

## MEETING NOTICE AND AGENDA

### SPECIAL MEETING OF THE SUCCESSOR AGENCY TO THE FORMER MADERA REDEVELOPMENT AGENCY

Wednesday, February 21, 2018 at 6:00 p.m.  
City Hall Council Chambers, 205 West 4<sup>th</sup> Street, Madera, California 93637

#### 1. 6:00 p.m. – CALL TO ORDER

##### ROLL CALL

Mayor Andrew J. Medellin  
Mayor Pro-Tem Jose Rodriguez  
Council Member Cecelia K. Foley Gallegos  
Council Member William Oliver  
Council Member Derek O. Robinson Sr.  
Council Member Charles F. Rigby  
Council Member Donald E. Holley

##### INVOCATION

Pastor Joyce Lane, Glory of Zion Ministries Madera

##### PLEDGE OF ALLEGIANCE

##### PUBLIC COMMENT

The first fifteen minutes of the meeting are reserved for members of the public to address the Agency or Council on items which are within the subject matter jurisdiction of the Agency or Council. Speakers shall be limited to three minutes. Speakers will be asked to identify themselves and state the subject of their comment. If the subject is an item on the Agenda, the Mayor has the option of asking the speaker to hold the comment until that item is called. Comments on items listed as a Public Hearing on the Agenda should be held until the hearing is opened. The Agency and Council are prohibited by law from taking any action on matters discussed that are not on the Agenda, and no adverse conclusions should be drawn if the Agency or Council does not respond to public comment at this time.

##### PRESENTATIONS

##### INTRODUCTIONS

#### 2. WORKSHOP

There are no items for this section.

#### 3. CONSENT CALENDAR

There are no items for this section.

#### 4. PROJECTS AND REPORTS

There are no items for this section.

#### 5. AGREEMENTS

**5A.** Consideration of a Resolution of the City Council of the City of Madera as the Successor Agency to the former Madera Redevelopment Agency Directing Staff to Initiate the Process of Issuing Refunding Bonds to Refinance the Bonds of the Successor Agency and Authorizing the Executive Director or Treasurer to Engage the Selected Parties for Professional Services Required to Complete the Refunding (**Successor Agency**)

**5B.** Consideration of a Resolution of the City Council as the Successor Agency to the Former Madera Redevelopment Agency Approving the Debt Management Policy (**Successor Agency**)

#### 6. HOUSING

There are no items for this section.

7. **GENERAL**

There are no items for this section.

8. **AGENCY MEMBER REPORTS**

9. **CLOSED SESSION**

There are no items for this section.

10. **ADJOURN**

The next Regular Meeting of the Successor Agency will be Wednesday, March 14, 2018.

*The meeting room is accessible to the physically disabled, and the services of a translator can be made available. Requests for additional accommodations for the disabled, signers, assistive listening devices, or translators needed to assist participation in this public meeting should be made at least seventy two (72) hours prior to the meeting. Please call the Human Resources Office at (559) 661-5401. Those who are hearing impaired may call 711 or 1-800-735-2929 for TTY Relay Service.*

*Any writing related to an agenda item for the open session of this meeting distributed to the Agency/City Council less than 72 hours before this meeting is available for inspection at the Agency office located at 428 East Yosemite Avenue, Madera California 93638 during normal business hours.*

*Para asistencia en Español sobre este aviso, por favor llame al (559) 661-5113.*

I, Claudia Mendoza, Recording Secretary, declare under penalty of perjury that I posted the above Joint Meeting Agenda of the Special Meeting of the Madera City Council, and Special Meeting of the City Council as the Successor Agency for the former Madera Redevelopment Agency and Special Meeting of the City Council as the Successor Housing Agency for February 21, 2018 to be held at 6:00 p.m. in the Council Chambers at City Hall near the front entrances of City Hall before the close of business on Tuesday, February 20, 2018.

