



Contra
Costa
County

To: Board of Supervisors
From: David Twa, County Administrator
Date: August 25, 2015

Subject: Resolution No. 2015/308 Revising County Debt Management Policy, which Replaces Resolution 2015/245

RECOMMENDATION(S):

ADOPT Resolution No. 2015/308 amending the County Debt Management Policy to include updated disclosure requirements and procedures.

FISCAL IMPACT:

No specific fiscal impact.

BACKGROUND:

On December 7, 2006 the Finance Committee reviewed and discussed a report regarding establishing a County Debt Management Policy. The Committee directed staff to report to the full Board on December 19, 2006 the recommendation to adopt a formal County Debt Management Policy. A formal policy was adopted on December 19, 2006 (Resolution 2006/773).

The Board of Supervisors has worked exceptionally hard to address the County's financial issues and has set very ambitious and necessary goals for lowering cost growth, balancing the budget, and increasing reserves. These solutions are aimed at addressing both short and long term needs and improving the County's future ability to maintain public services.

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD COMMITTEE

Action of Board On: **08/25/2015** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

AYE: John Gioia, District I
Supervisor
Candace Andersen, District II
Supervisor
Mary N. Piepho, District III
Supervisor
Karen Mitchoff, District IV
Supervisor

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: August 25, 2015

David Twa, County Administrator and Clerk of the Board of Supervisors

ABSENT: Federal D. Glover, District V
Supervisor

By: Stephanie L. Mello, Deputy

Contact: Timothy Ewell,
925-335-1036

BACKGROUND: (CONT'D)

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There are four major financial areas the County Administrator's office identified which benefited from formal policies:

- Budget Policy (established November 2006)
- General Fund Reserve Policy (established December 2005)
- Facilities Maintenance (included in Budget Policy)
- Debt Management Policy (established December 2006)

Debt affordability standards help the County to evaluate when, why, and how much debt should be issued. In addition to debt affordability standards, the County also adopted a formal Debt Management Policy. The Debt Management Policy:

- Establishes parameters for issuing and managing debt
- Provides guidance to decision makers so as not to exceed the debt affordability standards
- Directs staff on objectives to be achieved both pre- and post-issuance
- Promotes objectivity in decision-making and limits the role of political influence
- Facilitates the process by considering and making important policy decisions in advance of an actual financing

Periodically, policies should be revised to keep current with best practices or changes in laws. The Debt Affordability Advisory Committee reviews the existing Debt Policy on an annual basis and makes recommendations for revisions to the Board of Supervisors. The following revisions have been made since original adoption:

- On December 11, 2012, the Board of Supervisors adopted the Debt Affordability Advisory Committee's recommendations and added two additional appendix to the Debt Management Policy (Appendices 2 and 3) and amended two existing sections. The purpose of the Post-Issuance Tax Compliance Procedures for Tax-Exempt and Build America Bonds appendix (Appendix 2) was to establish policies and procedures in connection with tax-exempt bonds and "Build America Bonds" issued by the County of Contra Costa and the County of Contra Costa Public Financing Authority so as to ensure that the County complies with all applicable post-issuance requirements of federal income tax law needed to preserve the tax-exempt or Build America bonds status of bonds. In recognition of the importance of the County meeting its disclosure obligations pursuant to S.E.C. Rule 15c(2)-12, the Committee directed the Finance Director to annually update the Disclosure Requirements Listing that appears in Appendix 3 as well as cause timely filing by the Dissemination Agent of the requisite Annual Reports required under the respective Continuing Disclosure Certificates. Section I of the Policy was amended to require the Debt Affordability Advisory Committee's review of the debt performance of the Community Facilities Districts (Appendix 4), Multifamily Mortgage Revenue Bond Program (Appendix 5), and the Successor Agency to the former Contra Costa

County Redevelopment Agency (Appendix 6) to assure that prudent debt management practices extend to these important debt issuers. Section IV.B of the Policy was updated to require the County to issue Requests for Qualifications (RFQs) for financial advisor, bond counsel, disclosure counsel and tax counsel every three years.

- On March 25, 2014, the Board of Supervisors adopted the Debt Affordability Advisory Committee's recommendations and updated Section II of the Policy to reflect the County's upgraded rating tier from Standard and Poor's of "AAA", and Appendix 3 to reflect the current annual disclosure requirement listing.
- On March 31, 2015, the Board of Supervisors adopted the Debt Affordability Advisory Committee's recommendations and updated Appendix 2 of the Policy to reflect updated post-issuance compliance requirements for private placements/direct loans. This is in response to a new law that went into effect January 1 that requires all issuers to report private placements/direct loans to the California Debt and Investment Advisory Commission (CDIAC) within 21 days of their occurrence (AB-2274, Chapter 181, Statutes of 2014).
- On July 16, 2015 the Board of Supervisors adopted the Debt Affordability Advisory Committee's recommendations and updated Debt Affordability measures to better track with current metrics used by credit rating agencies to evaluate the County's financial position.

The Debt Affordability Advisory Committee (DAAC) met on Monday, August 17, 2015 to consider recommending updates to the County Debt Management Policy to include updated disclosure requirements and procedures under Appendix 3 for the Policy. The Committee approved the proposed updates for consideration by the Board of Supervisors.

CONSEQUENCE OF NEGATIVE ACTION:

Policy will not reflect updates recommended by the Debt Affordability Advisory Committee (DAAC).

CHILDREN'S IMPACT STATEMENT:

No impact.

ATTACHMENTS

Resolution No. 2015/308

CCC Debt Management Policy