

NORTH CAROLINA
DEPARTMENT OF STATE TREASURER



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LOCAL GOVERNMENT COMMISSION
STATE AND LOCAL GOVERNMENT FINANCE DIVISION
GREGORY C. GASKINS, DEPUTY TREASURER

Disclosure Information Associated with COVID-19: LGC Staff Guidance

On Monday, May 4, 2020, Securities and Exchange Commission Chairman Jay Clayton issued a [public statement](#) on the importance of continuing disclosure statements and updates relative to COVID-19 for issuers of municipal securities.

The statement is preceded by a lengthy introduction about the municipal securities market, investors in municipal securities and the unique features of this market.

The Chairman's statement is remarkable, in that it asks issuers of municipal securities to not only provide known information relative to the effects of the COVID-19 pandemic, but to make certain forward-looking statements regarding the anticipated effects that the pandemic will have on local governments in the near term. This is remarkable in the context that the SEC generally discourages such forward-looking statements and certainly underscores the uncertain economic conditions that the pandemic has thrust upon local governments and the hardships that are anticipated.

In recent Official Statements that have been released for North Carolina issuers, we have included statements on the effects of COVID-19 for the current 2019-20 fiscal year, along with steps taken and actions anticipated by management and governing boards for the upcoming 2020-21 fiscal year budget. With adoption of the FY 2021 budgets by local governing boards, now is a good time to make such disclosures.

The Chairman's statement lists examples of the types of disclosures that are expected. Please read them in detail.

As staff of the Local Government Commission, we would recommend every local government that receives this e-mail to formulate a Disclosure Statement that includes: (1) A summary of the effects of COVID-19 on the budget for the year ended 6-30-2020 for your major funds, including enterprise funds, (2) Steps taken in preparing the FY 2021 budget for all major funds, including Board actions that are different from the Manager's recommended steps, and (3) Other anticipated effects that COVID-19 is expected to have on your jurisdiction in the near future.

We would expect that this Disclosure Statement would be available by the end of July 2020, or as soon thereafter as practicable. Each jurisdiction should have their bond counsel, disclosure counsel and/or their financial advisor review the disclosure statement before filing on the MSRB's EMMA system.



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Also available on our website are recent disclosures presenting background on COVID-19 and outlining [steps taken at the State level](#) up to June 30, 2020 to mitigate the effects of the pandemic.

We appreciate your attention to this very important matter. If you have questions or need any further guidance on this topic, please contact Tony Blalock at tony.blalock@nctreasurer.com or 919-814-4278.