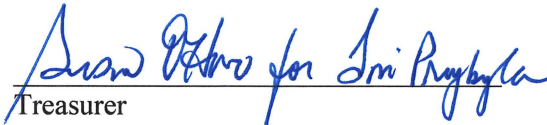
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Claudia Mendoza, Successor Agency Recording Secretary


**REPORT TO THE SUCCESSOR AGENCY TO THE FORMER  
MADERA REDEVELOPMENT AGENCY**

Approved by:

Board Meeting of: February 21, 2018

  
Treasurer

Agenda Number: 5A

  
Executive Director

**SUBJECT:**

Consideration of a Resolution of the City Council of the City of Madera as the Successor Agency to the former Madera Redevelopment Agency Directing Staff to Initiate the Process of Issuing Refunding Bonds to Refinance the Bonds of the Successor Agency and Authorizing the Executive Director or Treasurer to Engage the Selected Parties for Professional Services Required to Complete the Refunding

**RECOMMENDATION:**

Staff recommends that the Successor Agency adopt the resolution directing staff to initiate the process of issuing refunding bonds and authorizing the Executive Director or Treasurer to engage the recommended parties for professional services required to complete the refunding.

**BACKGROUND:**

As part of the City's / Agency's ongoing effort to implement cost reduction. The Treasurer and Municipal Advisor have identified four outstanding bond issues of the Successor Agency (the "Agency") that can be refunded for significant debt service savings:

Issue	Original Amount	Outstanding Amount	Final Maturity	Remaining Interest Rates
1998 Tax Allocation Redevelopment Project Bonds	\$7,440,000	\$5,415,000	9/1/2028	4.55-4.75%

<b>Issue</b>	<b>Original Amount</b>	<b>Outstanding Amount</b>	<b>Final Maturity</b>	<b>Remaining Interest Rates</b>
2003 Tax Allocation Refunding and Redevelopment Project Bonds	\$19,495,000	\$13,350,000	9/1/2033	4.375-5.00%
Subordinate Tax Allocation Bonds, Series 2008A	\$25,455,000	\$22,260,000	9/1/2038	4.50-5.375%
Housing Set-Aside Subordinate Tax Allocation Bonds, Series 2008B	\$4,000,000	\$3,320,000	9/1/2038	4.50-5.375%

**Note**

Collectively, the (“Prior Bonds”)

The Prior Bonds are secured by tax increment revenue received from the Agency’s project area. The proceeds of the Prior Bonds were used to finance certain redevelopment projects, finance certain low and moderate-income housing activities, fund a cash reserve fund or purchase a surety policy for the reserve fund and pay costs of issuance.

**DISCUSSION:**

The purpose of the 2018 proposed issuance is to refund all the Prior Bonds to lower interest rates to take advantage of significant debt service savings. To proceed with the refunding, the Agency will need to assemble a financing team to process and complete the transaction. In January, the Treasurer (Director of Financial Services) asked the Municipal Advisor to secure fee quotes from firms to act as Underwriter, Bond Counsel, Disclosure Counsel and Fiscal Consultant. On the next page are summaries of the fee quotes obtained:

## Underwriter

Firm	Fee (\$/Bond)	Expenses (\$/Bond)	Total (\$/Bond)	Notes
Brandis Tallman LLC	\$1.15	\$0.95	\$2.10	Expenses Include Underwriter's Counsel, Disclosure Review, Misc.
RBC Capital Markets	\$2.65	\$0.40	\$3.05	Expenses Include Underwriter's Counsel, Misc.
Piper Jaffray	\$2.97	\$0.46	\$3.43	Expenses Include Underwriter's Counsel, Disclosure Review, Misc.
Stifel Securities	\$3.34	\$0.31	\$3.65	Expenses Include Underwriter's Counsel, Disclosure Review, Misc.
Hilltop Securities	\$3.25	\$0.56	\$3.81	Expenses Include Underwriter's Counsel, Disclosure Review, Misc.

## Bond Counsel and Disclosure Counsel

Firm	Bond Counsel	Disclosure Counsel	Both	Other	Notes
Jones Hall	\$35,000	\$25,000	\$50,000		Includes Expenses
Kronick	\$30,000	\$30,000	\$56,000		Includes Expenses
Quint & Thimmig	\$60,000	\$30,000	\$75,000		Includes Expenses
Orrick	\$100,000	\$40,000	\$75,000	\$1,500	Other = Cost for Transcripts

## Fiscal Consultant

Firm	Base Fee	Expenses	Notes
Fraser & Associates	\$20,000	\$6,000	Fixed Amount, NTE \$4k Hourly Work (OS Tables, Doc Review and Rating Agency) Plus NTE \$2k Expenses
HDL	\$22,500	No Cap	Fixed Amount, Expenses Billed at 1.15x, Will Delay Payment Up To 1 Yr. (Less \$5k If No Bonds)
RSG	\$30,000	n/a	Fixed Amount, Will Delay Payment To 12/1/18, If Terminated Amount Due Accrued to Date Work
Seifel Consulting Inc.			Declined to Respond

In 2015, the Municipal Advisor was chosen in a competitive process to assist the City with refunding the 2006 Water and Wastewater Revenue Bonds. The firm most recently assisted the City on both the Lease Refinancing Project (Golf Course / Police Station Leases) and the CFD 2006-1 refunding.

