

**DISCLOSURE CONTROLS  
AND PROCEDURES**

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**COUNTY OF SAN DIEGO, CALIFORNIA**

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**COUNTY OF SAN DIEGO**  
**DISCLOSURE CONTROLS AND PROCEDURES**

This manual details the disclosure controls and procedures (“Disclosure Controls”) maintained by the County of San Diego (“County”). These Disclosure Controls support the County’s Strategic Plan by formalizing processes related to the Operational Excellence Strategic Initiative. The Disclosure Controls provide a framework to ensure that the County maintains adequate procedures for gathering, analyzing and disclosing all information that is reported in the County’s official statements, continuing disclosure reports, and voluntary disclosures.

This manual begins with an overview that summarizes each component of the Disclosure Controls, indicating the individual(s) within the County with primary responsibility for that particular Disclosure Control. Successive sections of this manual provide additional information regarding the various Disclosure Controls.

Capitalized terms used in the Disclosure Controls have the meanings given those terms in Exhibit A hereto.

## OVERVIEW

### 1. County Financing Disclosure Working Group

*Primary Responsibility — Deputy Chief Administrative Officer / Chief Financial Officer*

The County maintains a County Financing Disclosure Working Group, pursuant the County of San Diego Administrative Manual Item Number 0010-04, Risk Overview Committee. The membership, responsibilities and activities of the County Financing Disclosure Working Group are described in Section 1.

### 2. Disclosure Coordinator

*Primary Responsibility — Debt Finance Manager*

The County maintains a Disclosure Coordinator, who is generally responsible for coordinating the County's disclosure, including the Disclosure Controls. See Section 2 for details regarding the Disclosure Coordinator.

### 3. Internal Disclosure Certifications

*Primary Responsibility — Disclosure Coordinator*

The Disclosure Coordinator will obtain certifications from specified persons within the County in connection with the publication of each Offering Statement and Annual Report. See Section 3 for more information.

### 4. Disclosure Counsel

*Primary Responsibility — County Counsel*

The County will retain a firm with knowledge of matters related to the federal securities laws who will represent the County in connection with its securities obligations and other related issues. Disclosure Counsel's role is described in Section 4.

### 5. Annual Review of Disclosure Controls

*Primary Responsibility — County Counsel, Deputy Chief Administrative Officer / Chief Financial Officer*

County Counsel and the Deputy Chief Administrative Officer / Chief Financial Officer of the County will annually review these Disclosure Controls as described in Section 5.

## **SECTION 1: COUNTY FINANCING DISCLOSURE WORKING GROUP**

### **Membership**

The County Financing Disclosure Working Group consists of:

- Deputy Chief Administrative Officer / Chief Financial Officer
- Auditor and Controller
- Chief Deputy Treasurer
- Chief Investment Officer
- Debt Finance Manager
- Debt and Capital Finance Officer
- Director of the Office of Financial Planning
- Group Finance Director, Finance & General Government Group
- Human Resources Services Manager (Risk Management)
- County Counsel or deputy assigned to advise on municipal financing matters

The composition of the County Financing Disclosure Working Group may be changed from time to time as the Chief Administrative Officer, Deputy Chief Administrative Officer / Chief Financial Officer or County Counsel of the County determines is necessary or desirable. The Deputy Chief Administrative Officer / Chief Financial Officer or County Counsel may invite Disclosure Counsel to participate in any of the meetings of the County Financing Disclosure Working Group.

### **Responsibilities**

The County Financing Disclosure Working Group (or selected members thereof) is responsible for:

- reviewing in advance any Offering Statement to determine the adequacy and accuracy of the disclosures included therein,
- reviewing in advance each Annual Report to determine the adequacy and accuracy of the disclosures, and
- otherwise considering and determining, on a periodic basis, the materiality of information relating to, and the scope of disclosure obligations for, the County.

### **Process**

The members of the County Financing Disclosure Working Group shall meet or participate by conference call upon the direction of the Deputy Chief Administrative Officer / Chief Financial Officer, but in any event before the release or filing of any Offering Statement, Annual Report or voluntary disclosure. At any such meeting, the members of the County Financing Disclosure Working Group shall discuss the topics listed below, as applicable. Under certain circumstances, members may have the option to review and provide approval separate and apart from a meeting of the County Financing Disclosure Working Group.

