



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: Treasurer – Tax
Collector
Department No.: 065
For Agenda Of: 02/28/2023
Placement: Administrative
Estimated Tme:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
Board of Directors, Santa Barbara County Flood Control and Water Conservation
District
Board of Directors, Santa Barbara County Water Agency
Board of Directors, Santa Barbara County Fire Protection District
Board of Directors, Laguna County Sanitation District

FROM: Department Harry E. Hagen, CPA, CPFA, CPFO, CFIP, CGIP, ACPFIM
Director(s) Treasurer – Tax Collector
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SUBJECT: Approval of the Revised County of Santa Barbara Mello-Roos Local Goals and
Policies and Post-Issuance Bond Compliance and Record Retention Policy

County Counsel Concurrence

As to form: N/A

Auditor-Controller Concurrence

As to form: N/A

Other Concurrence: Debt Advisory Committee

Recommended Actions: That the Board of Supervisors, acting as the Board of Supervisors of the County of Santa Barbara, and the Board of Directors of the Santa Barbara County Flood Control and Water Conservation District, the Santa Barbara County Water Agency, the Santa Barbara County Fire Protection District, and the Laguna County Sanitation District:

- A) Approve the revised County of Santa Barbara Mello-Roos Local Goals and Policies (Attachment A); and
- B) Approve the revised County of Santa Barbara Post-Issuance Bond Compliance and Record Retention Policy (Attachment B); and
- C) Determine that the above actions involve government funding mechanisms and/or fiscal activities and are not a project under the California Environmental Quality Act (CEQA), pursuant to Section 15378(b)(4) of the CEQA Guidelines.

Summary Text:

The Government Finance Officers' Association (GFOA) recommends that state and local governments adopt comprehensive debt management policies, and that these should be reviewed periodically and updated if necessary. The County's Mello-Roos Local Goals and Policies, and the Post-Issuance Bond Compliance and Record Retention Policy have been recently reviewed and updated. The Debt Advisory Committee (DAC) reviewed and at its November 2, 2022 meeting, recommended that the County and its dependent special districts approve these revised policies.

Background:

Mello-Roos Local Goals and Policies

The County's Debt Management Policy was adopted by the Board of Supervisors in 1991. Subsequently, the Mello-Roos Local Goals and Policies was adopted by the Board in 1998, and is included as an addendum to the Debt Management Policy.

This revised policy aims to clarify and update the previous policy to reflect current industry practices, following recommendations from the County's municipal advisor, KNN Public Finance, LLC. The purpose of the policy remains the same, which is to provide guidance in the application for and consideration of the establishment of Community Facilities Districts.

Significant Changes: Other than general reorganizational edits to improve the flow of the document, significant changes to note from the previously approved policy are as follows:

1. Application and Deposit Process (section 5) – the CFD application deposit was increased from \$25,000 to \$100,000 to allow for cost increases over the years.
2. Credit Quality Requirements for CFD Bond Issues (section 7) – the value of the real property that would be subject to the Special Tax was changed from 3.3 to 5 times the principal amount of the debt.
3. Acquisition of Facilities (section 11) – information on pay-as-you-go (PAYGO) has been added to this section.
4. Landowner Credit Disclosure and Enhancement (section 13) – information on credit enhancements/letter of credit requirements has been added to this section.

Post-Issuance Bond Compliance and Record Retention Policy

The County's Debt Management Policy was adopted by the Board of Supervisors in 1991. Subsequently, the County's Post-Issuance Bond Compliance and Record Retention Policy was approved by the DAC in 2010, revised in 2011 and is included as an addendum to the Debt Management Policy.

The goal of the policy remains the same, which is to ensure that the County complies with all applicable post-issuance requirements of federal income tax law needed to preserve the tax-exempt or special tax status of debt issuances. This current revision to the policy aims to clarify and update the previous policy to reflect current practices, and was reviewed by KNN Public Finance LLC, and Orrick, Herrington & Sutcliffe LLP, the County's bond counsel.

Significant Changes: Other than general reorganization to improve the flow of the document, sections of the policy that have changes to note from the previously approved policy are as follows:

1. Purpose – The purpose of the Post-Issuance Bond Compliance and Record Retention Policy was expanded.
2. Post Issuance Report – The Secondary Market Trading information was removed as secondary trade data does not always produce meaningful results or allow for specific conclusions to be drawn about the sale.
3. Use of Bond Proceeds
 - a. Section 1 - Additional information was added relating to monitoring the use of bond proceeds.
 - b. Section 3 - The reference to “regularly scheduled” meetings was removed, because the DAC is not required to set a regular meeting schedule. Procedures that relate to pre-issuance of bonds were also removed.
 - c. Information about the tax credit bonds was removed since the authority to issue these bonds ended December 31, 2017.
4. Arbitrage Rebate & Yield and Record Keeping Requirements – These two sections were created and additional information was added to the policy.

Fiscal and Facilities Impacts:

No fiscal impact will result from the adoption of these revised policies.

Attachments:

Attachment A – County of Santa Barbara Mello-Roos Local Goals and Policies

Attachment B – County of Santa Barbara Post-Issuance Bond Compliance and Record Retention Policy

Authored by:

LeAnne Hagerty, Treasury Finance Chief - Office of the Treasurer – Tax Collector, x82498