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Board of Supervisors
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COUNTY OF SANTA CRUZ DEBT MANAGEMENT POLICY

Title I – Finance and Accounting

800 – DEBT MANAGEMENT POLICY

A. Introduction/Purpose

The purpose of the County of Santa Cruz Debt Management Policy (Policy) is to ensure sound and uniform practices for issuing and managing debt. The County of Santa Cruz (County) recognizes that it may need to enter into debt obligations to finance projects and to meet fiscal responsibilities. Accordingly, this Policy confirms the commitment of the Board of Supervisors (Board), County staff, advisors and other decision makers to adhere to sound financial management practices.

The Policy is also intended to comply with Government Code Section 8855(i), effective on January 1, 2017.

B. Policy Objectives

The objectives of this Policy are as follows:

1. Establish a systematic and prudent approach to debt issuance and debt management;
2. Ensure access to debt capital markets and direct purchase investors (private placement providers) through prudent and flexible policies;
3. Define specific limits or acceptable ranges for general fund-support debt obligations;
4. Minimize debt service and issuance costs;
5. Maintain access to cost-effective borrowing;
6. Achieve the highest practical credit rating;
7. Ensure full and timely repayment of debt;
8. Maintain full and complete financial disclosure and reporting; and
9. Ensure compliance with applicable State and federals laws.

C. Scope

The County's Comprehensive Annual Financial Report includes legally separate entities for which the Board is financially accountable. This Policy informs the actions of these entities to ensure a uniform approach to the issuance of debt. This Policy establishes the parameters within which debt may be issued by the County of Santa Cruz, Santa Cruz County Public Financing Authority, Santa Cruz County Capital Financing Authority, Santa Cruz County Redevelopment Successor Agency and the Santa Cruz County Sanitation District, or any related entity of the County for which the governing body consists of the same individuals as the Board of Supervisors of the County. Additionally, the Policy applies to debt issued by the County on behalf of assessment, community facilities, or other special districts, and conduit-type financing by the County for multifamily housing or industrial development projects.

Supplemental policies, tailored to specifics of certain types of financings, may be adopted by the Board in the future. These supplemental policies may address, but are not limited to, the general obligation, lease revenue, enterprise, multifamily housing, and land-secured financings.

The debt policies and practices of the County are subject to and limited by applicable provisions of State and federal law and to prudent debt management principles.

D. Debt Advisory Committee

The Debt Advisory Committee (DAC) is advisory to the County Administrator's Office. The DAC consists of personnel from the following departments: (1) County Administrative Office ("CAO"), (2) Auditor-Controller-Treasurer-Tax Collector, and (3) County Counsel. The DAC may utilize the services of an independent financial advisor when analyzing proposed financing. The Committee Chair will be rotated periodically. The Chair will schedule committee meetings no less than quarterly or more frequently if requested. Members may attend via conference call if needed. Agenda items must be submitted to the Auditor-Controller two weeks before the scheduled meeting to avoid meeting cancellation.

"Financing" shall mean any bonds, certificates of participation, lease-purchase agreements, notes, letters of credit or other financing arrangements that will create a long-term liability for the County or a component unit or a Board Governed special district.

The role of the DAC is as follows:

1. Review and make recommendations regarding department debt financing requests;

2. Select, subject to ratification by the Board of Supervisors, component unit Board or special district governing board, all financing professionals required to assist in the structuring of financings (bond counsel, disclosure counsel, underwriters, trustees, financial advisors, etc.);

3. Review and provide content for all debt financing documents;

4. Ensure that proper due diligence is completed for each financing in the preparation of the Official Statement or related loan documents; and

5. Advise on ongoing administration and compliance of debt issuances.

E. Delegation of Authority

Government Code §53635.7 requires that all borrowing be placed on the Board Agenda and the agenda of any separate financing participant as a separate item of business. This Policy requires that the Board specifically authorize each financing proposal based on the recommendation of the CAO. Policy implementation and the day-to-day responsibility for the authority over the County's debt program will lie with the Auditor-Controller-Treasurer- Tax Collector's Office and the CAO with participation by County Counsel, and other departments as necessary. The Auditor-Controller-Treasurer-Tax Collector and CAO will be supported on an as-needed basis by the DAC and a financial advisor. The services of other outside consultants may be retained as necessary.

