

# **Lake County Draft Debt Advisory Committee Policy**

## **Overview**

This Lake County Debt Advisory Committee (“DAC”) Policy was approved by the County’s Board of Supervisors on July 16, 2024. The DAC is established to carry out the County’s Debt Management Policy (the “Debt Policy”) and to ensure that prudent practices are followed and public expense minimized in the issuance of County debt. The DAC shall meet to consider County financing proposals, refunding opportunities, or other debt management issues where the County has completed or limited obligation for debt repayment and any statutory responsibility. The DAC will advise the County Board of Supervisors and related departments of its recommendations.

## **Purpose of DAC**

The DAC shall meet periodically to consider all County public financing proposals, refunding opportunities, or other debt management issues. A formal request will be presented to the DAC summarizing the action(s) requested (i.e., proposed financings, refunding opportunities, material events disclosure requirements, arbitrage issues, recommendations, policy, and other matters), all pertinent information surrounding the request, analysis, findings, and justification for a recommended course of action. The DAC will consider and discuss the request and any additional relevant information required to make an informed decision. This may include seeking input and analysis from other internal and/or external resources, as deemed appropriate.

The DAC will approve, modify, or deny the request, as determined by DAC to be in the best interests of the County. If the DAC approves or modifies the request, the DAC’s recommendation will be transmitted to the Board of Supervisors at such time as is appropriate for implementation of requested action(s). If the DAC advises denial of the request, the DAC Chairperson will provide a written explanation of the DAC’s reasoning to the requesting agency, committee, or department within 10 days of the meeting, or as determined to be an appropriate and reasonable timeframe based on the requesting entity and purpose of the request.

For each individual issue, the DAC utilize the Debt Policy to analyze the current market conditions, benefits to be derived from the financing, potential risks, debt service burdens, revenue streams, sector expertise, cost of issuance, statutory restraints, current and projected market conditions, and other factors to determine debt structure, the method of sale, the financing team composition, term, use of credit enhancement, and method of awarding contracts.

## **DAC Functions**

The DAC shall review all debt financing in the amount required to be approved by the County Board of Supervisors (see Gov. Code section 53635.7) initiated by a County department or a component unit and make a recommendation as set forth in this document. “Financings” shall mean any Types of Debt, as defined in the Debt Policy.

## **DAC Scope**

The DAC will review and make recommendations on other financing issues, per the Debt Policy. Issues and questions which the DAC will research, and review include, but are not limited to, the following:

- a. The total level of debt obligations within the County. For purposes of this policy, debt is defined to include financing techniques legally available to the County for projects that require resources beyond the current fiscal year. The DAC should consider any resulting burden on County taxpayers and the maintenance of the County's financial strength and credit ratings.
- b. The level of debt of overlapping jurisdictions.
- c. The appropriateness of a given type of debt instrument for a financed project.
- d. The structure of a given financing, including maturity, amortization, security, interest rates, rating, risk, and any other parameters the DAC deems appropriate.
- e. The debt levels of County departments and agencies.
- f. The status of existing debt issues, including such matters as refunding possibilities, administration costs, and adherence to covenants.

## **Composition of DAC and Meeting Logistics**

The DAC shall consist of the following individuals or their alternates:

- a. County Administrative Officer
- b. Auditor-Controller
- c. Treasurer-Tax Collector

The DAC shall annually elect a Chairperson to manage the logistics of the meetings. Any member will have the right to propose a meeting of the DAC. After a member proposes a meeting, the Chairperson shall call a meeting, prepare an agenda and notify all members of the DAC as soon as is practical. DAC meetings may be held either in person or via videoconference.

## **DAC Findings and Recommendations to the County Board of Supervisors**

- a. **DAC Review.** The DAC will determine the feasibility of project financing, the financing program, and the program's compliance with the Debt Policy following consideration of all material submitted, both written and oral. The DAC reserves the right to require subsequent reviews of each financing project prior to the sale of bonds to ensure that all provisions of the Debt Policy are being met.
- b. **Recommendations.** The DAC will record its recommendations after taking action. County departments and component units will include the DAC recommendations in their report to the County Board of Supervisors, via the County Administrative Office.

## **Items Submitted to DAC for Consideration**

The County department or component unit requesting the DAC's review shall submit the following information to the DAC Chairperson:

- a. A description of the project or facilities to be financed.
- b. A description of the source of revenue for debt retirement, including a statement regarding the liability of the County and the Board in the event of a default.
- c. A summary of the public review process, if any, and the actions the Board will be required to take.
- d. A schedule of financing activities.
- e. Identification of administrative tasks and responsibilities necessary for debt service administration and covenant compliance.

This concludes the Lake County Debt Advisory Committee Policy.

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