1. Review and Analyze Reports and Other Information. The members of the County Financing Disclosure Working Group shall review and discuss: (1) the most recently issued report by the Risk Overview Committee of the County pursuant to the County of San Diego Administrative Manual Policy 0010-04; (2) the most recently published Operational Plan of the County; (3) the most recently published Comprehensive Annual Financial Report of the County and of the County Investment Pool, including any letters or communications containing recommendations by the County's independent auditors; (4) the most recent Offering Statement, including disclosure regarding the County's pension liabilities; (5) the most recent Annual Report; (6) the Event Notices filed in the most recent 12 months; and (7) any other documents as directed by the Deputy Chief Administrative Officer / Chief Financial Officer or County Counsel.
2. Structural Balance of the Budget and Financial Condition of the County. The members of the County Financing Disclosure Working Group shall discuss the current internal projections of revenues and expenditures of the County and in connection therewith, (a) if there exists a structural deficit or surplus, (b) if the assumptions underlying such internal projections are reasonable and (c) if any risks in the operations of the County or risks that are external from the County challenge any of such assumptions.
3. Contingent Risks. The members of the County Financing Disclosure Working Group shall discuss the following contingent risk matters: (1) whether the County is properly insured against the risks to its operations; (2) the County's exposure to any material, emerging risks to the finances or operations of the County or investment losses on the County Investment Pool or other investments; (3) any material litigation that is pending or, to the knowledge of the members, threatened against the County; and (4) whether disclosure of uninsured risks is adequate.

After the County Financing Disclosure Working Group has met and considered the above-mentioned subjects, the members shall review the draft of such Offering Statement, Annual Report or voluntary disclosure to determine if the draft (a) fully and accurately presents the financial condition and operations of the County and (b) does not omit any material information regarding the County, including any information that the members shall have discussed as described above. Upon the conclusion of such meeting, the members shall determine (1) any additional investigation that the County must conduct into its financial condition and operations and (2) any modifications that are or may be necessary to the Offering Statement, Annual Report or voluntary disclosure so as to prevent a deficiency in the disclosure of the County's financial condition and operations. The Disclosure Coordinator together with the assistance of the other members shall be responsible for the implementation of such list. The Disclosure Coordinator shall consult with other members of the County Financing Disclosure Working Group to address and resolve any outstanding issues. If all issues have not been resolved to the satisfaction of the Disclosure Coordinator or any other member of the County Financing Disclosure Working Group, then such person should notify the Deputy Chief Administrative Officer / Chief Financial Officer and such additional meetings of the

County Financing Disclosure Working Group shall be convened until all such issues have been resolved to the satisfaction of its members.

### **Voluntary Disclosures**

The County's requirement is to only file annual financial information and operating data and Event Notices that are required under its respective Continuing Disclosure Agreements and applicable federal securities laws. The Disclosure Working Group may determine to file voluntary disclosure information that is not required.

## **SECTION 2: DISCLOSURE COORDINATOR**

### **Selection**

The Disclosure Coordinator is selected from time to time by the Deputy Chief Administrative Officer / Chief Financial Officer, on the basis of his or her familiarity with particular aspects of the County's disclosure and reporting matters or on his or her ability to effectively monitor and coordinate such disclosures and reporting based on his or her positions within the County. At present time, the Disclosure Coordinator shall be the Debt Finance Manager of the County.

### **Responsibilities**

The Disclosure Coordinator is responsible, within his or her area of expertise for:

1. Monitoring the compliance by the County with these Disclosure Controls.
2. Serving as a "point person" for personnel to communicate issues or information that should be or may need to be included in any Offering Statement, Annual Report, or Event Notice, as applicable.
3. Keeping informed regarding all of the County's public disclosures and internal disclosures regarding financial and operating matters, and if any internal disclosures are determined to be material, consider whether a voluntary disclosure should be filed.
4. Monitor, or cause to be monitored, the websites of each rating agency and bond insurer for rating changes related to the County's financial obligations.
5. Review the Notice Events listed in the Continuing Disclosure Agreement for each of the County's financial obligations to identify when a Notice Event has occurred that may require a filing
6. Preparing and circulating a detailed time schedule for review and submission of information in connection with any Offering Statement and Annual Report together with all of the reports and documents referenced under paragraph 1 under the caption "Process" under Section 1.
7. Following up with others to make sure that assigned tasks have been completed on a timely basis and making sure, in the case of Annual Reports, that the document is filed on a timely basis.
8. Coordinating biennial municipal disclosure training for members of the County Financing Disclosure Working Group and any person who provides an internal certification.
9. Informing and facilitating periodic training for employees of the County who are responsible for reviewing or supplying information for an Offering Statement, Annual Report or voluntary

disclosure (other than the members of the County Financing Disclosure Working Group) of the securities responsibilities of the County and such employees through the distribution of existing manuals and policies of the County regarding securities disclosure and through coordination with County Counsel, as needed.

