Agenda

DEBT AFFORDABILITY ADVISORY COMMITTEE

Monday, June 29, 2015
8:30 A.M.

651 Pine Street, 11th Floor - Martinez CA 94553

Robert Campbell, Auditor-Controller
Lisa Driscoll, County Finance Director
John Kopchik, Department of Conservation and Development
Russell Watts, Treasurer-Tax Collector

Agenda Items:

Items may be taken out of order based on the business of the day and preference of the Committee

1. Introductions/Call to Order
2. Public comment on any item under the jurisdiction of the Committee and not on this agenda (speakers may be limited to three minutes).
3. CONSIDER reviewing and authorizing the fiscal year 2015/16 lease purchase financing requests from the Department of Information Technology in an aggregate amount of $2.685 million with proposed terms from three to ten years. **(Ed Woo, Chief Information Officer)** **(Page 3)**
4. CONSIDER reviewing and authorizing a third party lease agreement with Holman Capital Corporation in an amount not to exceed $853,175 for the purchase of radio site security equipment for a term of ten years. **(David Gould, County Purchasing Manager)** **(Page 6)**
5. CONSIDER approving updates to debt affordability measures included in the County Debt Policy related to various debt affordability metrics to be consistent with current Moody's and Standard & Poor's rating evaluation metrics. **(Natalie Perkins, Montague DeRose)** **(Page 8)**
6. CONSIDER approving an exception to Section IV(C) of the County Debt Policy authorizing a thirty (30) year term to maturity for the West County Health Clinic Expansion project of the upcoming 2015 Lease Revenue Bond financing. **(Tim Ewell, County Administrator's Office)** **(Page 16)**
7. Adjourn

The Internal Operations Committee will provide reasonable accommodations for persons with disabilities planning to attend Internal Operations Committee meetings. Contact the staff person listed below at least 72 hours before the meeting.

Any disclosable public records related to an open session item on a regular meeting agenda and distributed by the County to a majority of members of the Internal Operations Committee less than 96 hours prior to that meeting are available for public inspection at 651 Pine Street, 10th floor, during normal business hours.

Public comment may be submitted via electronic mail on agenda items at least one full work day prior to the published meeting time.

For Additional Information Contact:

Lisa Driscoll, County Finance Director
Phone (925) 335-1036, Fax (925) 646-1353
Lisa.Driscoll@cao.cccounty.us

Acronyms, Abbreviations, and other Terms (in alphabetical order):

Contra Costa County has a policy of making limited use of acronyms, abbreviations, and industry-specific language in its Board of Supervisors meetings and written materials. Following is a list of commonly used language that may appear in oral presentations and written materials associated with Board meetings:

AB	Assembly Bill
ABAG	Association of Bay Area Governments
ACA	Assembly Constitutional Amendment
ADA	Americans with Disabilities Act of 1990
AFSCME	American Federation of State County and Municipal Employees
AICP	American Institute of Certified Planners
AIDS	Acquired Immunodeficiency Syndrome
ALUC	Airport Land Use Commission
AOD	Alcohol and Other Drugs
BAAQMD	Bay Area Air Quality Management District
BART	Bay Area Rapid Transit District
BCDC	Bay Conservation & Development Commission
BGO	Better Government Ordinance
BOS	Board of Supervisors
CALTRANS	California Department of Transportation
CalWIN	California Works Information Network
CalWORKS	California Work Opportunity and Responsibility to Kids
CAER	Community Awareness Emergency Response
CAO	County Administrative Officer or Office
CCHP	Contra Costa Health Plan
CCTA	Contra Costa Transportation Authority
CDBG	Community Development Block Grant
CEQA	California Environmental Quality Act
CIO	Chief Information Officer
COLA	Cost of living adjustment
ConFire	Contra Costa Consolidated Fire District
CPA	Certified Public Accountant
CPI	Consumer Price Index
CSA	County Service Area
CSAC	California State Association of Counties
CTC	California Transportation Commission
dba	doing business as
EBMUD	East Bay Municipal Utility District
EIR	Environmental Impact Report
EIS	Environmental Impact Statement
EMCC	Emergency Medical Care Committee
EMS	Emergency Medical Services
EPSDT	State Early Periodic Screening, Diagnosis and treatment Program (Mental Health)
et al.	et ali (and others)
FAA	Federal Aviation Administration
FEMA	Federal Emergency Management Agency
F&HS	Family and Human Services Committee
First 5	First Five Children and Families Commission (Proposition 10)
FTE	Full Time Equivalent
FY	Fiscal Year
GHAD	Geologic Hazard Abatement District
GIS	Geographic Information System
HCD	(State Dept of) Housing & Community Development
HHS	Department of Health and Human Services
HIPAA	Health Insurance Portability and Accountability Act
HIV	Human Immunodeficiency Syndrome
HOV	High Occupancy Vehicle
HR	Human Resources
HUD	United States Department of Housing and Urban Development
Inc.	Incorporated
IOC	Internal Operations Committee
ISO	Industrial Safety Ordinance
JPA	Joint (exercise of) Powers Authority or Agreement
Lamorinda	Lafayette-Moraga-Orinda Area
LAFCo	Local Agency Formation Commission
LLC	Limited Liability Company
LLP	Limited Liability Partnership
Local 1	Public Employees Union Local 1
LVN	Licensed Vocational Nurse
MAC	Municipal Advisory Council
MBE	Minority Business Enterprise
M.D.	Medical Doctor
M.F.T.	Marriage and Family Therapist
MIS	Management Information System
MOE	Maintenance of Effort
MOU	Memorandum of Understanding
MTC	Metropolitan Transportation Commission
NACo	National Association of Counties
OB-GYN	Obstetrics and Gynecology
O.D.	Doctor of Optometry
OES-EOC	Office of Emergency Services-Emergency Operations Center
OSHA	Occupational Safety and Health Administration
Psy.D.	Doctor of Psychology
RDA	Redevelopment Agency
RFI	Request For Information
RFP	Request For Proposal
RFQ	Request For Qualifications
RN	Registered Nurse
SB	Senate Bill
SBE	Small Business Enterprise
SWAT	Southwest Area Transportation Committee
TRANSPAC	Transportation Partnership & Cooperation (Central)
TRANSPLAN	Transportation Planning Committee (East County)
TRE or TTE	Trustee
TWIC	Transportation, Water and Infrastructure Committee
VA	Department of Veterans Affairs
vs.	versus (against)
WAN	Wide Area Network
WBE	Women Business Enterprise
WCCTAC	West Contra Costa Transportation Advisory Committee

AGENDA ITEM NO. 3

Contra Costa County

Department of Information Technology

30 Douglas Drive
Martinez, California 94553-4068
V: 925-313-1202
F: 925-313-1332

DATE: **June 12, 2015**

TO: **Julie Enea**

FROM: **Ed Woo, CIO**

SUBJECT: **DoIT Lease/Purchases FY 15/16**

DoIT has prepared a list of lease/purchase items for the 15/16 FY. We have based the lease term, 3/5/10 years, on the minimum product life cycle determined by the manufacturer. Computer systems less than $30,000 have a 3 year life cycle which is the current industry standard. Computer systems over $30,000 have a typical life cycle of 5 years.
The life cycle (end of manufacturer supported date) is determined on the manufacturer's ability to support the existing technology and spare parts availability. When a system reaches the end of it life cycle, the system continues to operate but will not receive manufacturer support of the hardware, software, and firmware. If these computer systems are not replaced with supported units, there is a good possibility that the system cannot be repaired. If the system has technical or parts issues, the work load would need to be restored from a tape backup which would require a minimum of 48 hours to complete. A few examples of the type of work loads are: Domain Controller, DNS server, Management server, Web Server, Remote access server, and replication server.

<u>3 Year Lease/Purchase Items:</u>

1) Org #1075 – Cisco Equipment/Dell Servers/Juniper - $395,000.