This Policy will be reviewed annually and updated as necessary. Any changes to this Policy are subject to recommendation by the DAC and the approval of the Board. The revised Policy will be provided to all County entities. While adherence to the Policy is required, the County recognizes that changes in capital markets, County programs, and other unforeseen circumstances may produce situations not covered by this Policy. This may require modification or exception to achieve Policy objectives. In these cases, flexibility is appropriate until specific authorization from the Board or related entities Board of Directors is obtained.

F. Purposes for Which Debt may be Issued

The County will issue debt for the following purposes:

1. Long-term Borrowing

Long-term borrowing may be used to finance the acquisition or improvement of land, facilities, or equipment for which it is appropriate to spread these costs over more than one budget year. Long-term borrowing may also be used to fund capitalized interest, costs of issuance, required reserves, and any other financing- related costs which may be legally capitalized. Long-term borrowing shall not be used to fund County operating costs, but may fund one-time extraordinary expenses, as appropriate. Whenever possible, the County will first attempt to fund capital projects with grants or state/federal funding, as part of its broader capital improvement plan. When such funds are insufficient, the County will use dedicated revenues to fund projects.

2. Short-term Borrowing

Short-term borrowing may be issued to generate funding for cash flow needs in the form of Tax Revenue Anticipation Notes (TRAN). Short-term borrowing, such as commercial paper, and lines of credit, will be considered as an interim source of funding in anticipation of long-term borrowing. Short-term debt may be issued for any purpose for which long-term debt may be issued, including capitalized interest and other financing-related costs. Prior to issuance of the short-term debt, a reliable revenue source shall be identified to secure repayment of the debt. The final maturity of the debt issued to finance the project shall be consistent with the economic or useful life of the project and, unless the Board determines that extraordinary circumstances exist, must not exceed seven (7) years.

3. Refunding

Periodic reviews of outstanding debt will be undertaken to identify refunding opportunities. Refunding will be considered (within federal tax law constraints, if applicable) if and when there is a net economic benefit of the refunding.

Refundings which are non-economic may be undertaken to achieve County objectives relating to changes in covenants, call provisions, operational flexibility, tax status of the issuer, or the debt service profile.

In general, refundings which produce a net present value savings of at least four (4) percent of the refunded debt will be considered economically viable. Refundings which produce a net present value savings of less than four (4) percent will be considered on a case-by- case basis, and will be subject to specific approval by the Board of Supervisors. All refundings will require approval of the Board of Supervisors.

G. Debt Issuance

1. Debt Capacity

   The County will keep outstanding debt within the limits of applicable law and at levels consistent with its creditworthiness objectives. The County shall assess the impact of new debt issuance on the long-term affordability of all outstanding and planned debt issuance. Such analysis recognizes that the County has limited capacity for debt service in its budget, and that each newly issued financing will obligate the County to a series of payments until the bonds are repaid.

2. Credit Quality

   The County seeks to obtain and maintain the highest possible credit ratings for all categories of short- and long-term debt. The County will not issue bonds directly or on behalf of others that do not carry investment grade ratings. However, the County will consider the issuance of non-rated special assessment, community facilities, multifamily housing and special facility bonds.

