



Policy

**6307 Debt Issuance and Management**

The Chancellor shall establish procedures to ensure the District is professionally managing its debt and fulfills its annual debt issuance reporting requirements to the California Debt and Investment Advisory Commission.

Procedures shall include:

- The purposes for which the debt proceeds may be used.
- The types of debt that may be issued.
- The relationship of the debt to, and integration with, the District’s capital improvement program or budget, if applicable.
- Policy goals related to the District’s planning goals and objectives.
- The internal control procedures that the District has implement, or will implement, to ensure that the proceeds of the proposed debt issuance will be directed to the intended use.

**References:**

Government Code Section [8855](#)

**Adopted:** March 11, 2020

**Last Reviewed:** March 11, 2020

**Administrative Procedure****6307 Debt Issuance and Management****I. Purposes for Which Debt May be Issued**

A. Long-Term Debt. Long-term debt may be issued to finance the construction, acquisition, and rehabilitation of capital improvements and facilities, equipment, and land to be owned and operated by the District.

1. Long-term debt financings are appropriate when the following conditions exist:

- When the project to be financed is necessary to provide basic services.
- When the project to be financed will provide benefit to constituents over multiple years.
- When total debt does not constitute an unreasonable burden to the District and its taxpayers.
- When the debt is used to refinance outstanding debt in order to produce debt service savings or to realize the benefits of a debt restructuring.

2. Long-term debt financings will not be considered appropriate for current operating expenses.

3. The District may use long-term debt financings subject to the following conditions:

- The project to be financed must be approved by the District's governing Board.
- For obligations issued on a tax-exempt basis, the debt shall meet the following requirement(s) of federal tax law: The weighted average maturity of the debt (or the portion of the debt allocated to the project) will not exceed the average useful life of the project to be financed by more than 20%.
- The District estimates that identified source(s) of repayment, whether property taxes, general fund revenues or other identified source, will be available to service the debt through its maturity.
- The District determines that the issuance of the debt will comply with applicable state and federal laws.

4. Capital Appreciation Bonds will not be considered for financing of capital facilities except upon express approval by the Board of Trustees, two-thirds majority vote, after the related long-term financing and repayment plan in connection with approval of such financings. The Board will be told exactly the amount the property owners will be taxed per \$100,000 of assessed value and the initial payback period per the bond program.

B. Short-term debt may be issued to provide financing for the District's operational cash flows in order to maintain a steady and even cash flow balance. Short-term debt may also be used to finance short-lived capital projects; for example, the District may undertake lease-purchase financing for equipment.

1 Short-term debt may also be undertaken for interim or bridge financings, such as bond or grant  
2 anticipation notes, provided that the District Board is presented with the related long-term  
3 financing and repayment plan in connection with approval of such financings.  
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5 C. Financings on behalf of Other Entities. The District may also find it beneficial to issue debt on  
6 behalf of or in concert with other governmental agencies, nonprofit corporations or other  
7 authorities in order to further the public purposes of District. In such cases, the District shall take  
8 reasonable steps to confirm the financial feasibility of the project to be financed and the financial  
9 solvency of any borrower and that the issuance of such debt is consistent with the policies set  
10 forth herein.

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12 II. Types of Debt that May be Issued

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14 The following types of debt are allowable under these administrative procedures:

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- 16 • General obligation bonds
- 17 • Bond or grant anticipation notes
- 18 • Lease revenue bonds, certificates of participation, and lease-purchase transactions
- 19 • Other revenue bonds
- 20 • Tax revenue anticipation notes
- 21 • Land-secured financings, such as special tax revenue bonds issued under the Mello-Roos  
22 Community Facilities Act of 1982, as amended
- 23

24 The District may, from time to time, find that other forms of debt would be beneficial to further its  
25 public purposes and may approve such debt without an amendment of these administrative  
26 procedures.

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28 Debt shall be issued as fixed rate debt unless the District makes a specific determination at the time  
29 of approval of the financing as to why a variable rate issue would be beneficial to the District in a  
30 specific circumstance.

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32 III. Relationship of Debt to Capital Improvement Program and Budget

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34 The District is committed to long-term capital planning. The District intends to issue debt for the  
35 purposes stated in these administrative procedures and to implement decisions incorporated in the  
36 District's capital budget and master facilities plan or other applicable facilities planning  
37 documentation.

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39 The District shall integrate its debt issuances with the goals of its capital improvement or master  
40 facilities plan or other capital planning documentation by timing the issuance of debt to ensure that  
41 projects are available when needed in furtherance of the District's public purposes.

