



January 26, 2017

## **CS NEWSFLASH:** **YOUR CONTINUING DISCLOSURE OBLIGATIONS MAY REQUIRE YOUR IMMEDIATE ACTION**

Many local educational agencies ("LEAs") utilize bonds to fund facilities. During the bond issuance process, LEAs may decide to utilize credit enhancement in order to receive a better interest rate. One such credit enhancement is bond insurance, which provides protection for investors against possible payment defaults. A company that has provided credit enhancement to many LEAs throughout the nation, Assured Guaranty Corp. ("AGC"), has issued a statement that may require your immediate attention.

### **What Happened:**

On Friday, January 13, 2017, AGC issued a [press release](#) announcing a request made to Moody's Investors Service, Inc. ("Moody's") to withdraw AGC's financial strength rating. AGC states the request is due to Moody's criteria for evaluating stability no longer accurately reflects AGC's current financial strength. AGC also stated that S&P Global Ratings ("S&P") will assign stable ratings to certain bonds that were not previously rated by S&P.

### **What it Means:**

LEAs who have issued municipal debt using AGC to provide credit enhancement, (such as if AGC has insured one of your bonds) should keep in mind that the potential removal of Moody's ratings and addition of S&P ratings falls under the list of significant events that need to be reported per the [Securities and Exchange Commission \("SEC"\) Rule 15c2-12](#). Notice of such significant events need to be reported to the Electronic Municipal Market Access ("EMMA") within 10 business days of occurrence. For issuers who were assigned a new S&P rating, the 10 day countdown began on January 13, 2017. For issuers whose financings have Moody's ratings, the countdown will begin once Moody's fulfills AGC's request and removes its ratings.

### **Be Proactive:**

LEAs that miss the deadline to report a material event may violate Rule 15c2-12 and/or the federal securities laws. Continuous monitoring for significant events is the only way to ensure ongoing compliance with Rule 15c2-12. Cooperative Strategies has a platform, *DisclosureCompliance*<sup>TM</sup>, which was specifically designed for this purpose. [Click here](#) to learn more.

If you have any questions regarding AGC's press release or need help with your continuing disclosure obligations, please contact us at 844.654.2421 x320 or [info@coopstrategies.com](mailto:info@coopstrategies.com).

**Cooperative Strategies, LLC**