The proposed resolution directs staff to engage Brandis Tallman LLC as Underwriter, Jones Hall as Bond Counsel and Disclosure Counsel, Fraser & Associates as Fiscal Consultant and Del Rio Advisors, LLC as Municipal Advisor. Here is a brief description of the roles and activities of the primary members of the financing team:

- Underwriter

The Underwriter is an investment banking firm that assists in structuring the bonds, assists the team with the bond rating and credit enhancement process and markets / sells the bonds to potential investors. The underwriter is also prepared to underwrite any unsold balances on the date of sale.

- Bond Counsel

Bond Counsel drafts the bond documents and ensures that all legal requirements critical to the validity of the bonds are satisfied.

- Disclosure Counsel

Disclosure Counsel prepares the official statement. The official statement is the primary marketing document used by the Underwriter to market the bonds to potential investors.

- Fiscal Consultant

The Fiscal Consultant prepares a Fiscal Consultant's Report used as an exhibit to the official statement and prepares the tables contained in the body of the document. The report and tables describe all information and data related to the project area including a projection of future tax increment expected to be received by the Agency for the remaining term of the bonds.

- Municipal Advisor

The Municipal Advisor assists the Agency in the solicitation of fee proposals and makes recommendations on the selection of Underwriter, Bond and Disclosure Counsel and Fiscal Consultant. The Municipal Advisor will make recommendations as to the structure, timing and terms of the bonds, reviews all fees and expenses, coordinates the financing team, assists in verifying coupons and yields on the date of sale and reviews and comments on all documents.

If the Agency Board approves moving forward this evening, the remaining steps for formal approval are as follows:

- Municipal Advisor prepares a “Refunding Plan and Savings Analysis” which determines there are significant potential savings from the refunding
- Bond Counsel prepares appropriate documentation for the issuance of the refunding bonds
- Agency Board reviews the documentation and approves the refunding, moving the item to the Oversight Board
- Oversight Board reviews the documentation and approves the refunding, moving the documentation to:
  - Madera County Administrative Officer
  - Madera County Auditor-Controller
  - State of California Department of Finance (“DoF”)
- DoF has five (5) days to reply that they will review the refunding and sixty (60) days to reply with formal approval / denial
- Disclosure Counsel prepares the official statement
- Agency Board reviews and approves the official statement

**FINANCIAL IMPACT:**

The Prior Bonds are currently outstanding in the amount of \$44,345,000, have a final maturity of September 1, 2038 with existing interest rates ranging from 4.375% to 5.375%. Based on interest rates as of February 15, 2018, assuming an underlying investment grade rating, securing bond insurance and securing a surety policy for the reserve fund, the Prior Bonds can be refunded to the same term at approximate yields ranging from 1.71-3.85%.

By taking advantage of current low interest rates, refinancing the Prior Bonds is estimated to produce total savings of approximately \$10,769,123 and produce average annual savings of approximately \$538,456 per year through 2038. In today’s dollars, the savings translates to \$4,884,164 in net present value benefit equal to 11.01% (\*) of the Prior Bonds principal amount.

(\*) Generally net present value savings more than 3.00% are considered significant. The Government Finance Officers Association, in their best practices white paper titled “Analyzing and Issuing Refunding Bonds” from February 2011, reports that “one test often used by issuers to assess the appropriateness of a refunding is the requirement specifying the achievement of a minimum net present value (NPV) savings. A common threshold is that the savings (net of all issuance costs and any cash contribution to the refunding), as a percentage of the refunded bonds exceeds 3-5%.”

The City’s General Fund and the other taxing entities, including the Madera Unified School District, will receive a proportionate share of the annual debt service savings through the annual RPTTF distribution in the form of unrestricted property tax. Based on the latest estimates, the City’s General Fund would receive approximately 23.64% of the total savings equating to approximately \$2,545,821 over the life of the bonds or approximately \$127,291 per year.

