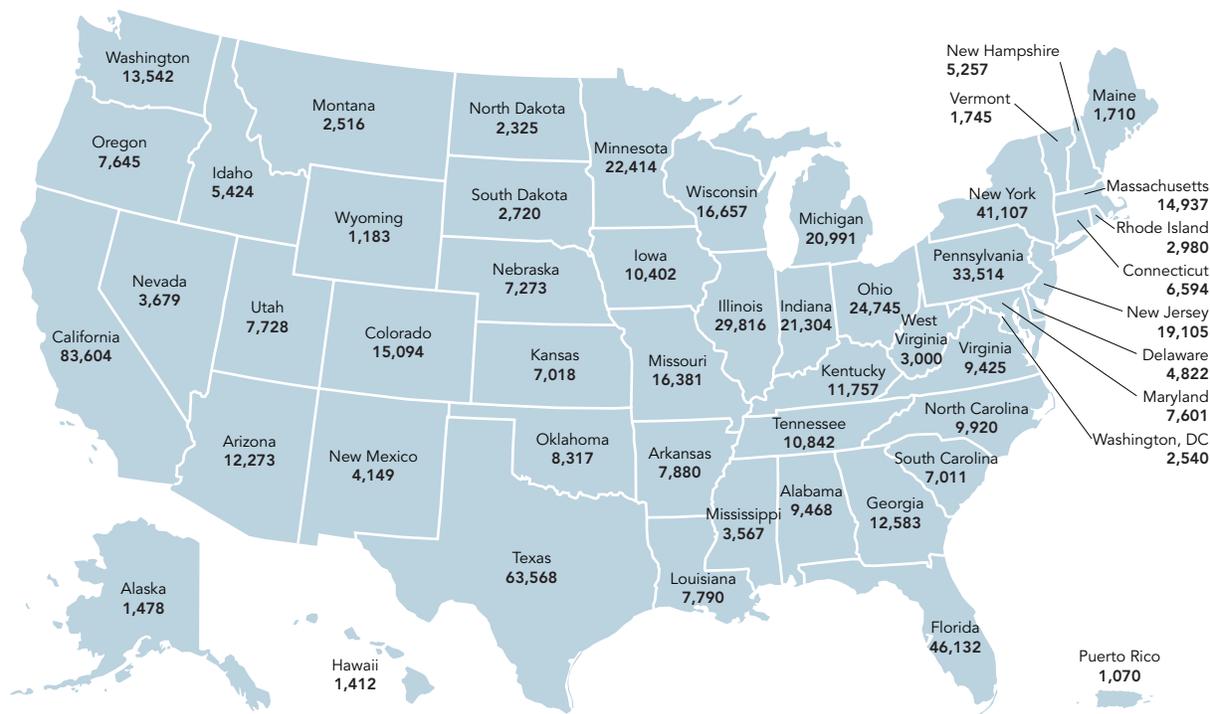


The State of California and its municipalities continued to submit the largest share of the continuing disclosure documents to the MSRB, accounting for nearly 12 percent of all disclosures between July 2009 and June 2014. Texas, Florida, New York and Pennsylvania comprise the remainder of the top five states in terms of number of disclosures, accounting for 9, 7, 6 and 5 percent, respectively.

⁴ See <http://www.sec.gov/divisions/enforce/municipalities-continuing-disclosure-cooperation-initiative.shtml>.

NUMBER OF DISCLOSURES BY STATE⁵

July 2009 – June 2014



FINANCIAL AND OPERATING DISCLOSURES

Financial and operating disclosures accounted for about 50 percent of all disclosures submitted to the MSRB since July 2009.