<u>5 Year Lease/Purchase Items:</u>

1) Org #1055 – Security Intrusion Detection System - $140,000

2) Org #4295 – Rectifier replacement & batteries - $100,000

5) Org #1075 – Cisco UCS Server/Network Appliances Large Scale - $950,000

<u>10 Year Lease/Purchase Items:</u>

1) Org #1060 – Additional Power distribution/transformer - $250,000

2) Org #1060 - Secondary UPS & Generator - $850,000

DoIT is requesting total FY 15/16 Lease Purchase dollars in the amount of $2,685,000 SALES TAX IS INCLUDED.

The 5-year life cycle of the requested Palo Alto Security Intrusion Detection System and Cisco UCS Server/Network Appliances is based on the manufacturer support documentation which is summarized below. The purchase of the Palo Alto Security system will add security monitoring capacity in the 30 Douglas data center. We currently have one Palo Alto Security system, which is monitoring the network connection of our Mainframe to the State of CA DMV Mainframe. Adding security monitoring capacity allows DOIT to perform extended analysis for cases of data damage, lost, or intrusion.

The purchase of the Cisco USC Server and Network Appliances will add server capacity to our existing server systems and will serve as a platform to expand our virtualized server environment to allow work loads to be migrated from older traditional server hardware. Our virtualized environment allows us improve our critical system's redundancy and more importantly allows us to recover from a server outage much faster than using traditional server hardware. Our server resources provide systems for countywide use.

The 5-year life cycle of the requested Rectifier replacement and batteries is based on our current installation of rectifiers that have been in production for 8-9 years. We recently experienced a failure of one unit and voltage stability issues on another. The purchase of the rectifiers will replace the current similar generation production units on our Radio Hilltop sites located at Glacier, West County Detention Facility, Cummings Skyway, and the County Hospital. The users of these sites include the Sheriff, Fire, Animal Services, and the local law enforcement agencies. A rectifier outage will shut down a radio site's Land Mobile Radios and or the Microwave system. This will impact the system users for many square miles.

The 10-year life cycle of the requested additional Power Distribution/transformer and the addition of a Secondary UPS and Generator are based on our current systems that have been in production for over 10 years. To date, no manufacturer end of life date has been issued on either system. The purchase will add a redundant generator and power distribution/transformer at the 30 Douglas data center which serves all departments IT and communications systems. This will increase our data center reliability.

Manufacturer End of Life Policy; Summary

1) Barracuda Networks
Barracuda does not publish EOL documentation. Current policy is within 4-5 years, if customer is experiencing problems; upgrade outdated hardware via the IR/Energizer Updates program.

2) Cisco Networks
Access to Cisco's Technical Assistance Center (TAC) -5 years from the end-of-sale date for hardware and operating system software issues and for a period of 3 years from the end-of-sale date for application software issues.

Spares or replacement parts for hardware will be available for a period of 5 years from the end-of-sale date. We will provide spares and replacement parts in accordance with our Return Materials Authorization (RMA) process.
After the first year and for Operating System SW -where available- we will provide bug fixes, maintenance releases, workarounds or patches for a period of 4 years for operating system software.

3) Palo ALTO Networks*
Palo Alto Networks will provide technical assistance for a period of 5 years following the End-of-Sale date, provided a valid service contract is maintained on the product.
Hardware replacement or replacement parts will be available for 5 years following the End-of-Sale date, provided a valid service contract is maintained on the product. At Palo Alto Networks discretion, hardware may be replaced with similar or equivalent product.

4) Net APP
The EOS date for hardware typically occurs 5 years after the End of Availability ("EOA") date and 2 years after the EOS date for software.

5) Rectifiers, Eltek
Mean Time Between Failure (MTBF) of greater than 300,000 hours at ambient temperature of 77 degree F. Operating is -40 to +185 degree F.