**CONSISTENCY WITH THE VISION MADERA 2025 PLAN:**

The presentation of this item is consistent with Strategy 115 of the Vision Plan - Economic Resource Provision: Ensure sufficient economic resources to provide adequate City services and prepare for future growth. It is also in line with funding core services as articulated by the Vision Madera 2025 Plan.



**RESOLUTION NO. SA 18-\_\_**

**RESOLUTION OF THE SUCCESSOR AGENCY TO THE FORMER MADERA REDEVELOPMENT AGENCY DIRECTING STAFF TO INITIATE THE PROCESS OF ISSUING REFUNDING BONDS TO REFINANCE THE BONDS OF THE SUCCESSOR AGENCY AND AUTHORIZING THE EXECUTIVE DIRECTOR OR TREASURER TO ENGAGE THE SELECTED PARTIES FOR PROFESSIONAL SERVICES REQUIRED TO COMPLETE THE REFUNDING**

WHEREAS, the Successor Agency to the Former Madera Redevelopment Agency (the "Successor Agency") is seeking opportunities to realize economic savings; and

WHEREAS, the Successor Agency, working with the City's Municipal Advisor, has identified four outstanding bond issues that can be refunded for significant savings; and

WHEREAS, the Municipal Advisor, on behalf of the Successor Agency, solicited fee proposals from firms to act in the role of Underwriter, Bond and Disclosure Counsel and Fiscal Consultant; and

WHEREAS, five firms responded to the fee proposal for Underwriter; and

WHEREAS, RBC Capital Markets proposed to provide underwriting services and quoted a not-to-exceed fee of \$0.305% (\$3.05/bond) of the par amount of bonds; and

WHEREAS, Brandis Tallman proposed to provide underwriting services and quoted a not-to-exceed fee of \$0.210% (\$2.10/bond) of the par amount of bonds; and

WHEREAS, four firms responded to the fee proposal for Bond Counsel and Disclosure Counsel; and

WHEREAS, Jones Hall quoted the low fee and agreed to provide both Bond Counsel and Disclosure Counsel services for a not-to-exceed fee of \$50,000, including standard expenses; and

WHEREAS, three firms responded to the fee proposal for Fiscal Consultant with one firm declining to respond; and

WHEREAS, Fraser & Associates quoted the low fee and agreed to provide fiscal consultant services for a not-to-exceed fee of \$26,000, including standard expenses; and

WHEREAS In 2015, the City interviewed three firms and selected Del Rio Advisors, LLC to act in the role of Municipal Advisor. Since that time, the firm has completed three transactions for the City; and

WHEREAS, The City has been pleased with the services and recommends the firm to the Successor Agency; and

WHEREAS, Del Rio Advisors, LLC has agreed to provide such services to the Successor Agency for a not-to-exceed fee of \$47,500 plus \$750 of standard expenses.

NOW THEREFORE, THE SUCCESSOR AGENCY TO THE FORMER MADERA REDEVELOPMENT AGENCY does hereby resolve, find and order as follows:

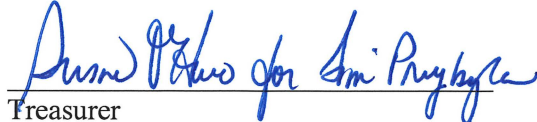
1. The above recitals are true and correct.
2. The Successor Agency directs staff to initiate the process of issuing refunding bonds to refinance the bonds of the Successor Agency.
3. The Successor Agency agrees to appoint RBC Capital Markets as Senior Managing Underwriter and Brandis Tallman LLC as Co-Managing Underwriter with total compensation not-to-exceed 0.305% (\$3.05/bond) of the par amount of bonds. It is industry practice that the relationship will be evidenced by a Bond Purchase Agreement developed during the financing process and executed upon the successful sale of the bonds.
4. The Successor Agency directs the Executive Director or Treasurer to enter into an agreement with Jones Hall as Bond Counsel and Disclosure Counsel in an amount not-to-exceed \$50,000.
5. The Successor Agency directs the Executive Director or Treasurer to enter into an agreement with Fraser & Associates as Fiscal Consultant in an amount not-to-exceed \$26,000.
6. The Successor Agency directs the Executive Director or Treasurer to enter into an agreement with Del Rio Advisors, LLC as Municipal Advisor in an amount not-to-exceed \$48,250.
7. The resolution is effective immediately upon adoption.

