



County of Fresno
State of California

Debt Advisory Committee
Policy Guidelines for Public Financing

Auditor-Controller/Treasurer-Tax Collector
2281 Tulare St. Room 105
Fresno, CA 93722

Revised June 5, 2018

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<Date>



Table of Contents

Scope and Authority 1

II. Debt Advisory Committee Members; Staff..... 1

III. Submittal Process for DAC Review..... 2

IV. County Financings 3

V. Land Secured Financings (Assessment Districts and Mello Roos Districts)..... 6

VI. Tax Equity and Fiscal Responsibility Act (TEFRA) Hearings..... 6

School District Financings 7

VIII. Financing Proposals to DAC: Minimum Information and Analysis..... 7

IX. Periodic Debt Report 10

X. Revisions and Effective Dates 10



1



Scope and Authority

On February 9, 1993, the County of Fresno (County) established the Debt Advisory Committee (DAC).

The DAC serves as a *centralized point for the County's first public vetting* of all potential financings to be issued by, for, or through the County, or approved by the County, as well as all financing matters that may involve the County (collectively, Financing Proposals) that either are proposed by departments or offices of the County or non-County parties (each, a Requester). The DAC makes the appropriate recommendation to the Board of Supervisors (Board) regarding all such Financing Proposals.

All proposed County debt issuances shall be, without exception, subject to the review and requested recommendation of the DAC to the Board, prior to such County debt issuance. The DAC considers the types of Financing Proposals that are identified in the County's *Debt Management Policy (Policy)*. Terms used in these DAC Guidelines (Guidelines), unless defined herein, have the same meaning given to them in the *Policy*.

The DAC may also consider new financing methods that are consistent with the *Policy*. Financing Proposals with respect to new financing methods not included in the *Policy* are subject to review by the DAC, and if the DAC approves their use, the Auditor-Controller/Treasurer-Tax Collector (ACTTC) will submit consideration of such new financing methods to the Board, indicating the recommendation, if any, of the DAC.

The DAC typically is requested to make a recommendation to the Board regarding a Financing Proposal. The results of any DAC action or the lack of action by the DAC concerning a Financing Proposal shall be reported to the Board by the Requester as part of the Financing Proposal. If the Requester is a non-County party, the ACTTC or CAO shall report such information to the Board. Requests presented to the Board shall be by Board agenda item.

II. Debt Advisory Committee Members; Staff

The DAC will be comprised of the following County officials or their respective designee:

1. Two members of the Board;
2. The County Administrative Officer (CAO); make appropriate recommendations to the Board of Supervisors. The Committee's role
3. The ACTTC; and
4. The County Counsel (Counsel).



The ACTTC is the Chairman of the DAC. The ACTTC's Staff are the primary staff to the DAC.

III. Submittal Process for DAC Review

The ACTTC Staff will be vary depending upon the first point purpose of contact for all Financing Proposal submissions to the DAC. issuance.

All County departments and offices contacted by non-County parties, or their consultants, regarding Financing Proposals The Debt Advisory Committee shall refer said parties or consultants to the ACTTC Staff. Departments and offices shall not make commitments to work with non-County parties, or their consultants, for Financing Proposals.

The ACTTC Staff shall receive, review, and organize all requests for financings and submit its report to the County Administrative Office. When action by the flow and submission of each Financing Proposal to the DAC. The following standard operating procedures for processing Financing Proposals by the DAC will be used:

- Each Financing Proposal shall be submitted to the ACTTC Staff in the form of a DAC agenda item, which shall be similar to the form of a Board agenda item.
- The DAC's regular meetings are the third Friday of each month unless the DAC, at its regular meeting, changes any future regular DAC meeting date or the standing dates of all future DAC regular meetings, or the ACTTC cancels any DAC regular meeting date.
 - The deadlines for the submission of DAC agenda items to the ACTTC Staff in advance of a DAC regular meeting are set forth in Attachment A to these Guidelines.
 - The ACTTC of Supervisors is authorized to update Attachment A to these Guidelines to set forth the new deadlines based required, the County Administrative Officer shall submit the Committee's recommendations on the DAC's meeting schedule, which will change from time matter to time.
- Upon receipt the Board of any DAC agenda item, the ACTTC Staff will provide Counsel's representative with a copy of the same for its legal assistance to the ACTTC's Staff in anticipation of the DAC meeting at which the Financing Proposal provided therein will be considered.
 - ACTTC Staff will identify the County department or office or non-County parties directly affected by the Financing Proposal to be presented to the DAC and request each of them to participate in the DAC's review process.
 - For any DAC agenda items timely and sufficiently submitted to the ACTTC Staff, the ACTTC Staff will publicly post agendas of the DAC's meeting in compliance with the Ralph M. Brown Act (Gov. Code §§ 54950 *et. seq.*), and distribute the DAC agenda items, together in a DAC agenda packet, to the DAC Supervisors. All members.