Contra Costa County

To: Board of Supervisors

From: Julia R. Bueren, Public Works Director/Chief Engineer

Date: July 7, 2015

Subject: Authorize a Purchase Order with Motorola Solutions, Inc., and a Third-party Lease Agreement with Holman Capital Corporation

RECOMMENDATION(S):

APPROVE and AUTHORIZE the Purchasing Agent or designee to execute, on behalf of the Chief Information Officer (Department of Information Technology), a purchase order with Motorola Solutions, Inc., and a third-party lease agreement with Holman Capital Corporation in an amount not to exceed $853,175 for the purchase of radio site security equipment, for the period June 15, 2015 through June 15, 2024, as recommended by the Public Works Director.

FISCAL IMPACT:

The cost of $853,175 is charged back to user departments through the Department of Information Technology's billing process. (100% Department User Fees)

BACKGROUND:

Contra Costa County Radio Tower Sites include four tower locations: Turquoise, Kregor Peak, Pearl Ridge and Cummings. The importance and remoteness of these sites necessitates the County install an advanced security system, which includes a Remote Video Management System, Access Control System, Visitor Notification System, LED Lighting System and Perimeter Fences. The cost of the Security Site System is $753,986.

The

☑ APPROVE ☐ OTHER

☑ RECOMMENDATION OF CNTY ADMINISTRATOR ☐ RECOMMENDATION OF BOARD COMMITTEE

Action of Board On: **07/07/2015** ☐ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: July 7, 2015

David J. Twa, County Administrator and Clerk of the Board of Supervisors

Contact: David Gould, 925-313-2151

By: , Deputy

cc: Timothy Ewell, Senior Deputy County Administrator

BACKGROUND: (CONT'D)

Purchasing Division has arranged financing for this project through Holman Capital Corporation. The term of this lease agreement is ten (10) years. The cost of payments under this agreement is not to exceed $853,175. This amount includes principal in the amount of $754,000, a documentation fee of $5,000, and interest of $94,175. The interest rate is 2.70%. Repayment consists of ten (10) annual payments of $85,317.47 beginning June 15, 2015.

CONSEQUENCE OF NEGATIVE ACTION:

These four tower locations are part of the East Bay Regional Communications System’s (EBRCS) Project 25 public safety radio system. Failure to secure the radio tower systems could impact the ability of the County’s public safety agencies to respond to emergencies.

Contra Costa County, California
Debt Management Policy

County Administration
651 Pine Street, 10th Floor
Martinez, California 94553
925-335-1023
lisa.driscoll@cao.cccounty.us

Resolution No. 2015/113
~~Resolution No. 2014/77~~
~~Resolution No. 2012/333~~
~~Resolution No. 2006/773~~

DEBT MANAGEMENT POLICY
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Contra Costa County, California
Debt Management Policy

I. PURPOSE*:* The County recognizes the foundation of any well-managed debt program is a comprehensive debt policy. A debt policy sets forth the parameters for issuing debt and managing outstanding debt and provides guidance to decision makers regarding the timing and purposes for which debt may be issued, types and amounts of permissible debt, method of sale that may be used and structural features that may be incorporated. The debt policy should recognize a binding commitment to full and timely repayment of all debt as an intrinsic requirement for entry into the capital markets. Adherence to a debt policy helps to ensure that a government maintains a sound debt position and that credit quality is protected. Advantages of a debt policy are as follows:

- enhances the quality of decisions by imposing order and discipline, and promoting consistency and continuity in decision making,
- provides rationality in the decision-making process,
- identifies objectives for staff to implement,
- demonstrates a commitment to long-term financial planning objectives, and
- is regarded positively by the rating agencies in reviewing credit quality.

II. DEBT AFFORDABILITY ADVISORY COMMITTEE

A. Purpose. By adoption of this Debt Policy, the Debt Affordability Advisory Committee is established. Its purpose is to annually review and evaluate existing and proposed new County debt and other findings and/or issues the committee considers appropriate.

It is the task of this committee to assess the County's ability to generate and repay debt. The committee will issue an annual report to the County Administrator defining debt capacity of the County. This review will be an important element of the budget process and will include recommendations made by the committee regarding how much new debt can be authorized by the County without overburdening itself with debt service payments.