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**REPORT TO THE SUCCESSOR AGENCY TO THE FORMER  
MADERA REDEVELOPMENT AGENCY**

Approved by:

**Board Meeting of: February 21, 2018**

  
Treasurer

**Agenda Number: 5B**

  
Executive Director

**SUBJECT:**

Consideration of a Resolution of the City Council as the Successor Agency to the Former Madera Redevelopment Agency Approving the Debt Management Policy

**RECOMMENDATION:**

Staff recommends that the Successor Agency adopt a Resolution approving the Debt Management Policy

**BACKGROUND:**

Government Code section 8855(i) requires an issuer of public debt to provide to the California Debt and Investment Advisory Commission ("CDIAC"), no later than 30 days prior to the sale of any debt issue, a report of the proposed issuance. Effective January 1, 2017, issuers must certify on the Report of Proposed Debt Issuance that they have adopted local debt policies concerning the use of debt and that the proposed debt issuance is consistent with those policies. The issuer's local debt policies must include (1) through (5), below.

1. The purposes for which the debt proceeds may be used.
2. The types of debt that may be issued.
3. The relationship of the debt to, and integration with, the issuer's capital improvement program or budget, if applicable.
4. Policy goals related to the issuer's planning goals and objectives.
5. The internal control procedures the Agency has implemented, or will implement, to ensure that the proceeds of the proposed debt issuance will be directed to the intended use.

**ANALYSIS:**

In addition to the requirement set forth by Government Code section 8855(i), it is prudent financial management for the Agency to adopt a debt management policy that sets parameters for issuing debt, managing the debt portfolio and provides guidance to decision makers. Adoption of

the attached Debt Management Policy will help ensure that any Agency debt is issued and managed prudently to maintain a sound fiscal position.

The attached Debt Management Policy has been written to include all elements required by CDIAC as well as best management practices expected by the pertinent credit markets and municipal bond industry. This policy will assist the Agency in pursuing and maintaining quality credit ratings in addition to providing guidance to decision makers.

**CONCLUSION:**

Approval of the Resolution will allow the Successor Agency to be in compliance with the requirements of Government Code section 8855(i) prior to the issuance of any obligations.

**FINANCIAL IMPACT:**

None.

**CONSISTENCY WITH THE VISION MADERA 2025 PLAN:**

Approval of this item is consistent with Strategy 115 of the Vision Plan - Economic Resource Provision: Ensure sufficient economic resources to provide adequate City services and prepare for future growth. It is also in line with funding core services as articulated by the Vision Madera 2025 Plan.

**RESOLUTION NO. SA 18 \_\_**

**RESOLUTION OF THE OF THE SUCCESSOR AGENCY TO THE FORMER MADERA REDEVELOPMENT AGENCY APPROVING THE DEBT MANAGEMENT POLICY**

WHEREAS, the Successor Agency to the former Madera Redevelopment Agency (Successor Agency) has submitted the Debt Management Policy for consideration;

NOW, THEREFORE, THE SUCCESSOR AGENCY TO THE FORMER MADERA REDEVELOPMENT AGENCY HEREBY FINDS RESOLVES AND ORDERS AS FOLLOWS:

1. The above recitals are true and correct.
2. The Successor Agency has caused to be prepared a Debt Management Policy, a copy of which is on file in the office of the Secretary, and incorporated herein by reference as if set forth in full, in order to comply with prudent financial management practices and to meet the requirements of California State Senate Bill 1029 (Chapter 307, enacted September 12, 2016, effective on January 1, 2017) and Section 34177.5 of the Health and Safety Code.
3. The policy is intended to provide guidelines for the prudent issuance of debt.
4. The Successor Agency does hereby approve the Debt Management Policy, a copy of which is on file in the office the City Clerk and referred to herein.
5. This resolution is effective immediately upon adoption.

\* \* \* \* \*

## **THE SUCCESSOR AGENCY TO THE FORMER MADERA REDEVELOPMENT AGENCY DEBT MANAGEMENT POLICY**

This Debt Management Policy (the "Debt Policy") of the Successor Agency to the Former Madera Redevelopment Agency (the AGENCY") was approved by the AGENCY Board (the "Board") on February 21, 2018. The Debt Policy may be amended by the Board as the Board deems appropriate from time to time in the prudent management of the debt.