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43 The District shall seek to issue debt in a timely manner to avoid having to make unplanned  
44 expenditures for capital improvements or equipment from its general fund.

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46 IV. Planning Goals and Objectives

1 The District is committed to long-term financial planning, maintaining appropriate reserves levels and  
2 employing prudent practices in governance, management and budget administration. The District  
3 intends to issue debt for the purposes stated in these administrative procedures and to implement  
4 decisions incorporated in the District’s annual operations budget.

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

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10 The District will comply with applicable state and federal law as it pertains to the maximum term of  
11 debt and the procedures for levying and imposing any related taxes, fees, and charges, as applicable,  
12 and in the case of refinancing of existing debt, achieving savings as may be required by law or  
13 achieving other objectives of substantial benefit to the District, the rationale for which is presented  
14 to the governing Board at the public meeting at which the proposed refinancing is considered.

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16 V. Internal Control Procedures

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18 • Compliance with Administrative Procedures. The Vice Chancellor of Fiscal Services is  
19 responsible for implementing and monitoring compliance with these administrative  
20 procedures.
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22 • Compliance with SEC Rule 15c2-12. The District may have undertaken, and may undertake in  
23 the future, obligations for continuing disclosure pursuant to SEC Rule 15c2-12. The Vice  
24 Chancellor of Fiscal Services will periodically review the requirements of Rule 15c2-12 and  
25 each of the District’s undertakings, and ensure that annual and other periodic filings which  
26 may be required are done in a complete and timely manner. The Vice Chancellor of Fiscal  
27 Services may monitor, prepare and make the District’s required filings, or may engage a third  
28 party dissemination agent to assist the District to make complete and timely filings. The  
29 District shall have in place a process, implemented by the Chancellor, for full and complete  
30 compliance for the benefit of bondholders or other investors in District debt.
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32 • Compliance with Federal Tax Laws. The District shall comply with all applicable federal tax  
33 law requirements. In connection with prior and new debt issues, the Chancellor shall review  
34 applicable federal tax requirements with its bond or other counsel, including requirements  
35 relating to arbitrage and rebate compliance.
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37 • Investments. Proceeds of debt (all funds received from bonds less all fees and expenses)  
38 issued by the District shall be invested only in accordance with law and as permitted in the  
39 resolution or other document governing the issuance of the debt.
- 40  
41 • Expenditure of Proceeds of Debt. The Chancellor shall ensure that proceeds of District debt  
42 are spent only on lawful and intended uses. Expenditures of proceeds of debt may only be  
43 made by submission of requests for draws to the holder of the proceeds of debt, whether the  
44 county, or other trustee, fiscal agent, custodian or financial institution, that identify the  
45 amount, purpose and payee a proposed draw. Each draw request shall be approved and  
46 signed by the Chancellor or designee. The District shall maintain records of the purpose and  
47 amount of each draw.
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- 1       • CDIAAC Reporting. The District shall maintain full compliance with public reporting  
2 requirements. This includes, specifically, debt sold on or after January 21, 2017, providing  
3 annual reports to the California Debt and Investment Advisory meeting the requirements of  
4 Government Code Section [8855\(k\)](#).  
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  - 6           ○ No later than 30 days prior to the sale of any debt issue, the District shall submit a  
7 report of the proposed issuance to the California Debt and Investment Advisory  
8 Commission through the Commission’s online submittal system. The report of the  
9 proposed debt issuance shall include a certification by the District that it has adopted  
10 local debt policies concerning the use of debt and that the contemplated debt  
11 issuance is consistent with those local debt policies.  
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  - 13           ○ No later than 21 days after the sale of debt, the District shall submit a report of final  
14 sale to the California Debt and Investment Advisory Commission (CDIAC). A copy of  
15 the final official statement for the issuance shall accompany the report of final sale.  
16 If there is no official statement, the issuer shall provide each of the following  
17 documents, along with the report of final sale:  
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    - 19               ▪ Other disclosure document;
    - 20               ▪ Indenture;
    - 21               ▪ Installment sales agreement;
    - 22               ▪ Loan agreement;
    - 23               ▪ Promissory note;
    - 24               ▪ Bond purchase contract;
    - 25               ▪ Resolution authorizing the issue; and,
    - 26               ▪ Bond specimen.

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28 **Cross References (see also):**

29 YCCD Board Policy 2330 – Quorum and Voting

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31 **References:**

32 Government Code Section [8855](#); Title 4 Sections [6000 et seq.](#)  
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34 **Procedure Last Revised:** March 11, 2020

35 **Last Reviewed:** March 11, 2020