B. Members. The committee shall be composed of the Auditor-Controller, Treasurer-Tax Collector, Director/Conservation and Development Department, and County Finance Director.

C. Debt Affordability Measures. The committee shall examine specific statistical measures to determine debt capacity and relative debt position and compare these ratios to other counties, rating agency standards and Contra Costa County's historical ratios to determine debt affordability. From Moody's Investors Service, the committee will evaluate the County against the following ~~three~~ debt ratios from the most recent available national medians for counties in the "Aa" rating tier with populations of at least 1 million~~contained in Moody's "Municipal Financial Ratio Analysis – U.S. Counties (Population > 1 million)" and for the County's cohort group in Moody's "California County Medians"~~:

1. Direct net debt as a percentage of Assessed Valuation;
2. Overall net debt as a percentage of Assessed Valuation; ~~and~~
3. Assessed Valuation per-capita;
4. Available general fund balance as a percentage of revenues; and
5. General fund balance as a percentage of revenues.

From Standard and Poor's, the committee will evaluate the County against the following ~~three~~ debt ratios from the most recent available national medians for counties in the "AAA" rating tier :

~~1. Percentage of total fund equity;~~
~~2. Percentage of unreserved fund equity; and~~
~~3. Direct debt per-capita.~~

1. Assessed valuation per-capita;
2. Direct debt as percentage of governmental funds revenue;
3. Total government available cash as a percentage of debt service;
4. Total government available cash as a percentage of expenditures; and
5. Total debt service as a percentage of general fund expenditures.

The Advisory Committee also evaluates the County against a group of cohort counties, namely, other large, urban counties in California. The Advisory Committee utilizes each respective cohort county's most recently available CAFR to measure the County's comparative performance on the various debt measures calculated by Moody's and S&P as noted above, and also against the additional ratios below:

1. Direct debt per capita; and
2. Debt payments as a percentage of general fund revenues.

III. COMPREHENSIVE CAPITAL PLANNING

A. Planning. The County Administrator's Office shall prepare a multi-year capital program for consideration and adoption by the Board of Supervisors as part of the County's budget process. Annually, the capital budget shall identify revenue sources and expenditures for the coming current year and the next succeeding three fiscal years. The plan shall be updated annually.

B. Funding of the Capital Improvement Program. 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. If these are not available, the County will use excess surplus from the reserve and debt financing, general revenues. The County shall be guided by three principles in selecting a funding source for capital improvements: equity, effectiveness and efficiency.

1. Equity: Whenever appropriate, the beneficiaries of a project or service will pay for it. For example, if a project is a general function of government that benefits the entire community, such as an Office of Emergency Services, the project will be paid for with general purpose revenues or financed with debt. If, however, the project benefits specific users, such as a building permit facility, the revenues will be derived through user fees or charges, and assessments.

2. Effectiveness: In selecting a source or sources for financing projects, the County will select one or more that effectively funds the total cost of the project. For example, funding a capital project, or the debt service on a project, with a user fee that does not provide sufficient funds to pay for the project is not an effective means of funding the project.

3. Efficiency: If grants or current revenues are not available to fund a project, the County will generally select a financing technique that provides for the lowest total cost consistent with acceptable risk factors and principals of equity and effectiveness. These methods currently consist of County issued debt, special funding programs funded by state or federal agencies, or special pool financing. Examples include funding pools like the Association of Bay Area Governments Participation Certificates.

C. Maintenance, Replacement and Renewal/FLIP. The County intends to set aside sufficient current revenues to finance ongoing maintenance needs and to provide periodic replacement and renewal consistent with its philosophy of keeping its capital facilities and infrastructure systems in good repair and to maximize a capital asset's useful life.