The Debt Policy has been developed to provide guidance in the issuance and management of debt and is intended to comply with Government Code Section 8855(i) which became effective on January 1, 2017 and with Section 34177.5 of the Health and Safety Code.

### **1. Purpose**

This Debt Policy shall govern all debt undertaken the AGENCY. The AGENCY hereby recognizes that a fiscally prudent debt policy is required to:

- Maintain a sound financial position.
- Protect credit-worthiness.
- Ensure that the debt is consistent with the planning goals and objectives and adopted budget, as applicable.

### **2. Policies**

#### **A. Section 34177.5 of the Health and Safety Code**

Unless amended, the AGENCY does not have the authority to incur indebtedness other than to refund existing bonds within certain limitations:

The AGENCY may issue bonds or incur other indebtedness to refund the bonds or other indebtedness of its former redevelopment agency or of the AGENCY to provide savings, provided that:

- (a) the total interest cost to maturity on the refunding bonds or other indebtedness plus the principal amount of the refunding bonds or other indebtedness shall not exceed the total remaining interest cost to maturity on the bonds or other indebtedness to be refunded plus the remaining principal of the bonds or other indebtedness to be refunded, and
- (b) the principal amount of the refunding bonds or other indebtedness shall not exceed the amount required to defease the refunded bonds or other indebtedness, to establish customary debt service reserves, and to pay related costs of issuance. If the foregoing conditions are satisfied, the initial principal amount of the refunding bonds or other indebtedness may be greater than the outstanding principal amount of the bonds or other indebtedness to be refunded. The AGENCY may pledge to the refunding bonds or other indebtedness the revenues pledged to the bonds or other indebtedness being refunded, and that pledge, when made in connection with the issuance of such refunding bonds or other indebtedness, shall have the same lien priority as the pledge of the bonds or other obligations to be refunded, and shall be valid, binding, and enforceable in accordance with its terms.

- (c) The refunding bonds authorized under this section may be issued under the authority of Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code, and the refunding bonds may be sold at public or private sale, or to a joint powers authority pursuant to the Marks-Roos Local Bond Pooling Act of 1985 (Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code).
- (d) Prior to incurring any bonds or other indebtedness pursuant to this section, the AGENCY may subordinate to the bonds or other indebtedness the amount required to be paid to an affected taxing entity pursuant to paragraph (1) of subdivision (a) of Section 34183, provided that the affected taxing entity has approved the subordinations pursuant to this subdivision.
- (e) The actions authorized in this section shall be subject to the approval of the oversight board, as provided in Section 34180. Additionally, an oversight board may direct the AGENCY to commence any of the transactions described in subdivision (a) so long as the AGENCY is able to recover its related costs in connection with the transaction. After the AGENCY, with approval of the oversight board, issues any bonds, incurs any indebtedness, or executes an amended enforceable obligation pursuant to subdivision (a), the oversight board shall not unilaterally approve any amendments to or early termination of the bonds, indebtedness, or enforceable obligation. If, under the authority granted to it by subdivision (h) of Section 34179, the Department of Finance either reviews and approves or fails to request review within five business days of an oversight board approval of an action authorized by this section, the scheduled payments on the bonds or other indebtedness shall be listed in the Recognized Obligation Payment Schedule and shall not be subject to further review and approval by the department or the Controller. The department may extend its review time to 60 days for actions authorized in this section and may seek the assistance of the Treasurer in evaluating proposed actions under this section.
- (f) Any bonds, indebtedness, or amended enforceable obligation authorized by this section shall be considered indebtedness incurred by the dissolved redevelopment agency, with the same legal effect as if the bonds, indebtedness, financing agreement, or amended enforceable obligation had been issued, incurred, or entered into prior to June 29, 2011, in full conformity with the applicable provisions of the Community Redevelopment Law that existed prior to that date, shall be included AGENCY's Recognized Obligation Payment Schedule, and shall be secured by a pledge of, and lien on, and shall be repaid from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund established pursuant to subdivision (c) of Section 34172, as provided in paragraph (2) of subdivision (a) of Section 34183. Property tax revenues pledged to any bonds, indebtedness, or amended enforceable obligations authorized by this section are taxes allocated to the AGENCY pursuant to subdivision (b) of Section 33670 and Section 16 of Article XVI of the California Constitution.
- (g) The AGENCY shall make diligent efforts to ensure that the lowest long-term cost financing is obtained. The financing shall not provide for:
  - i. Bullets or Spikes
  - ii. Shall not use variable rates
  - iii. The AGENCY shall make use of an Independent Registered Municipal

Advisor in developing financing proposals and shall make the work products of the Municipal Advisor available to the Department of Finance at its request.

