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WWW.DISCLOSUREUSA.ORG:

One Stop Shopping for Continuing Disclosure

Starting in January of 2001, the Muni Council, a group of 19 municipal market participants, began working to improve continuing disclosure practices. After a thorough review of existing practices, including the system of filing disclosure documents with nationally recognized municipal securities information repositories (NRMSIRs), the Muni Council recommended the creation of a Centralized Post Office (CPO).

The CPO, which operates under the name DisclosureUSA, began accepting documents on September 7, 2004. Borrowers can submit their disclosure documents through www.DisclosureUSA.org, which in turn, files them with all of the NRMSIRs. Thus, the CPO allows borrowers to meet their continuing disclosure requirements with one filing rather than four. In addition, the CPO allows borrowers, free of charge, to:

- Electronically submit documents;
- Receive a return receipt via e-mail after filing;
- View a return receipt from the NRMSIRs indicating that a filing was received;
- Establish an “e-mail reminder” system to notify them when filings are due; and
- View an index of documents sent to the CPO.

The website, www.DisclosureUSA.org, includes a Help section, a printable User Guide and a Frequently Asked Questions section. DisclosureUSA is run by the Municipal Advisory Council of Texas, or Texas MAC.

The role of the CPO is to deliver the disclosure documents to the NRMSIRs. It is not designed to provide access to those filed documents. The actual documents themselves can only be viewed through the NRMSIRs or under arrangements with dissemination agents. Still, the Muni Council believes the CPO is a significant step in improving continuing disclosure practices.

What does this mean for existing issues that have a requirement to file with the NRMSIRs?

Some borrowers have expressed concern that if language in their bond document requires them to make filings with the NRMSIRs, they will not be in compliance if the information is sent only to the CPO. Guidance from the Securities and Exchange Commission (SEC) and the National Association of Bond Lawyers (NABL) suggests this is not a problem.

continued

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First, the SEC provided a letter stating that borrowers choosing to meet their continuing disclosure obligations through a filing with the CPO are “acting in a manner consistent with the intent of the Rule.” (For a copy of the letter, go to: <http://www.disclosureusa.org/downloads/SECLetterDisclosureUSA.pdf>). Second, the Securities and Disclosure Law Committee of NABL concluded that “transmission to the CPO should satisfy the requirements of continuing disclosure contracts...” Further, it suggested that “except in extraordinary circumstances, it should not be necessary to amend such contracts to permit the use of the CPO to transmit disclosure filings.” For a copy of the comments, go to <http://www.disclosureusa.org/downloads/NABLCommentLetterDisclosureUSA.pdf>)

How should filing with the CPO be referenced in new issues?

The NABL Securities Committee has prepared suggested language for new continuing disclosure agreements. The text of the language is as follows:

“Any filing under this agreement [may be][will be] made solely by transmitting such filing to the Texas Municipal Advisory Council (the “MAC”) as provided at <http://www.disclosureusa.org> unless the United States Securities and Exchange Commission has withdrawn the interpretive advice in its letter to the MAC dated September 7, 2004.”

The link for the language is

<http://www.disclosureusa.org/pages/NABLLanguage.aspx>.

As conduit issuers, few health care authorities have direct responsibility for continuing disclosure. What role can we play in new system?

First, we can educate our borrowers about the new CPO. In New Jersey, we sent e-mails to the people responsible for continuing disclosure at each facility to let them know that the CPO was operational and how it might benefit them.

Second, DisclosureUSA allows us to register as issuers. Once you have done that, you will receive an e-mail notice any time a borrower makes a filing involving one of your issues. In other words, the CPO can provide a tool for those issuers that actively track compliance with continuing disclosure obligations.

Issuers and borrowers will probably have many more questions about the CPO.

There is a detailed Frequently Asked Questions section on the DisclosureUSA website (<http://www.disclosureusa.org/downloads/FAQDisclosureUSA.pdf>) that likely answers your questions.

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