10. Documenting the County's disclosure processes generally (e.g., records of the County Financing Disclosure Working Group meetings, maintenance of reporting checklists as appropriate, internal certifications).
11. Updating these Disclosure Controls from time to time as necessary or appropriate.

### **SECTION 3: INTERNAL CERTIFICATIONS**

Before the release or filing of any Offering Statement, Annual Report or voluntary disclosure, the Disclosure Coordinator shall obtain from the following persons certifications covering the indicated subjects. These certifications shall be for internal purposes only and shall not be delivered to or relied upon by any underwriter or other member of an underwriting team. The Disclosure Coordinator may obtain these certifications through e-mail correspondence.

For any Offering Statement, Annual Report or voluntary disclosure being published or filed, the Disclosure Coordinator shall obtain the following certifications:

For Offering Statements:

**PERSON**

**CERTIFICATION**

Deputy Chief  
Administrative Officer /  
Chief Financial Officer

Such person has reviewed all of the financial information and operating data of the County set forth in the Offering Statement including, Appendix A, and, to that person's knowledge, there is no material misstatement of fact therein or an omission of material fact necessary to make the statements therein not misleading.

Auditor and Controller

1. Such person has reviewed all of the financial information and operating data of the County in the Offering Statement and Appendix A, and, to that person's knowledge, there is no material misstatement of fact therein or an omission of material fact necessary to make the statements therein not misleading.
2. Such person has reviewed all of the tabular information and other financial data of the County, including summaries of the County's financial statements, and other operational data and has confirmed that all amounts, numbers and other statistical information are accurate and consistent with the County's records and working papers.

Group Finance Director,  
Finance & General  
Government Group

Such person has reviewed all of the financial information and operating data of the County in the Offering Statement and Appendix A, and, to that person's knowledge, there is no material misstatement of fact therein or an omission of material fact necessary to make the statements therein not misleading

Debt Finance Manager	Such person has reviewed all of the financial information and operating data of the County in the Offering Statement and Appendix A, and, to that person's knowledge, there is no material misstatement of fact therein or an omission of material fact necessary to make the statements therein not misleading.
Director of the Office of Financial Planning	<ol style="list-style-type: none"> <li>1. Such person has reviewed all of the information in the Offering Statement regarding the past, current and future budgetary information of the County, including any descriptions of the structural balance or imbalance of the County's General Fund budget and, to that person's knowledge, there is no material misstatement of fact therein or an omission of material fact necessary to make the statements therein not misleading.</li> <li>2. Such person has reviewed all of the tabular information and other financial data of the County, including summaries of the County's financial statements, General Fund budget and other operational data and has confirmed that all amounts, numbers and other statistical information are accurate and consistent with the County's records and working papers.</li> </ol>
County Counsel	Such person has reviewed the description of all litigation in the Offering Statement and Appendix A and, to such person's knowledge, there is no other material pending or threatened litigation affecting the County or its assets.
Chief Deputy Treasurer or Chief Investment Officer	Such person has reviewed all of the information in the Offering Statement and Appendix A regarding the County's investment pool and other investments and there is no material misstatement of fact in such information or an omission of material fact necessary to make such information not misleading.
Deputy Director, Risk Management	Such person has reviewed all of the information in the Offering Statement and Appendix A regarding the County's insurance policies and insurance coverage and there is no material misstatement of fact in such information or an omission of material fact necessary to make such information not misleading.
Chief Executive Officer or Chief Financial Officer, San Diego County Employees Retirement Association	Such person has reviewed all of the information in the Offering Statement and Appendix A regarding the San Diego County Retirement Association and there is no material misstatement of fact in such information or an omission of material fact necessary to make such information not misleading.