For most new offerings of municipal securities, continuing disclosure agreements entered into as contemplated by SEC Rule 15c2-12 require that the following types of financial and operating disclosures be provided to the MSRB's EMMA website:

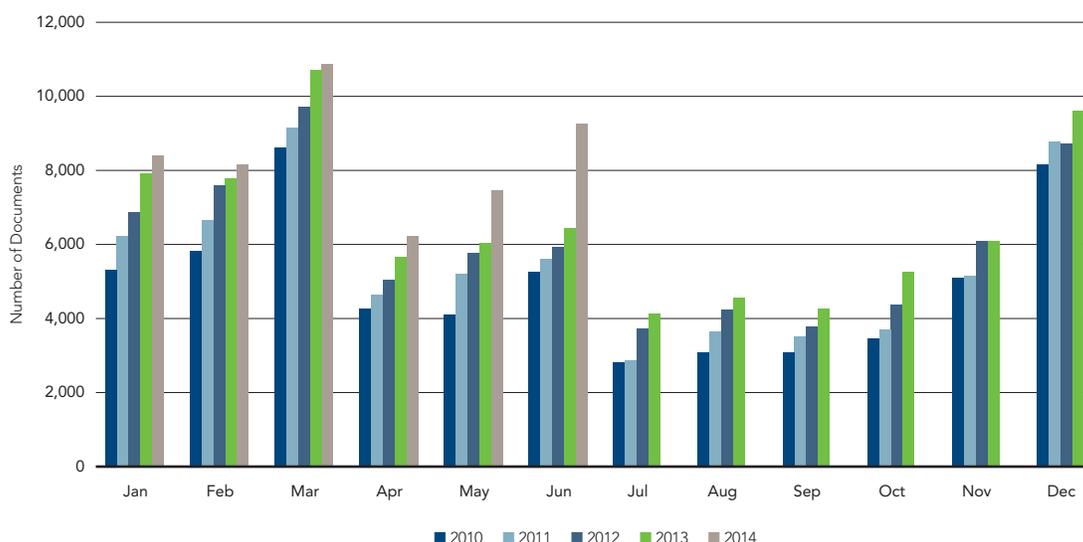
- Annual financial information and operating data
- Audited financial statements or CAFRs (Comprehensive Annual Financial Report)
- Notice of failure to provide annual financial information

With just two exceptions, the number of financial and operating disclosure submissions received by the MSRB over the last three years has increased every month over the same month in the previous year. Again, there may be some evidence of the impact of MCDC with the number of financial and operating disclosures increasing 43.5 percent in June 2014 compared to June 2013, well above the 7 percent average increase for June over the last three years.

⁵ Excludes disclosures that could not be categorized based on available state designation.

