

# Guidance on Documentation Requirements for Selected Securities

(Please refer to *Purposes and Procedures Manual of the NAIC Investment Analysis Office (P&P Manual)* for additional information and definitions)

<b>General Corporate &amp; Municipal:</b>	
<b>Requirement (P&amp;P Manual, Part One &amp; Two)</b>	<b>Required Documents Include<sup>1</sup>:</b>
<p><b>Financial Analysis</b></p>	<p>Initial filing:</p> <ul style="list-style-type: none"> <li>Audited Financial Statements (typically 3 years preferred, if available)</li> <li>Pro forma or projected financial information (as appropriate)</li> </ul> <p>Annual filing:</p> <ul style="list-style-type: none"> <li>Recent Audited Financial Statement</li> <li>Interim financial statement (if a material change has occurred)</li> </ul> <p>Municipal only:</p> <ul style="list-style-type: none"> <li>For general obligation bonds not rated by an NAIC CRP, the SVO will assess the transaction one grade lower than would otherwise be justified by the issuer's credit rating, if the reporting insurance company cannot provide the SVO with a copy of the Audited Financial Statement. However, the SVO shall accept the unaudited financial statement of an issuer without grade reduction, if such unaudited financial statement has been submitted to and is certified by the appropriate state controller's office. Revenue Bonds will be subject to the same rules applicable to corporate debt.</li> </ul>
<p><b>Qualitative Analysis</b></p> <p>Includes summary of the transaction and key terms; key industry drivers/competitive landscape; issuer information (e.g. history/ownership, business/products/ key customers/ major suppliers; management; financial policy; demand indicators for municipal issuers, etc).</p>	<p>Initial filing requires <b>one or more</b> of the following documents:</p> <ul style="list-style-type: none"> <li>Offering Memorandum (Prospectus, Private Placement Memorandum, etc.)</li> <li>Public Filing Documents (Initial filing, 10K, 40F, etc.)</li> <li>Internal Committee Memorandum</li> <li>Valuation Information Memorandum (VIM)</li> </ul>

<sup>1</sup> The SVO reserves the right to request additional documentation if it deems it necessary for its analysis.

	<p>Annual filing requires update on qualitative factors from <b>one or more</b> of the following:</p> <ul style="list-style-type: none"> <li>• Issuer prepared materials (Annual report, MD&amp;A, presentations, demand indicators for municipal credits, etc.)</li> <li>• Public Filing Documents (Initial filing, 10K, 40F, etc.)</li> <li>• Internal Committee Memorandum</li> <li>• Updated VIM</li> </ul>
<p><b>Terms of the Security</b> Legal documentation containing terms of the security such as: covenants, structure, collateral, third-party financial support, or other credit enhancements.</p>	<p>Initial filing:</p> <ul style="list-style-type: none"> <li>• Credit Agreements (Note Purchase/Loan agreement, etc.)</li> <li>• Indenture</li> <li>• Guaranty Agreement or other legally binding credit substitution instruments, including, bond insurance (if applicable)</li> <li>• Security/Collateral Agreement (if applicable)</li> </ul> <p>Annual filing:</p> <ul style="list-style-type: none"> <li>• Any amendments to credit agreements</li> <li>• Covenant compliance certificate including calculation of financial covenants (if applicable)</li> </ul>
<p><b>NRSRO Ratings</b></p>	<p>Initial and annual filing:</p> <ul style="list-style-type: none"> <li>• NRSRO reports for rated issuers and issues (if applicable)</li> </ul>

## Municipal- Escrowed and Pre-Refunded Bonds:

Requirement (P&P Manual, Part Three)	Required Documents Include:
<p>The SVO may make its credit assessment on the basis of an executed Letter of Defeasance, an Escrow Agreement or a Pre-Refunding Agreement.</p>	<ul style="list-style-type: none"> <li>• An executed Escrow Agreement, or</li> <li>• Notice of Defeasance, or</li> <li>• Notice of Redemption/pre-refunding agreement</li> </ul> <p>Note: documentation submitted <b>must</b> specify par-amount, maturity date, and CUSIP of the pre-refunded/escrowed-to-maturity bond.</p>

