



Contra
Costa
County

To: Board of Supervisors
From: David Twa, County Administrator
Date: March 10, 2020

Subject: ADOPT Resolution No. 2020/80 reaffirming and authorizing updates to the County Debt Management Policy

RECOMMENDATION(S):

ADOPT Resolution No. 2020/80 updating and reaffirming the County Debt Management Policy.

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 No. 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. The four financial policy areas that have contributed significantly to the Board's goals are the following:

-

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY
ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **03/10/2020** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

AYE: John Gioia, District I Supervisor
Candace Andersen, District II Supervisor
Diane Burgis, District III Supervisor
Karen Mitchoff, District IV Supervisor
Federal D. Glover, District V 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: March 10, 2020

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

By: June McHuen, Deputy

Contact: Timothy Ewell, (925)
335-1036

cc:

BACKGROUND: (CONT'D)

Budget Policy (established November 2006)

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

The Debt Management Policy establishes debt affordability standards that help the County to evaluate when, why, and how much debt should be issued. In addition, 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;
- Describes responsibilities for Continuing Disclosure and Post-Issuance Tax compliance policies and procedures; and
- 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 law. The Debt Affordability Advisory Committee (DAAC) reviews the existing Debt Management Policy on an annual basis and makes recommendations for revisions to the Board of Supervisors. The DAAC met on February 25, 2020 and reviewed proposed amendments to the Debt Management Policy and is recommending updates. Specifically, there are three primary updates to the policy and its appendices for the Board's consideration at today's meeting:

1. **Debt Management Policy.** The general Debt Management Policy document includes only minor updates to the cover page and more substantive changes are recommended for Appendices 3, 4 and 5 as discussed below.
2. **Appendix 3, "Continuing Disclosure Procedures."** This Appendix has been updated to reflect the following:
 - **Article III, Section 2.** Realigning duties of the Disclosure Representatives and Disclosure Coordinators to reflect current practice.
 - **Article III, Section 4.** Realigning duties of the Disclosure Representatives and Disclosure Coordinators to reflect current practice. Also, clarifies that the Disclosure Coordinator is responsible for reviewing Listed Events to determine whether an event has occurred that may require filing of an Event Notice.
 - **Article VIII, Sections 1 and 2.** Updates retention policy from five years to seven years following maturity of the bonds.
3. **Appendix 4, "Financing Policies for Community Facilities Districts".**
 - **Section IV(D).** Removes requirement for a third party guarantee for developers owning or leasing property within a CFD, which is responsible for 20% of the special taxes levied within the CFD.
 - **Section X(B).** Removes discretion of the County to require additional disclosure to subsequent purchasers of property within a CFD and related lien obligations created by a special tax.
 - **Section XI.** Eliminates a minimum requirement that refunding of a CFD financing must result in the principal amount of bonds outstanding including an prepayment that have been received prior to the refunding transaction.
 - **Ministerial updates.** Other ministerial updates were made including to formatting of the document and clarifications to existing language for the benefit of the reader.
4. **Appendix 5, "Multifamily Mortgage Revenue Bond Program".**
 - **Section II.** Adds for the ability to finance projects that include single room occupancy in certain

cases. Eliminates the need to obtain a waiver from the California Debt Limit Advisory Committee (CDLAC) for projects over \$50 million.

- **Ministerial updates.** Other ministerial updates were made including to formatting of the document and clarifications to existing language for the benefit of the reader.

CONSEQUENCE OF NEGATIVE ACTION:

The policy will not be formally updated and reaffirmed by the Board.

ATTACHMENTS

Resolution 2020/80

Resolution No. 2020/80 - County Debt Management Policy, March 2020