

Navigating Treasury's New Electronic Filing Requirements

- ▶ Harlan Goodrich & Jeffrey Schwartz
- ▶ Michigan Department of Treasury
- ▶ Michigan.gov/MunicipalFinance
- ▶ For Questions Contact:
 - ▶ Treas_MunicipalFinance@Michigan.gov
 - ▶ (517) 373-3227

Bulletins & Instructions

- ▶ Michigan.gov/MunicipalFinance
 - ▶ Click on “Bulletins”
 - ▶ See Bulletins 6, 8-10
 - ▶ Click on “Municipal Finance Forms”
 - ▶ See Instructions for Numbers 1428, 1432, 1435, and 5047

Document Search Site & File Online Reports

- ▶ Michigan.gov/MunicipalFinance
 - ▶ Click on “File and Search Reports”
 - ▶ Click on “Document Search”
 - ▶ Qualifying Statements
 - ▶ Prior Approval Applications
 - ▶ Link to MDE Website for School Audits
 - ▶ Click on “File Online Reports”
 - ▶ Click on “Request Access New User”
 - ▶ You will be emailed a temporary password.
 - ▶ After logging in, you will be required to create a new password.

Electronic Filing

- ▶ Qualifying Statements (since May 2013)
 - ▶ First step before issuing debt.
- ▶ Prior Approval
 - ▶ Phased in December 2015 – March 2016
 - ▶ Dynamic Form
 - ▶ Benefits
 - ▶ Complete filings
 - ▶ Only provide information pertinent to type of borrowing
 - ▶ Quicker approval times
 - ▶ Documents posted on website
- ▶ Security Reports (coming in future)
 - ▶ Refer to Public Act 34 of 2001 MCL 141.2319
 - ▶ Refer to Public Act 470 of 2002 MCL 129.177

Prior Approval Applications

- ▶ Short-Term ($= < 1$ year)
- ▶ Long-Term (> 1 year)
- ▶ Exemptions (NPV loss, discount $> 10\%$, no rating $> \$5M$)

Common Errors

▶ Short-Term

- ▶ The amount Treasury will approve will be equal to the “Total principal found in cash flow.”
- ▶ Borrowing Against Fiscal Year: If submitting State Aid Note application prior to July 1st and issuing on or after July 1st, select “Current fiscal year”. For example, if you submit your application June 25th and plan to issue on August 20th, select “Current fiscal year.”
- ▶ Negative Cash Flow: Applications that include a cash flow statement with one or more months that end with a balance less than \$0 (with proceeds) will not receive approval.

Common Errors (continued)

- ▶ Long-Term

- ▶ The amount Treasury will approve will be equal to the “Total principal found in maturity schedule.”
- ▶ Read the following yes/no questions carefully:
 - ▶ Does the first principal payment occur within five years after the date of issuance?
 - ▶ Are all principal payments in any year beyond four years from the date of issuance greater than 20% of the principal payments in any subsequent year?

Common Errors (continued)

- ▶ Qualifying Statement
 - ▶ Read each question carefully
 - ▶ #2 Unlimited tax levy only
 - ▶ #7 Delinquent taxes on top, total tax levy on bottom
 - ▶ Delinquent taxes do not include amount made whole by county
 - ▶ #10 If no deficits, answer N/A
 - ▶ #12 Read carefully

Helpful Tips

- ▶ Have bond counsel review application before submitting
 - ▶ Fill out except for one question and save.
 - ▶ Send copy to bond counsel.
 - ▶ Finish filling out and save.
- ▶ Bond counsel obtain user ID and password
 - ▶ Create application to look at dynamic options.
 - ▶ Do not submit application (unless submitting on behalf of school)
- ▶ If looking for State Aid Note approval by end of third week of July, submit applications prior to July 1st.