## Power Generation and Other Projects:

Requirement (P&P Manual, Part Three)	Required Documents Include:
<p><b>Independent Engineer Report</b>            Report includes description of equipment to be used, an assessment of expected life and applicable warrants, information regarding the contractor, construction budget/contract terms, completion date, contingency plans if construction is not completed as planned, other risks associated with the project and projected cash flows for the project.</p> <p>Also provides data and a study of Resource Risk including the geography and time period; provides an analysis of the Off-Take Arrangement.</p>	<p>Initial filing:</p> <ul style="list-style-type: none"> <li>• Independent Engineer Report</li> </ul>
<p><b>Off-Take Arrangement or Power Purchase Agreement</b>            Identifies the Buyer and the terms under which the Project's dedicated capacity, generated electricity, ancillary services, and/or environmental attributes will be sold.</p>	<p>Initial filing:</p> <ul style="list-style-type: none"> <li>• Off-Take Arrangement</li> <li>• Power Purchase Agreement</li> </ul>
<p><b>Information Memorandum</b>            Includes project description, parties and information on the equipment supplier(s) and contractor, the transaction and the economic rationale; sources and uses of funds; cash flow projections covering the term of the debt (base case and stress case scenarios); available reserve accounts such as debt service, operating and maintenance and decommissioning; description of legal agreements including security and covenants and description of Off-Take Arrangement.</p>	<p>Initial filing requires <b>one or more</b> of the following documents:</p> <ul style="list-style-type: none"> <li>• Private Placement Memorandum</li> <li>• Confidential Information Memorandum</li> <li>• Internal Committee Memorandum</li> <li>• Valuation Information Memorandum (VIM)</li> </ul> <p>Annual filing:</p> <ul style="list-style-type: none"> <li>• Internal memorandum or other company materials that includes discussion of any changes/amendments to NPA, the reserve accounts, regulatory environment, any other material changes that affect the project's credit profile (favorable or unfavorable)</li> </ul>
<p><b>Legal Agreements</b>            Legal agreements that identify terms of the security and collateral package and provide an opinion whether the investors have a perfected security interest in the collateral, such as: the maturity date; detailed Scheduled and Targeted Amortization schedules; Cash Sweeps (as applicable); reserves that have been established; cash flow Waterfall; affirmative and negative covenants; identifies events of default, cross-default to the issuer's other debt, if applicable, and remedies upon the occurrence of an event of default.</p>	<p>Initial filing:</p> <ul style="list-style-type: none"> <li>• Note Purchase Agreement and Common Terms Agreement (if applicable)</li> <li>• Guarantee Agreement</li> <li>• Collateral and Security Agreement</li> <li>• Engineering, Procurement and Construction agreement</li> <li>• O&amp;M agreement</li> </ul> <p>Annual filings:</p> <ul style="list-style-type: none"> <li>• Any amendments to agreements</li> <li>• Debt service coverage certificate including computation of debt service coverage ratio consistent with definition of DSCR</li> </ul>
<p><b>Depositary Agreement</b></p>	<p>Initial filing:</p>

<p>Agreement which governs the collection and application of cash flow proceeds from the Project.</p>	<ul style="list-style-type: none"> <li>• Depository Agreement</li> </ul>
<p><b>Financial Analysis</b>  Historical financial information and/or financial projections including base case scenario and relevant sensitivities.</p>	<p>Initial filing:</p> <ul style="list-style-type: none"> <li>• Audited Financial Statements (if available)</li> <li>• Financial projections</li> </ul> <p>Annual filing:</p> <ul style="list-style-type: none"> <li>• Audited Financial Statements</li> <li>• Financial projections</li> </ul>
<p><b>Project Performance</b>  For operating projects, data summarizing project performance over the past several years</p>	<p>Initial filing:</p> <ul style="list-style-type: none"> <li>• Operating data report(s) summarizing project performance over past several years (often included in Information Memorandums)</li> </ul> <p>Annual filing:</p> <ul style="list-style-type: none"> <li>• Operating data report for financial statement period; comparison of operating performance vs. budget and/or base case scenario along with relevant explanations: actual vs. expected availability; actual vs expected energy production; actual vs. expected revenues and expenses, etc. (often included in Information Memorandums)</li> </ul>

## Schedule BA Non-Registered Private Funds:

Requirement (P&P Manual, Part Three)	Required Documents Include:
<p>Completed RTAS Application.</p> <p>All funds are subject to look-through and credit risk assessment and to speculative characteristics analysis.</p> <p>The documentation provided must enable the SVO to conduct the analysis described below. Applicants are free to provide any supplemental material they believe will assist the SVO to:</p> <ul style="list-style-type: none"> <li>• Verify that the fund has adopted a fundamental (stated) policy to predominantly hold bonds (or preferred stock).</li> <li>• Evaluate the fund’s use of leverage in relation to the management of portfolio risk and in relation to other purposes relevant to the speculative characteristics analysis.</li> <li>• Understand the fund’s policy and approaches to coverage of obligations arising from the use of leverage, in relation to SEC guidance on the subject.</li> <li>• Schedules of the fund’s portfolio securities and assets with a description of the security, the CUSIP or other security identifier and NRSRO credit ratings for the last four quarters of the fund’s existence.</li> <li>• A description of likely changes in the fund’s composition under normal market conditions given the fund’s investment objective and the strategies to be employed to attain it.</li> </ul>	<p><b>Initial Filing</b></p> <ol style="list-style-type: none"> <li>1) Completed RTAS Application</li> <li>2) Offering memorandum or prospectus (must include investment guidelines and restrictions)</li> <li>3) Limited Partnership (or LLC) agreement, or other relevant formation document</li> <li>4) Audited Financial Statements (typically 3 years preferred, if available)</li> <li>5) Excel spreadsheet, in electronic form containing at minimum, for each holding for the most recent four quarter-ends, if available:               <ul style="list-style-type: none"> <li>• Issue name/description</li> <li>• CUSIP number</li> <li>• Par Value / Notional Value</li> <li>• Market value of position</li> <li>• Any and all CRP ratings for the issue</li> </ul> </li> </ol> <p><i>Note: For Fund investments in a master/feeder structure, we require items 3 – 5 years of information for both the master fund and the feeder fund. The Excel spreadsheet must reflect the underlying individual securities, typically held at the master fund level.</i></p> <p><b>Annual Filing</b></p> <ol style="list-style-type: none"> <li>1) Audited Financial Statements, most recent fiscal year</li> <li>2) Excel spreadsheet, in electronic form containing at minimum, for each holding:               <ul style="list-style-type: none"> <li>• Issue name/description</li> <li>• CUSIP number</li> <li>• Market value of position</li> <li>• Any and all CRP ratings for the issue</li> </ul> </li> </ol>

## Renumbering Request:

Any requested modification to the security identifier of a security should be accompanied by proof of such modification (e.g. Bloomberg screen shot).