3. Types of Debt That May Be Issued

   a. Debt Repayment
      Debt will be structured for a period consistent with a fair allocation of costs to current and future beneficiaries of the financed capital project. The County shall structure its debt issues so that the maturity of the debt issue is consistent with or less than the economic or useful life of the capital project to be financed.

   b. Variable-rate Debt
      To maintain a predictable debt service burden, the County will give preference to debt that carries a fixed interest rate. An alternative to the use of fixed rate debt is floating or variable rate debt which shall require approval the Board of Supervisors after a recommendation of the County's Financial Advisor. The Board may choose to issue securities that pay a rate of interest that varies according to a pre-determined formula or results from a periodic remarketing of securities. When making the determination to issue bonds in a variable rate mode, consideration will be given to the useful life of the project or facility being financed or the term of the project requiring the funding, market conditions, credit risk and third party risk analysis, and the overall debt portfolio structure when issuing variable rate debt for any purpose. The maximum amount of variable-rate debt should be limited to no more than 20 percent of the total debt portfolio, unless otherwise directed by the Board of Supervisors.

c. Derivatives
The County will not employ derivatives, such as interest rate swaps, in its debt program. A derivative product is a financial instrument which derives its own value from the value of another instrument, usually an underlying asset such as a stock, bond, or an underlying reference such as an interest rate.
Derivatives are commonly used as hedging devices in managing interest rate risk and thereby reducing borrowing costs. However, these products bear certain risks not associated with standard debt instruments.

d. Credit Enhancement
The County will consider the use of credit enhancements on a case-by-case basis, evaluating the economic benefit versus the cost for each case. Bond insurance, stand-by letters of credit other credit enhancements should be used only when they clearly demonstrate a net present value savings to the County or required as a basis to obtain a surety bond in lieu of cash funding of a reserve fund.

e. Senior/Subordinate Debt
Senior and Subordinate debt will be utilized in a manner that will minimize the costs of financing or maximize debt capacity.

f. Debt Service Reserve Fund
For long term debt and where appropriate for short-term debt, a Debt Service Reserve Fund will be utilized to achieve optimal pricing. Alternately, a Surety Bond may be evaluated and used if found to be economically advantageous.

H. Relationship of Debt to Capital Improvement Program and Budget

The County intends to issue debt for the purposes stated in this Policy and to implement policy decisions incorporated in the County's capital budget and the capital improvement plan.

The County shall integrate its debt issuances with the goals of its capital improvement program by timing the issuance of debt to ensure that projects are available when needed in furtherance of the County's public purposes and to avoid having to make unplanned expenditures for capital improvements or equipment from its general fund.

I. Policy Goals Related to Planning Goals and Objectives

The County is committed to financial planning, maintaining appropriate reserves levels and employing prudent practices in governance, management and budget administration. The County intends to issue debt for the purposes stated in this Policy and to implement policy decisions incorporated in the County's annual operating budget.

It is a policy goal of the County to protect taxpayers, ratepayers and constituents by utilizing conservative financing methods and techniques so as to obtain the highest practical credit ratings (if applicable) and the lowest practical borrowing costs.

The County will comply with applicable 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.

Except as described in Section F.3., when refinancing debt, it shall be the policy goal of the County to realize, whenever possible, and subject to any overriding non-financial policy considerations minimum net present value debt service savings equal to or greater than 4% of the refunded principal amount.

J. Professional Assistance

The County shall utilize the services of independent financial advisors and bond counsel on all debt financings. The Assistant County Administrative Officer and Auditor-Controller- Treasurer-Tax Collector shall have the authority to periodically select service providers as necessary to meet legal requirements and minimize net County debt costs. Such services, depending on the type of financing, may include financial advisory, bond counsel, disclosure counsel, underwriting, trustee, verification agent, escrow agent, arbitrage consulting, and special tax consulting. The goal in selecting service providers, whether through a competitive process or sole-source selection, is to achieve an appropriate balance between service and cost.

K. Method of Sale

The County's goal is to protect the public's interest by obtaining the lowest possible interest cost. To obtain this goal, the County may use a competitive negotiated, limited- competitive (hybrid), or private placement method of sale with input from the County's financial advisor. The appropriate method should be determined on a case-by-case basis.

L. Debt Administration

1. Investment of Bond Proceeds

   Investment of bond proceeds shall be consistent with federal tax requirements, the County's Investment Policy as modified from time to time, and with requirements contained in the governing bond documents.