NUMBER OF FINANCIAL AND OPERATING DISCLOSURE DOCUMENTS

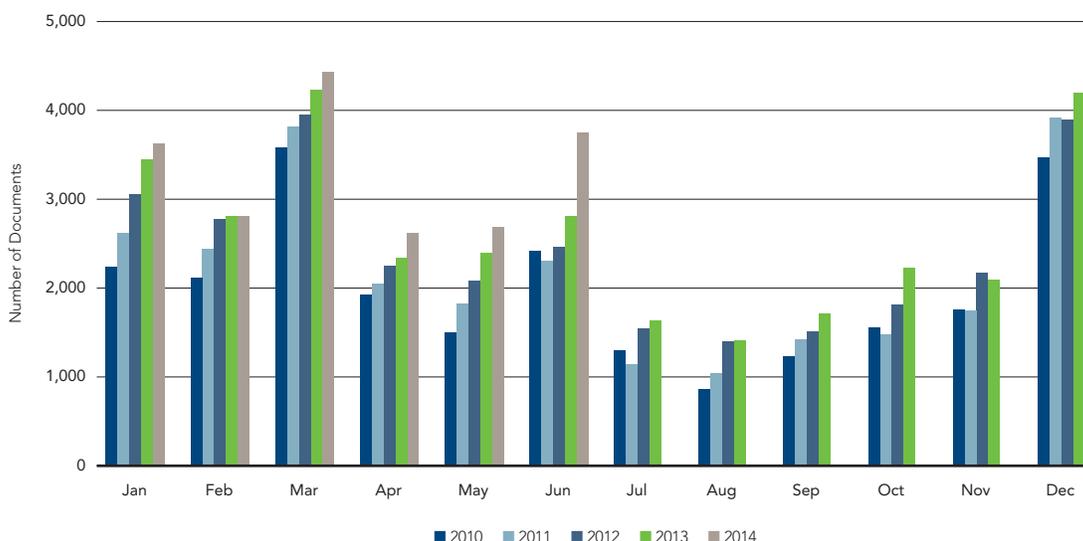
January 2010 – June 2014



Audited financial statements or CAFRs accounted for 40 percent, or 138,353 disclosures, of all submitted financial and operating disclosures since July 2009. Nearly half of all submissions for audited financial statements or CAFRs have occurred between December and March. The higher number of submissions in this four-month period is likely directly related to fiscal year-end dates for many municipal issuers. The number of audited financial statement disclosures increased 33.5 percent in June 2014 compared to June 2013, well above the 10.5 percent average increase for June between the period of 2011 and 2013. This increase can be attributed to the increased focus on continuing disclosure resulting from the SEC’s MCDC initiative.

NUMBER OF AUDITED FINANCIAL STATEMENTS OR CAFR DISCLOSURES

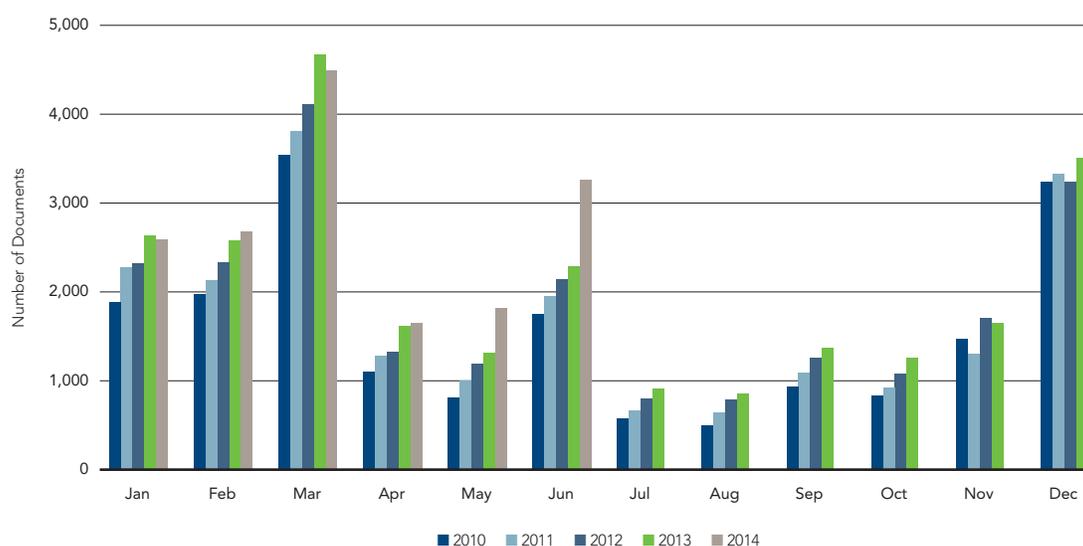
January 2010 – June 2014



As expected, annual financial information and operating data disclosures follow a similar pattern to that of audited financial statements, with the majority of all submissions coming in between the months of December and March. Since July 2009, 109,690 annual financial information and operating data disclosures were submitted to the MSRB. The spike in the number of submission in June is also quite evident in annual financial information and operating data disclosures with June 2014 submission up 42.6 percent from the same period in 2013 and significantly higher than 9.3 percent average increase in June over the past three years.

NUMBER OF ANNUAL FINANCIAL AND OPERATING DATA DISCLOSURES

January 2010 – June 2014



In addition to disclosures contemplated under SEC Rule 15c2-12, some issuers and obligated persons provide other financial and operating disclosures after the initial issuance, including:

- Quarterly/monthly financial information
- Timing of annual financial filing (120/150 days)⁶
- Change in fiscal year/timing of annual disclosure
- GAAP financial statement accounting standard (GASB/FASB)⁷
- Change in accounting standard
- Interim/additional financial information/operating data
- Budget
- Investment/debt/financial policy
- Information provided to rating agency, credit/liquidity provider or other third party
- Consultant reports
- Other financial/operating data

⁶ New type of disclosure as of May 23, 2011.