III. Submittal Process for DAC Review (continued)

- At least one (1) week prior to the DAC regular meeting, the ACTTC will distribute, by email, the DAC agenda packet for each DAC meeting to (i) the DAC members, (ii) the Requester submitting a Financing Proposal, and (iii) any persons requesting and having the right to receive a copy of same under Government Code § 54954.1.
- In the event of a special meeting of the DAC, the ACTTC will undertake such steps within the time period required for special meetings under the Brown Act.

The DAC will convene to review and comment on the Financing Proposal set forth in the DAC meeting agenda, as noticed above. All DAC members will be given of the Committee will have access to all pertinent documents pertaining to all Financing Proposals presented to the DAC.

The DAC may, in its discretion, receive input from the Requester regarding its Financing Proposal. The DAC reserves the right to request further information or explanation at any point in the DAC review process.

IV. County Financings

The DAC may review or comment on any matter relating to a Financing Proposal, including but not limited to the following:

- The necessity of the capital improvement or equipment proposed to be financed or the debt to be incurred and how it relates to the County's mission;
- The County's primary objectives to be achieved by undertaking the proposed financing;
- The reasonableness of the Requester's proposed time line for undertaking and completing the financing;
- The impact of a proposed debt ~~the~~ issuance on the County's total outstanding debt service obligations, including the County's ability to meet debt service obligations;
- The impact of a proposed debt issuance on the County's ability to incur debt in the short term and in the long term (including the potential impact on the ratings of the County's outstanding debt);
- A risk assessment (e.g., public benefits of proposed debt vs. fiscal and legal burdens and ~~The members will maintain a confidentiality of the applicant's detailed financial and legal risks to the County associated with undertaking a financing as proposed by the Requester); data.~~ The Committee may, however, when appropriate use this information as grounds for a negative recommendation.



Debt Advisory Committee Members

- The structure Debt Advisory Committee will be comprised of a proposed debt issuance;
- Any potential legal issues, including compliance with the State's constitutional debt limitation, and any potential legal risks to the following County associated with the Financing Proposal; Officials or their designee:

1. Two members, Board of Supervisors
2. County Administrative Officer
3. Auditor-Controller/Treasurer-Tax Collector

County Counsel



~~4.~~ IV.

~~The Debt Advisory Committee shall seek input as may be appropriate from County departments, and other officials who may seek debt financings, or who may be otherwise concerned with debt related matters.~~

County Financings (continued)

- ~~• The County's existing continuing disclosure undertakings entered into in accordance with SEC Rule 15c2-12;~~
- ~~• The County's ability to obtain annual third party reimbursements to the County's federally- and state-funded programs for the costs of the debt;~~

~~The Committee will serve as a "clearing house" to ensure that there is a central focal point for all proposed/requested issues. This will ensure that all parties affected by an issuance are involved at the beginning, and the issue is structured and designed to meet the various needs and/or requirements of the affected departments. The DAC may review or comment on any of the following items, which is not necessarily an all-inclusive listing:~~

- ~~1. • State and Federal legal compliance reporting requirements;~~
- ~~2. Legal liability of the County, if any~~
- ~~3. Impact on ability of the County to borrow short or long term (rating impact)~~
- ~~4. Impact of proposed issue on total outstanding debt services obligations and the County's maximum limit of debt services obligations from either a legal or financial position~~
- ~~5. Financial stability of the parties involved.~~
- ~~6. Adequacy of coverage and payment procedures in case of default, i.e., guarantees, insurance, collateral etc.~~
- ~~7. Provision for accurate and timely redemption procedures, i.e., trustee, sinking funds, notification in case of early calls, registry of bonds, etc.~~
- ~~8. Responsibility, if any, of the County for monitoring in the full compliance reporting requirements~~

County Financings (continued)