2. Use of Bond Proceeds

The Auditor-Controller-Treasurer-Tax Collector and other appropriate County personnel shall implement Internal Control procedures outlined below to ensure that the proceeds of the proposed debt issuance will be directed to the intended use:

a. Monitor the use of Bond proceeds, the use of Bond-financed assets (e.g., facilities, furnishings or equipment) and the use of output or throughput of Bond-financed assets throughout the term of the Bonds to ensure compliance with covenants and restrictions set forth in applicable County resolutions and Tax Certificates. Monitoring will include providing an annual report to the DAC;

b. Maintain records or contracts identifying the assets or portions of assets that are financed or refinanced with proceeds of each issue of Bonds and to document compliance with all covenants and restrictions set forth in applicable County resolutions and Tax Certificates. An applicable Record Retention Policy will be maintained by the Auditor-Controller-Tax Collector's;

c. Consult with Bond Counsel or other professional expert advisors in the review of any contracts or arrangements involving use of Bond-financed facilities to ensure compliance with all covenants and restrictions set forth in applicable County resolutions and Tax Certificates;

3. Financial Disclosure

The County is committed to full and complete primary and secondary market financial disclosure in accordance with disclosure requirements established by the Securities and Exchange Commission and Municipal Securities Rulemaking Board, as may be amended from time to time. The County is also committed to cooperating fully with rating agencies, institutional and individual investors, other levels of government, and the general public to share clear, timely, and accurate financial information as identified in its Continuing Disclosure and Compliance Procedures.

4. Arbitrage Compliance

The Auditor-Controller-Treasurer-Tax Collector's Office shall maintain a system of record keeping and reporting to meet the arbitrage compliance requirements of federal tax law.

M. Independent Registered Municipal Advisors (IRMA) Letter

By publicly posting a written notice on the County's website, the County and related entities intend that market participants receive and use it for purposes of the independent registered municipal advisor exemption to Rule 15B of the Securities and Exchange Commission (SEC) regarding Registration of Municipal Advisors (Municipal Advisors Rule). All solicitations or written proposals received shall be reviewed by the County's Financial Advisor before being seriously considered. The notice may be relied upon until it is removed from the website or replaced with a subsequent notice.

N. Relationship to Other Policies

The County has adopted a Statement of Goals and Policies for the Use of the Mello-Roos Community Facilities Act of 1982, included as Exhibit A hereto. Special Tax Bonds issued on behalf of a community facilities district will also comply with these policy requirements.

O. Guidance for Issuing Green Bonds

This Guidance for Issuing Green Bonds is the framework the County and its related entities will use when issuing bonds labeled as green bonds. As adopted by the County Board of Supervisors in the 2021-23 Operational Plan, it is the goal of the County to "support and strengthen efforts for clean air and water, conservation, renewable energy, recycling and reuse and increase resilience to climate change impacts, including sea-level rise and changing weather patterns." To achieve these goals, the County's strategy is to (1) work with partner agencies, private water users, residents and the agricultural community to sustainably manage water resources to meet human and environmental needs, (2) pursue policies and programs to encourage recycling and waste reduction, and reduce emissions and the carbon footprint, and (3) advance policies and programs that reduce impacts from and increase community resiliency to climate hazards.

Sustainability and resilience, as embodied in the County's Climate Action and Adaption Plan (CAAP) and its State of the Water Report, seeks to support environmental, economic, and social needs in a responsible manner to meet the needs of tomorrow. This approach seeks to minimize waste; conserve water, energy, and natural resources; promote long- term economic viability; and promote the safety and well-being of the County employees, communities, and customers.

The County commitment to sustainability and resilience can be underscored by promoting the development of the green bond market through the responsible use of green bonds to finance its qualifying capital projects. This Guidance offers criteria that the County and its related entities will use to evaluate projects for green bond financing that demonstrate a meaningful, quantifiable commitment to sustainability and resilience.