## **B. Authorized Types of Debt**

Unless amended, the AGENCY is restricted from issuing debt other than to refund existing indebtedness. The AGENCY may issue:

- Tax Allocation Bonds: Bonds issued directly by the AGENCY.
- Tax Allocation Revenue Bonds: Pursuant to the Marks-Roos Local Bond Pooling Act of 1985 (Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code)

## **C. Sale Type**

- Public Offering The sale of bonds to retail and institutional investors in a public sale and marketed to investors using an official statement.
  - Negotiated Sale The sale of bonds using an underwriter with the final coupons and yields negotiated during the sale process.
  - Competitive Sale The sale of bonds at a date and time certain with multiple underwriting firms bidding on the transaction. The firm(s) that bids the lowest True Interest Cost is awarded the transaction.
- Direct Placement Non-public, negotiated transaction with commercial banks and institutional or accredited investors. Direct Placements should be compared to other types of borrowings due to their relatively low transaction cost.

## **D. Policy Goals Related to Planning Goals and Objectives**

The AGENCY is committed to financial planning, maintaining appropriate reserve levels and employing prudent practices in governance, management and budget administration. The AGENCY intends to issue debt for the purposes stated in this Debt Policy and to implement policy decisions incorporated in the approved annual budget.

It is a policy goal of the AGENCY to protect constituents by utilizing conservative financing methods and techniques and to obtain the highest practical credit ratings and the lowest practical borrowing costs.

The AGENCY will comply with applicable local, state and federal law as it pertains to the maximum term of debt and the procedures for levying and imposing any related taxes, assessments, rates and charges.

When refunding debt, it shall be the policy goal of the AGENCY to realize, whenever possible, and subject to any overriding non-financial policy considerations, a minimum net present value debt service savings equal to or greater than 3% of the refunded principal amount.



## **E. Internal Control Procedures**

When issuing debt, in addition to complying with the terms of this Debt Policy, the AGENCY shall comply with any other applicable policies regarding initial bond disclosure, continuing disclosure, post-issuance compliance, and investment of bond proceeds.

The AGENCY will periodically review the requirements of and will remain in compliance with the following:

- any continuing disclosure undertakings under SEC Rule 15c2-12,
- any federal tax compliance requirements, including without limitation arbitrage and rebate compliance, related to any prior bond issues, and
- the investment policies of the AGENCY as they relate to the investment of bond proceeds.

The AGENCY shall be attentive in using bond proceeds in accordance with the stated purpose at the time that such debt was issued. Whenever practical, proceeds of debt will be held by a third-party corporate bank trustee, and the AGENCY will submit written requisitions for such proceeds. The AGENCY will submit a requisition only after obtaining the signature of the Executive Director or Director of Financial Services / Treasurer.

In those cases where it is not practical for the proceeds of debt to be held by a third-party corporate bank trustee, the Director of Financial Services / Treasurer or their appointee shall retain the records of all expenditures of the proceeds through the final payment date for the debt and for any additional period required under applicable federal tax regulations.

Without limitation on the foregoing, the AGENCY shall adopt and administer detailed federal tax compliance policies, conforming to then-current federal tax laws and regulations, and specific to each transaction in which interest payments made by the AGENCY are excluded from gross income for federal income tax purposes. Said adoption shall be evidenced by the adoption of one or more resolutions authorizing and approving the transaction and the documents to be executed and delivered by the AGENCY in the transaction.

## **F. Waivers of Debt Policy**

- There will be circumstances from time to time when strict adherence to a provision of this Debt Policy is not possible or not in the best interest of the AGENCY.
- If the AGENCY Staff has determined that a waiver of one or more provisions of this Debt Policy should be considered. Staff will prepare an analysis for the Board describing the rationale and the impact of the waiver on the proposed debt issuance.
- Provisions of this Debt Policy may be waived by the approval of the Successor Agency.

- The failure of a debt financing to comply with one or more provisions of this Debt Policy shall in no way affect the validity of any debt issued by the AGENCY in accordance with applicable laws.