For Annual Reports and Voluntary Disclosures, each member of the County Financing Disclosure Working Group and the Chief Executive Officer or Chief Financial Officer of SDCERA shall certify that they have reviewed the Annual Report or Voluntary Disclosure and the information in the report that is within the scope of their area identified in the categories above, to the best of their knowledge, contains no material misstatement of fact or an omission of material fact necessary to make such information not misleading.

#### **SECTION 4: DISCLOSURE COUNSEL REVIEW**

##### **Responsibilities**

The County will retain Disclosure Counsel to:

1. Review or manage the County's Offering Statements, as directed by County Counsel
2. Perform the following tasks:
  - 2.1. Attend meetings of the County Financing Disclosure Working Group as requested by the Deputy Chief Administrative Officer / Chief Financial Officer or County Counsel
  - 2.2. In connection with the preparation of an Offering Statement by the County, review the following documents in an effort to assist the County and the members of the County Financing Disclosure Working Group to reasonably investigate the finances and operations of the County:
    - 2.2.1. The recently issued report by the Risk Overview Committee of the County pursuant to the County of San Diego Administrative Manual Item Number 0010-04
    - 2.2.2. The most recently published Operational Plan of the County
    - 2.2.3. The most recently published Comprehensive Annual Financial Report of the County, including any letters or communications containing recommendations by the County's independent auditors
    - 2.2.4. Such other documents as County Counsel shall direct or such Disclosure Counsel shall request.
3. Advise the County regarding:
  - 3.1. Specific disclosure issues and problems arising out of the County's operations
  - 3.2. The standards of disclosure under applicable securities laws
  - 3.3. Adequacy of the County's disclosure in any Offering Statement, Annual Report, or Event Notice, as applicable
  - 3.4. Completeness and clarity of the County's disclosure in any Offering Statement
4. Interface with the underwriting team with respect to any Offering Statement prepared in connection with the issuance of any financial obligation of the County
5. Provide any other advice regarding securities laws as the County may request from time to time
6. Provide periodic training

Disclosure Counsel may also serve as Bond Counsel or Special Counsel in connection with the issuance of any Bonds by the County.

## SECTION 5: ANNUAL REVIEW OF DISCLOSURE CONTROLS

### Process

The Debt Advisory Committee shall review these Procedures annually. The Debt Finance Manager shall request County Counsel review these Procedures with the County's Disclosure Counsel to review the effectiveness of the design and operation of the Procedures and determine if any changes to the Procedures are needed or advisable/desirable. The Debt Finance Manager shall send the Procedures together with any proposed changes to Debt Advisory Committee members and the County Financing Disclosure Working Group for additional input. The Debt Advisory Committee shall review and approve any changes by the end of the calendar year.

### Scope

The evaluation should normally include the following (subject to modification in the discretion of the person or persons completing the evaluation based on the particular facts and circumstances then existing):

- confirming that the County Financing Disclosure Working Group and all of its members performed their responsibilities in a thorough manner,
- consulting with the Office of Audits & Advisory Services as to whether they have any concerns or suggestions regarding the disclosure process or internal controls and confirming that the Office of Audits & Advisory Services is not aware of any actual or anticipated changes in internal controls or in other factors that could significantly affect internal controls,
- as necessary or appropriate, consulting with outside advisors involved in the process, such as Disclosure Counsel and the County's independent auditors, as to whether they have any concerns or suggestions regarding the disclosure process or internal controls,
- making similar inquiry of the internal persons responsible for coordinating the process (including, for example, as to whether they encountered any resistance from participants in the process), and
- confirming that the tabular information and other financial data included in the Offering Statements and Annual Reports are consistently and properly verified and validated.

## **EXHIBIT A**

### **DEFINITIONS**

#### *Annual Report*

Any annual report to be filed by the County in connection with its obligations under any continuing disclosure agreement entered into pursuant to Rule 15c2-12 under the Securities Exchange Act of 1934.

#### *Bonds*

Any bonds, certificates of participation or any other evidence of indebtedness issued to investors executed or issued by the County or by any other entity and the source of repayment of debt service on such bonds, certificates of participation, notes or indebtedness is the General Fund or any Special Fund of the County.

#### *Event Notice*

Any notice provided pursuant to the County's continuing disclosure undertakings, which include material events and listed events as such terms are used in a continuing disclosure certificate or continuing disclosure agreement.

#### *Offering Statement*

Any preliminary official statement or final official statement, including the attached appendices, or any other disclosure document that the County prepares in connection with the offering or sale of any Bonds.