⁷ *Ibid.*

Below is the number of submissions for the remaining financial and operating disclosure categories.

Disclosure Type	Number of Documents			
	2010	2011	2012	2013
Annual Financial Information and Operating Data	18,630	20,396	22,289	24,660
Audited Financial Statements or CAFR	23,961	25,803	28,900	31,312
Budget	1,362	1,794	2,131	2,576
Change in Accounting Standard	1	3	2	3
Change in Fiscal Year/Timing of Annual Disclosure	11	17	25	20
Consultant Reports	127	198	173	155
Failure to Provide Annual Financial Information	1,747	1,888	2,036	2,495
Information Provided to Rating Agency, Credit/Liquidity Provider or Other Third Party	114	108	168	174
Interim/Additional Information/Operating Data	332	359	559	707
Investment/Debt/Financial Policy	33	47	166	156
Other Financial and Operating Data	5,743	6,517	6,058	5,917
Quarterly and Monthly Financial Information	7,287	8,286	9,641	10,696
Total	59,348	65,416	72,148	76,376

EVENT DISCLOSURES

Event-based disclosures concern the occurrence of specific events that may have an impact on the issuer's related securities.

Event notices contemplated under SEC Rule 15c2-12 include:

- Principal and interest payment delinquency
- Non-payment related default, if material
- Unscheduled draw on debt service reserve
- Unscheduled draw on credit enhancement
- Substitution of credit or liquidity provider or its failure to perform
- Adverse tax opinion or event affecting tax-exempt status
- Modification to the rights of security holders, if material
- Bond call, if material
- Tender offer/secondary market purchases⁹

⁸ Note that the table includes data only for the full calendar years of 2010 through 2013 and excludes data from the partial years of 2009 (representing the last six months of the year after the initial launch of the EMMA continuing disclosure service on July 1, 2009) and 2014.

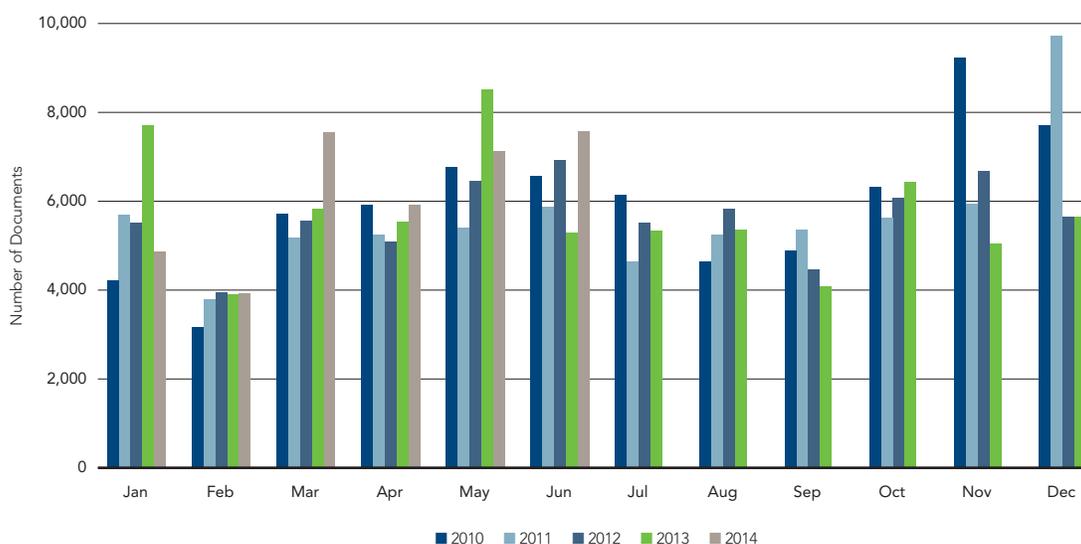
⁹ Tender offer disclosures were voluntary prior to December 1, 2010.