- ~~9. Reinvestment of bond proceeds~~
- ~~10. • Alternatives for the requested debt issuance that would reduce fiscal and legal risks and burdens on the County, including alternatives that the Requester did not identify in the Financing Proposal; issuancee~~
- ~~11. • For leases: Departmental proposals for lease purchase plans, including multi-year plans, for financing capital improvements facilities and/or equipment; and-~~
- ~~• The financial stability of a non-County Requester that may be involved in the proposed financing.~~



V. Land Secured Financings (Assessment Districts and Mello Roos Districts)

The DAC may review debt-financing proposals and make appropriate recommendations to the Board based on the County's Policy for Use of Public Financing for Private Development Projects, as initially approved by the Board on February 9, 1993, and last revised by the Board on September 23, 1997, on file with the Public Works and Planning Department (see Policy, VI.B.6, Land Secured Financings (Assessment Districts and Mello Roos Districts)).

Any issues that may affect the County's credit rating, including refinancing of outstanding debt issuances, will be reviewed by the DAC.

The County is not obligated to assist with land secured financings, and reserves the right at the County's discretion either to provide or not provide assistance.

VI. Tax Equity and Fiscal Responsibility Act (TEFRA) Hearings

The DAC will review and act upon timely requests for the Board to conduct a TEFRA hearing.

[Go to next page]



VII.

School District Financings

The DAC will not routinely review and/or comment on issues of other ~~governmental~~~~political~~ entities that are required by law to be approved by the Board ~~of Supervisors~~. Examples of such issues are:

1. ~~School district general obligation bonds~~ ~~District General Obligation Bonds~~
2. ~~School district tax anticipation notes (TAN) or tax and revenue anticipation notes (TRAN)~~ ~~School District TANS or TRANS (cash flow financings)~~

Non-County Financings

~~1.~~

~~The committee will review debt financing proposals and make appropriate recommendations to the Board of Supervisors based on the County's Policy for Use of Public Financing for Private Development Projects (enclosed Exhibit A). Any and all issues that may impact the County's credit rating, including refinancing of outstanding issues, will be reviewed by the Committee. The County is not obligated to assist with infrastructure financings on behalf of an applicable, and reserves the right at the County's discretion, to either provide or not provide assistance.~~

- ~~The~~ School district certificates of participation (COPs) and financing leases.

VIII. Financing Proposals to DAC: Minimum Information and Analysis

To assist the DAC in its review, the Requester of each Financing Proposal that includes a proposed debt issuance shall complete a questionnaire, the form of which will be prepared and made available by the ACTTC Staff, to include in the minimum analysis in its Financing Proposal as follows:

- Identify the proposed project to be financed;
- Identify which of the approved financing methods is being proposed (see *Policy, VI. Approved Financing Methods*);
- For any capital improvements to be financed, identify the proposed collateral;
- State the maximum proposed amount of debt and cost of issuance;
- Identify and discuss the elements of the proposed debt structure (see *Policy, VI. Approved Financing Methods*);
- Provide a proposed debt service schedule (include alternative scenarios based on assumed maturities); and



- Identify the source or sources of funds that are expected to provide funding for the proposed debt service.
- Provide a comparison of the resulting total debt service to General Fund expenditures of the current fiscal year and the four (4) most recent fiscal years, as shown in statistical section of the Comprehensive Annual Financial Report;
- If the County's recommended budget has been prepared and distributed to the Board but not yet approved by the Board, the General Fund expenditures of the latest fiscal year in such recommended budget will be considered in such comparison;
- If the proposed debt issuance includes use of capitalized interest, the Requester shall provide the specific reasons for recommending the use of capitalized interest and the specific estimated cost and duration of capitalized interest;



VIII. Financing Proposals to DAC: Minimum Information and Analysis (continued)

- If a proposed debt issuance includes contractual requirements to be imposed upon the County by another party (e.g., County indemnifies and defends the purchaser of the debt) not typically included in public, competitively bid County debt issuances, the Requester shall identify the reason for such proposed contractual requirements;
- The Requester needs to present viable options (or advise that no viable options could be identified) to the DAC and the Board for the minimum of amount of debt needed to achieve the desired result (e.g., shortest amortization period for debt repayment, smallest scope of capital improvements) compared to the Requester's recommended proposal;
- If the proposed debt issuance includes capital appreciation bonds (CABs), the following need to be provided to the DAC and the Board: their amount; the need and reason for CABs; their cost, including their accretion rate related to each bond maturity (or equivalent allocation);
- The Financing Proposal shall take into account, and be subject to, the *Policy* section V. Restrictions and Limitations Applicable to All Financings;
- The cost of issuance of the financing both in actual dollars and the relative amount compared to the proposed debt; and
- Any other information requested by the ACTTC's Staff.