Green bonds are part of a broader trend to incorporate environmental, social and governance (ESG) factors into investment decisions. The market for ESG investments continues to evolve and there are multiple proposed standards or frameworks related to ESG investing or sustainable development, including the following:

- Green Bond Principles from the International Capital Market Association
- Sustainable Development Goals from the United Nations
- Climate Bonds Taxonomy from the Climate Bonds Initiative

As of the date of this Guidance, there is no single green bond standard mandated by a regulatory body nor universally accepted by investors. Accordingly, the County and its related entities will implement its own set of green bond criteria, presented in the first column in the table on the following page. Projects identified as eligible for green bond financing by the County and its related entities will be anticipated to further one or more of these criteria.

Where relevant, the table on the following page also maps the County and its related entities' criteria to principles, targets or green bond categories identified by the above-referenced frameworks to provide additional transparency to investors and the public. The mapping is shown only for additional context and no representation is made that the projects that fall under the County and its related entities criteria will necessarily fit the mapped criteria from other frameworks.

In selecting projects for green bond financing, County staff will focus on the projects that best meet the County and its related entities' green bond criteria.

Offering statements should provide project information and identify the most relevant criteria the project is expected to satisfy. Additionally, if debt is issued to prefund projects, the County and its related entities will produce annual transparency reports on the use of proceeds of the green bonds. When debt is issued to reimburse the County and its related entities for existing projects or capital expenses, no further reporting on use of proceeds is necessary.

This Guidance can also be used, if appropriate, for refunding bonds, if information on the original projects funded by the bonds is sufficiently detailed for the evaluation criteria to be effectively used.

The County's criteria for selecting projects for the green bond designation are as follows:

Santa Cruz County Green Bond Criteria	**Green Bond Principles from the International Capital Market Association**
Maintain water quality	Sustainable water and wastewater management
Improve water use efficiency, including conservation through reduced water loss	Sustainable water and wastewater management
Improve biodiversity and ecosystem quality	Terrestrial and aquatic biodiversity; Environmentally sustainable management of living natural resources and land use
Protect against flooding	Sustainable water and wastewater management
Reduce pollution	Pollution prevention and control
Improve resilience (adaptation) to climate change	Climate change adaptation
Reduce the combustion of fossil fuels	Energy efficiency; Pollution prevention and control
Reduce greenhouse gas emissions	Energy efficiency; Pollution prevention and control
Implement "reduce, reuse, recycle" practices in preference to raw materials	Circular economy adapted products, production technologies and processes
Adhere to sustainable purchasing guidelines	Circular economy adapted products, production technologies and processes
Carbon sequestration	Circular economy adapted products, production technologies and processes

P. History

Date	**Changes Made**
6/28/2016	Policy Adopted
4/28/2017	Policy Amended
12/8/2020	Policy Amended
6/8/2021	Policy Amended
6/13/2023	Policy Amended
3/12/2024	Policy Amended

LAND SECURED FINANCING

POLICIES AND PRACTICES OF THE COUNTY OF SANTA CRUZ

JUNE 2004

BOS APPROVED JUNE 22, 2004

LAND SECURED FINANCING

POLICIES & PRACTICES

SUBJECT: **SPECIAL DISTRICT FINANCING OF PUBLIC IMPROVEMENTS**

PURPOSE: To set policy for the financing of public improvements through the creation of Assessment Districts and Community Facilities Districts (collectively referred to as Special Districts). These Special Districts may also be called Land Secured Financings, as bonds are secured by a lien on real property. This policy addresses the financing of public improvements and infrastructure, in conjunction with the associated administrative costs of a bond financing, and excludes funding for the operation and maintenance of facilities and other public services.

Additionally, this policy establishes the standards and criteria to determine the feasibility of special district financing given the public policy direction of the Board of Supervisors (the "Board").

POLICY: The Board will consider the use of special benefit Assessment Districts (AD's) to fund the cooperative and orderly construction of infrastructure improvements throughout the County.