- Defeasance
- Release, substitution or sale of property, if material
- Rating change
- Bankruptcy, insolvency, receivership¹⁰
- Merger, consolidation, acquisition and sale of assets¹¹
- Successor, additional or change in trustee,¹² if material

Approximately 50 percent, or 348,909, of all disclosures submitted to the MSRB from July 2009 through June 2014 were in the form of event disclosures. There is no clear pattern for event disclosure submissions and the volume tends to vary from month-to-month and year-to-year.

NUMBER OF EVENT DISCLOSURE DOCUMENTS

January 2010 – June 2014



The majority of event disclosures submitted since July 2009 were for bond calls and rating changes. About 72 percent, or 250,524, of all event disclosures submitted from July 2009 through June 2014 were bond calls and 14 percent, or 47,919, were rating changes.

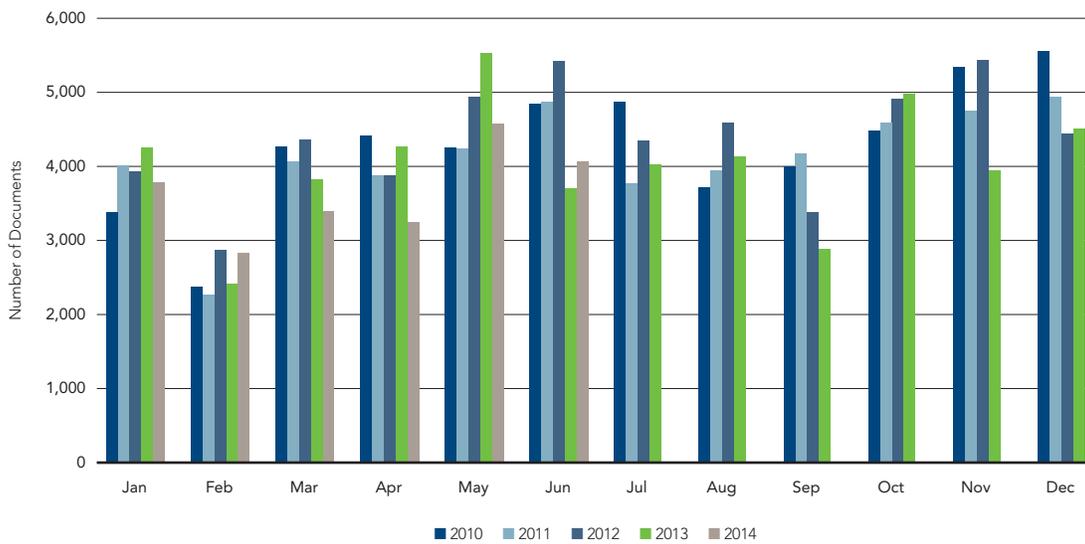
¹⁰ This type of disclosure was voluntary prior to December 1, 2010.