Measuring Debt Tolerance

An analysis of the County's debt tolerance is an important component to ensure that the amount of debt issued is affordable and cost effective. Therefore, completion of this section of the questionnaires referred to in section VIII. Financing Proposals to DAC: Minimum Information and Analysis, above, must be completed and submitted to the DAC as part of the Financing Proposal.

Portions or all of the benchmarks reviewed in preparation of the questionnaires in regards to the Financing Proposal may be found within the statistical section of the most recently completed CAFR, found here: <http://www.co.fresno.ca.us/departments/auditor-controller-treasurer-tax-collector/publications/-folder-1825> and/or within the most recently adopted County budget, found here: <http://www.co.fresno.ca.us/departments/auditor-controller-treasurer-tax-collector/publications/-folder-1828>.

[Go to next page]



IX. Periodic Debt Report

The ACTTC will in his or her determination, from time to time, prepare a debt report to be presented to the DAC. Generally, the debt report will inform the DAC on the following matters and any include any additional items that may be appropriate in reporting on the activities of the prior period subsequent to the last report.

- An updated Bond Debt Amortization Schedule, see *Policy Attachment A – Outstanding Bond Debt Amortization Schedule*;
- Cash received for and repayments to the County’s debt throughout the fiscal year;
- Projects funded with debt approved by the Board and the status thereof;
- Any potential refunding or extinguishing of debt that may occur in the near future;
- Any other information as specifically requested by the DAC members.

X. Revisions and Effective Dates

Upon approval by the Board, these Guidelines will be revised prospectively as of the date of such Board approval unless the Board either expressly ratifies any such changes in these Guidelines retroactively or makes such changes in these Guidelines effective prospectively as of a future date. The ACTTC is authorized to modify these Guidelines to reflect the Board’s ratification of any retroactive revisions in these Guidelines or making of such revisions in these Guidelines effective prospectively as of a future date.

The Board reserves the right to revise these Guidelines at any time.

Adopted: February 9, 1993

Revised: June 5, 2018



Attachment A

**Debt Advisory Committee
Agenda Review Deadlines
as of June 5, 2018**

Deadline to Submit to ACTTC Staff	Distribute DAC Agenda Packets	DAC Meeting Date
8/17/2018	10/12/2018	10/19/2018
9/14/2018	11/9/2018	11/16/2018
10/19/2018	12/14/2018	12/21/2018
11/16/2018	1/11/2019	1/18/2019
12/14/2018	2/8/2019	2/15/2019
1/11/2019	3/8/2019	3/15/2019
2/15/2019	4/12/2019	4/19/2019
3/15/2019	5/10/2019	5/17/2019
4/12/2019	6/7/2019	6/14/2019
5/17/2019	7/12/2019	7/19/2019
6/14/2019	8/9/2019	8/16/2019
7/19/2019	9/13/2019	9/20/2019
8/16/2019	10/11/2019	10/18/2019
9/13/2019	11/8/2019	11/15/2019
10/18/2019	12/13/2019	12/20/2019

~~following types of non-county financings will be reviewed by the Committee under appropriate circumstances:~~

- ~~1. 1911, 1913, and 1915 Improvement Act Bonds~~
- ~~2. Mello Roos Community Facilities District Bonds~~
- ~~3. Marks Roos Pooled Financing~~
- ~~4. Certificates of Participation~~
- ~~5. Revenue Bonds~~
- ~~6. Other types of financial instruments as deemed appropriate by the Committee~~

County Project Financing Procedures



~~All departments contacted by firms and individuals regarding potential debt financing shall refer said firms to the Committee. Departments shall not make commitments to work with firms or individuals for debt financing. Debt financing as used in this document includes equipment and facility lease/purchase agreements.~~

~~All departmental requests for financing or refinancing of projects and/or equipment will be submitted to the Committee. Upon receipt of a departmental request, the Committee will convene to review and comment on the requested financing.~~