The Board will also consider the use of Community Facilities Districts (CFD's) when, in the County's sole opinion, the public facilities to be constructed or acquired represents a significant public benefit. Significant public benefit may be defined as a public facility having regional impact and/or benefit beyond the proposed development.

In the case of undeveloped land the proposed development project must be consistent with the County's General Plan and have secured appropriate land use entitlements from the County to allow for the implementation of the ultimate development of the area.

Additionally, the combined total of property taxes, special assessments and special taxes collected on the property tax roll shall not exceed 2% of the average anticipated property sales price. Special Districts shall have a finite duration coinciding with the term of the bonds, typically 25 – 30 years. The rates, along with the calculation methodology and duration, will be clearly identified in the Engineer's Report submitted at a Public Hearing for each proposed Special District.

REFERENCES: The Board will consider the use of special benefit Assessment Districts (AD's) to fund the cooperative and orderly construction and/or acquisition of infrastructure improvements throughout the County.

POLICIES & PRACTICES
For Land Secured Financing of Public Improvements

The Board will also consider the use of Community Facilities Districts (CFD's) when, in the County's sole opinion, the public facilities of a development represents a significant public benefit. Significant public benefit may be defined as a public facility having regional impact and/or benefit beyond the proposed development.

Community Facilities Districts are formed pursuant to the Mello-Roos Community Facilities Act of 1982 – Government Code Section 53311, et seq.

PRINCIPLES: The underlying principles of this policy are:

- To protect the public interest
- To assure fairness in application of the assessments, special taxes or fees to current and future property owners
- To assure full disclosure of the Special District
- To insure the creditworthiness of any Special District debt
- To protect the County's credit rating and financial position
- To assure that the applicants for Special District proceedings or parties benefited thereby, pay all costs associated with the formation of any Special District. All costs of County initiated proceedings shall be paid by the affected landowners.

This policy is intended to provide Staff and owners and developers of property located within the County with guidance in the application for and consideration of the establishment of Special Districts. It is not the intent of this policy to relieve any developer of responsibilities for public improvements or conditions of development related to the subdividing of property, the processing of tentative or final maps, or master plan developments. This policy does not supersede any law but the intent is to further restrict or clarify its use.

PRACTICES: **Written Request**

A written request for Special District financing may be initiated by the owners of the property/residents of the area subject to payment of the assessments or special tax, as defined per statutory requirements, as provided in the applicable statutes.

POLICIES & PRACTICES
For Land Secured Financing of Public Improvements

Reimbursement Agreement

An advance reimbursement agreement shall be executed and a sum sufficient to pay all fees and costs for the Special District formation shall be deposited with the County by the proponents of the district prior to the beginning of formation proceedings, unless said advance funding requirement is waived by the Board in its discretion. The factors that the Board will consider in determining whether to waive the advance funding requirements are:

(1) Whether the land is improved or unimproved;

(2) Whether the land is owned by a single or small group of persons or whether diverse ownership exists;

(3) Whether sixty percent (60%) or more of the landowners in the case of an Assessment District or sixty percent (60%) of the registered voters who voted in the last general election residing in the proposed Community Facilities District in the case of a Community Facilities District have signed the Petition requesting formation;

(4) The nature of the public facilities; and

(5) The public purpose and public benefits of the project.

Appraisal

An appraisal of the property may be required, in the discretion of the County, if the property is subject to any lien or tax required to secure any public financing. The appraisal shall be a written statement independently and impartially prepared by a qualified appraiser setting forth an opinion of defined value of an adequately described property as of a specific date, supported by presentation and analysis of relevant market information. The appraisal shall reflect nationally recognized appraisal standards.

A minimum property value to lien ratio is 3:1 (all ratios to be calculated assuming the public facilities being finances are completed and including any overlapping assessment districts or community facilities districts).