¹¹ *Ibid.*

¹² *Ibid.*

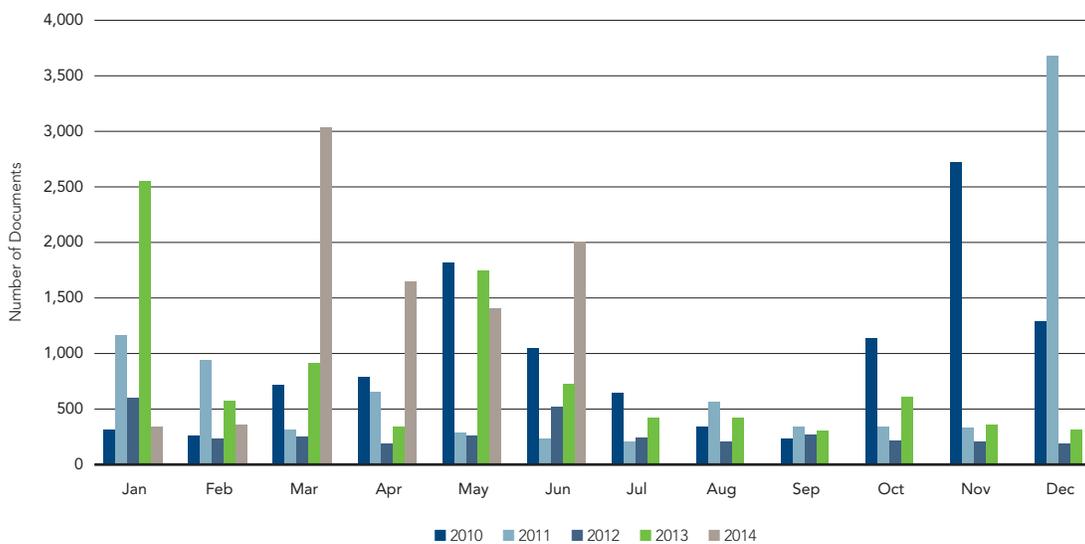
NUMBER OF BOND CALL DISCLOSURES

January 2010 – June 2014



NUMBER OF RATING CHANGE DISCLOSURES

January 2010 – June 2014



Below is the number of submissions for the remaining event disclosures.

EVENT-BASED DISCLOSURES¹³

Disclosure Type	Number of Documents			
	2010	2011	2012	2013
Adverse Tax Opinion or Event Affecting Tax-Exempt Status	13	17	18	10
Amendment to Continuing Disclosure Undertaking	104	57	50	44
Bankruptcy, Insolvency, Receivership	5	67	94	83
Bid for Auction Rate or Other Securities	610	501	473	213
Bond Call	51,470	49,488	52,461	48,428
Capital or Other Financing Plan	18	16	40	24
Change in Obligated Person	36	19	20	19
Change of Tender Agent, Remarketing Agent, or Other On-Going Party ¹⁴	160	109	84	97
Communication From the Internal Revenue Service	37	41	65	72
Defeasance	2,141	2,197	4,391	3,570
Derivative or Other Similar Transaction	2	3	8	1
Litigation/Enforcement Action	33	17	42	55
Merger, Consolidation, Acquisition and Sale of Assets	55	55	43	66
Modification to the Rights of Security Holders	53	50	59	72
Non-Payment Related Default	199	147	177	175
Notice to Investor Pursuant to Bond Documents	509	662	729	757
Other Event-Based Disclosures	3,082	3,392	3,895	3,918
P&I Payment Delinquency	219	190	236	253
Rating Change	11,293	9,052	3,380	9,278
Release, Substitution or Sale of Property	57	64	64	53
Substitution of Credit or Liquidity Provider or Its Failure to Perform	217	308	223	197
Successor, Additional or Change in Trustee ¹⁵	8	127	104	227
Tender Offer/Secondary Market Purchases	307	498	391	363
Unscheduled Draw on Credit Enhancement	45	52	55	53
Unscheduled Draw on Debt Service Reserve	283	231	243	180
Total	70,956	67,360	67,345	68,208

¹³ Note that the table includes data only for the full calendar years of 2010 through 2012 and excludes data from the partial years of 2009 (representing the last six months of the year after the initial launch of the EMMA continuing disclosure service on July 1, 2009) and 2013.

¹⁴ Disclosures regarding "Change of Tender Agent, Remarketing Agent, or Other On-Going Party" and "Successor, Additional or Change in Trustee" were originally in a single category. Submissions made while they were a single category are included only in the figures for "Change of Tender Agent, Remarketing Agent, or Other On-Going Party."

¹⁵ See note 14 above.

CONTINUING DISCLOSURE DEFINITIONS

Set forth below are descriptions of the various categories of continuing disclosure that submitters of such documents may select for display to the public through EMMA. Although these descriptions consist of the MSRB's understanding and intent as to the nature of disclosures submitted under each category, the MSRB does not review or verify the appropriateness of the category selected by submitters of continuing disclosure documents, and there is no assurance that a document that is listed within a particular category of continuing disclosure necessarily provides the type of information described below.

FINANCIAL/OPERATING-BASED DISCLOSURES

Rule 15c2-12-Based Financial/Operating Data

Annual Financial Information and Operating Data—issuer's/obligated person's financial information or operating data, of the type included in the original official statement, provided on at least an annual basis—see Exchange Act Rule 15c2-12(b)(5)(i)(A), 15c2-12(d)(2)(ii)(A) and 15c2-12(f)(9).

Audited Financial Statements or CAFR—issuer's/obligated person's audited financial statements or Comprehensive Annual Financial Report, if not included in annual financial information and operating data—see Exchange Act Rule 15c2-12(b)(5)(1)(B).

Failure to Provide Annual Financial Information—notice that issuer's/obligated person's annual financial information and operating data not submitted by date specified in the continuing disclosure undertaking—see Exchange Act Rule 15c2-12(b)(5)(i)(D).

Additional/Voluntary Financial/Operating Data

Quarterly/Monthly Financial Information—issuer's/obligated person's financial information provided on a quarterly or monthly basis.

Change in Fiscal Year/Timing of Annual Disclosure—notice that issuer's/obligated person's fiscal year has changed or the date specified in the continuing disclosure undertaking for submitting annual financial information and operating data has changed.

Change in Accounting Standard—notice that issuer's/obligated person's accounting standards pursuant to which it prepares its financial information have changed.

Interim/Additional Financial Information/Operating Data—additional financial or operating data of issuer/obligated person supplementing annual financial information or operating data or providing such information or data on an interim basis in addition to the annual submission.

Budget—issuer's/obligated person's budget document or other information relating to its budget.

Investment/Debt/Financial Policy—issuer's/obligated person's policy on its investment activities, debt incurrence or other financial matters.

Information Provided to Rating Agency, Credit/Liquidity Provider or Other Third Party—information that issuer/obligated person has provided to a rating agency, provider of a credit or liquidity facility or other entity that the issuer/obligated person wishes to be made available publicly.

Consultant Reports—report prepared for or about an issuer/obligated person by a third-party in connection with the issuer's/obligated person's issue of securities or other financial or operating matters.

Other Financial/Operating Data—any financial information or operating data of the issuer/obligated person not otherwise described in another category.

Timing of Annual Financial Filing—an indication that the issuer has committed to submitting its annual financial information and operating data to EMMA within either 120 days or 150 days after the end of the issuer's fiscal year.

GAAP Financial Statement Accounting Standard—an indication that the issuer has prepared its audited financial statements according to Generally Accepted Accounting Principles (GAAP) as established by either the Governmental Accounting Standards Board (GASB) or the Financial Accounting Standards Board (FASB).

EVENT-BASED DISCLOSURES

Rule 15c2-12 Event Notices

P&I Payment Delinquency—a delinquency in scheduled payment of principal of or interest on municipal securities—see Exchange Act Rule 15c2-12(b)(5)(i)(C)(1).

Non-payment Related Default—a default relating to municipal securities other than a delinquency in payment of principal or interest, if material—see Exchange Act Rule 15c2-12(b)(5)(i)(C)(2).

Unscheduled Draw on Debt Service Reserve—an unscheduled draw on any debt service reserve fund/account that reflects financial difficulties of the issuer/obligated person or in connection with the municipal securities—see Exchange Act Rule 15c2-12(b)(5)(i)(C)(3).

Unscheduled Draw on Credit Enhancement—an unscheduled draw on credit enhancement for municipal securities reflecting financial difficulties of the issuer/obligated person or in connection with the municipal securities—see Exchange Act Rule 15c2-12(b)(5)(i)(C)(4).

Substitution of Credit or Liquidity Provider or Its Failure to Perform—a change in the entity providing any credit enhancement or liquidity support for the municipal securities, or any failure by such entity to perform its obligations under such credit enhancement or liquidity support—see Exchange Act Rule 15c2-12(b)(5)(i)(C)(5).