POLICIES & PRACTICES
For Land Secured Financing of Public Improvements

Credit enhancements may be required at the discretion of the County. These enhancements may include, but are not limited to, letters of credit and/or bond insurance.

Market Absorption Study

A market absorption study of the proposed development project may be required, in the discretion of the County. The absorption study shall be used to determine if the financing of the public facilities is appropriate given the timing of development and if sufficient revenues will be generated by the project to retire the debt service.

Feasibility Report

A fiscal feasibility report may be required, in the discretion of the County if forty percent **(40%)** or more of the land within a district is substantially undeveloped. The report shall be prepared by or at the direction of the County. **All** costs for preparing the report shall be borne by the applicant/developer. **An** estimate of the report costs will be prior to initiating the study and the applicant/developer shall deposit that amount prior to starting the report.

CFD Apportionment Rate & Method

With regard to community facilities districts, the proposed rate and method of apportionment of the special tax shall comply with the following criteria:

A. The primary emphasis of the special tax formula shall be equitable for the future property owner.

B. The projected annual special tax revenues shall include annual administrative expenses and other direct operational costs to the community facilities districts as a result of community facilities district formation.

C. The projected ad valorem property tax and other direct and overlapping debt for the proposed development project, including the proposed maximum special tax, shall not exceed two percent **(2%)** of the anticipated assessed value of each improved residential parcel upon completion of the improvements.

POLICIES & PRACTICES
For Land Secured Financing of Public Improvements

D. Each bond issue shall be structured to protect bond owners from default of the issue and to ensure the bonding capacity and credit rating of the County.

Disclosure

Full disclosure of the special tax or assessment lien shall be in compliance with applicable statutory authority. The disclosure notices provided to purchasers of property shall clearly state the amount of the maximum annual special tax or assessment which the property owner can be expected to incur. The County, in its sole judgment, may require additional property owner notification if it deems such disclosure will assist subsequent property owners' awareness of the lien obligation.

County Liability

All statements and material related to the sale of special tax bonds (community facilities districts) and improvement bonds (assessment districts) shall emphasize and state that neither the faith, credit, nor the taxing power of the County is pledged to the repayment of the bonds, nor that there is an obligation of the County to replenish the reserve fund from revenue sources other than special taxes, annual assessments or proceeds from foreclosure proceedings. The County has no contingent liability for the debt service.

Consultants

The County shall, in its sole discretion, select all professionals including, without limitation, Bond Counsel, Disclosure Counsel, Underwriter, Financial Advisor, Appraiser, Absorption Consultant, Special Tax Consultant, Engineer, and others.

GLOSSARY:

Assessment **–** Any levy or charge by the County upon real property that is based upon the special benefit conferred upon the real property.

Assessment District **– A** special district formed by the County that includes property that will receive direct benefit from the construction of new public improvements. The most common type of public improvements financed include roads, sidewalks and drainage.

POLICIES & PRACTICES
For Land Secured Financing of Public Improvements

Community Facilities District Act of 1982 **–** Authorizes local governments to create CFDs for the purpose of financing facilities and certain services and issuing bonds to fund public improvements. Property owners within a CFD pay a 'special tax' to repay the bonds.

Improvement Bond Act of 1915 – Authorizes cities, counties and public districts which use other assessment acts to issue bonds.

Mello-Roos **–** In **1982** Senator Henry Mello and Assemblyman Mike Roos affected the passage *of* the Community Facilities District Act of **1982.**

Municipal Improvement Act of 1913 **–** Lets cities, counties and special districts levy benefit assessments for the construction and maintenance of public facilities including streets, sidewalks, sewer systems, drains, lighting, etc.

Special District **–** Within this policy, the term Special District refers to Assessment Districts and Community Facilities Districts together.

Special Tax **–** Requires approval by two-thirds of the qualified voters in the district and provides for a landowner election if less than **12** registered voters in the district.

Value to Lien Ratio **–** The value of the taxable or assessed property, including the public improvements proposed to be financed, relative to the amount of the assessment or special tax debt.