Adverse Tax Opinion or Event Affecting Tax-Exempt Status—notice of an adverse tax opinion, issuance by the Internal Revenue Service of proposed or final determination of taxability, Notice of Proposed Issue (IRS Form 5701-TEB) or other material notice of determination with respect to the tax status of the municipal securities, or other material event affecting the tax status of the municipal securities—see Exchange Act Rule 15c2-12(b)(5)(i)(C)(6).

Modification to the Rights of Security Holders—a modification to the rights of holders of the municipal securities, if material—see Exchange Act Rule 15c2-12(b)(5)(i)(C)(7).

Bond Call—a notice that municipal securities are called for redemption, if material—see Exchange Act Rule 15c2-12(b)(5)(i)(C)(8).

Tender Offer/Secondary Market Purchases—a notice that the issuer/obligated person is seeking offers to tender municipal securities for purchase or redemption by the issuer/obligated person, or that the issuer/obligated person has or seeks to purchase its securities in the secondary market—see Exchange Act Rule 15c2-12(b)(5)(i)(C)(8).

Defeasance—a notice that municipal securities have been defeased, typically by establishment of an escrow to pay principal and interest and the release of the covenants and original security lien—see Exchange Act Rule 15c2-12(b)(5)(i)(C)(9).

Release, Substitution or Sale of Property—a notice that there has been a release, substitution or sale of property securing repayment of the municipal securities, if material—see Exchange Act Rule 15c2-12(b)(5)(i)(C)(10).

Rating Change—a notice that a rating assigned by a rating agency on the municipal securities, the issuer of municipal securities, an obligated person or other rating relating to the municipal securities has been changed—see Exchange Act Rule 15c2-12(b)(5)(i)(C)(11).

Bankruptcy, Insolvency, Receivership—a notice of bankruptcy, insolvency, receivership or similar event of the issuer/obligated person—see Exchange Act Rule 15c2-12(b)(5)(i)(C)(12).

Merger, Consolidation, Acquisition and Sale of Assets—a notice of the consummation of a merger, consolidation, or acquisition involving an issuer/obligated person, or the sale of all or substantially all of the assets of the issuer/obligated person, if material—see Exchange Act Rule 15c2-12(b)(5)(i)(C)(13).

Successor, Additional or Change in Trustee—a notice of the appointment of a successor or additional trustee, or the change of name of a trustee, if material—see Exchange Act Rule 15c2-12(b)(5)(i)(C)(14).

Additional/Voluntary Event-Based Disclosures

Amendment to Continuing Disclosure Undertaking—a notice that the issuer/obligated person has amended the continuing disclosure undertaking relating to its municipal securities.

Change in Obligated Person—a notice that a new obligated party for whom continuing disclosures will be provided has been added with respect to municipal securities and, if applicable, an existing obligated person has been released from its continuing disclosure obligation.

Notice to Investor Pursuant to Bond Documents—a notice required or authorized to be provided under the legal documents relating to the municipal securities.

Communication From the Internal Revenue Service—a notice of any communication from the Internal Revenue Service to the issuer/obligated person other than the items covered by “Adverse Tax Opinion or Event Affecting Tax-Exempt Status” above.

Bid for Auction Rate or Other Securities—a notice of a bid placed by the issuer/obligated person to purchase auction rate securities through the auction rate setting procedure or the purchase of any other of its securities

Capital or Other Financing Plan—disclosure regarding an issuer's/obligated person's capital improvement plans or other financing or refinancing plans.

Litigation/Enforcement Action—disclosure regarding any litigation involving the issuer/obligated person or any other relevant party that has the potential to have a material impact on the municipal securities, or any regulatory enforcement action that may have such an impact.

Change of Tender Agent, Remarketing Agent, or Other On-Going Party—a notice of a change in the tender agent, remarketing agent, or other market participant that provides on-going services in connection with the issuer's/obligated person's municipal securities.

Derivative or Other Similar Transaction—any notice, disclosure or other document relating to derivatives or other financial products or structures used in connection with the issuer's/obligated person's municipal securities.

Other Event-Based Disclosures—any notice, disclosure or other document relating to the occurrence of an event or other non-financial matter relating to the issuer's/obligated person's municipal securities not otherwise described in another category.