D. Debt Authorization. No County debt issued for the purpose of funding capital projects may be authorized by the Board of Supervisors unless an appropriation has been included in the capital budget (Some forms of debt such as Private Activity Bonds for housing, Mello-Roos for infrastructure, and redevelopment bonds for infrastructure/facilities may not be appropriate for inclusion in the County capital improvement program. The policies for such forms of debt are included as Appendixes 4, 5, and 6).

IV. PLANNING AND STRUCTURE OF COUNTY INDEBTEDNESS

A. Overview. The County shall plan long- and short-term debt issuance to finance its capital program based on its cash flow needs, sources of revenue, capital construction periods, available financing instruments and market conditions. The County Finance Director shall oversee and coordinate the timing, issuance process and marketing of the County's borrowing and capital funding activities required in support of the capital improvement plan. The County shall finance its capital needs on a regular basis dictated by its capital spending pattern. Over the long-term this policy should result in a consistently low average interest rate. When market conditions in any one year result in higher than average interest rates, the County shall seek refinancing opportunities in subsequent years to bring such interest rates closer to the average. The Debt Affordability Advisory Committee shall use the Government Financial Officers Association checklist set forth in Appendix 1 hereto in planning and structuring any debt issuances.

B. Financing Team. The County employs outside financial specialists to assist it in developing a debt issuance strategy, preparing bond documents and marketing bonds to investors. The key team members in the County's financing transactions include its financial advisor and outside bond and disclosure counsel, the underwriter and County representatives (the County Auditor-Controller, Treasurer-Tax Collector, and the County Finance Director, among others). Other outside firms, such as those providing paying agent/registrar, trustee, credit enhancement, verification, escrow, auditing, or printing services, are retained as required. The County will issue Requests for Qualifications (RFQs) for financial advisor, bond counsel, disclosure counsel and tax counsel every three years The financing team shall meet at least semi-annually to review the overall financing strategy of the County and make recommendations to the County Administrator.

C. Term of Debt Repayment. Borrowings by the County shall mature over a term that does not exceed the economic life of the improvements that they finance and usually no longer than 20 years, unless special structuring elements require a specific maximum term to maturity, as is the case with pension obligation bonds. The County shall finance improvements with a probable useful life less than five years using pay-go funding for such needs. Bonds sold for the purchase of equipment with a probable useful life exceeding five years are repaid over a term that does not exceed such useful life.

D. Legal Borrowing Limitations/Bonds and other indebtedness. California Government Code Section 29909 limits General Obligation Bond indebtedness to five percent of the total assessed valuation of all taxable real and personal property within the County, excluding Public Financing Authority lease revenue bonds, Public Facility Corporation certificates of participation, Private Activity Bond, Mello-Roos special tax, and Assessment District Debt for which no legal limitations are currently in effect.

E. Debt Features.

1. Original issue discount or premium. The County's bonds may be sold at a discount or premium, in order to achieve effective marketing, achieve interest cost savings or meet other financing objectives. The maximum permitted discount is stated in the Notice of Sale accompanying the County's preliminary official statement on the Bond Purchase Agreement, as applicable.

2. Debt service structure/Level Debt Service. The County shall primarily finance its long-lived municipal improvements over a 20-year term or less, on a level debt service basis. This policy minimizes long-run impact on a funding department's budget. The County will seek to continue this practice, unless general fund revenues are projected to be insufficient to provide adequately for this debt service structure.

3. Call provisions. The County shall seek to minimize the protection from optional redemption given to bondholders, consistent with its desire to obtain the lowest possible interest rates on its bonds. The County's tax-exempt bonds are generally subject to optional redemption. The County seeks early calls at low or no premiums because such features will allow it to refinance debt more easily for debt service savings when interest rates drop. The County and its financial advisor shall evaluate optional redemption provisions for each issue to assure that the County does not pay unacceptably higher interest rates to obtain such advantageous calls. The County shall not sell derivative call options.

4. Interest rates. The County shall first consider the use of fixed-rate debt to finance it capital needs, except for short-term needs (such as short-lived assets) that will be repaid or refinanced in the near term; and may consider variable rate debt under favorable conditions.

F. Other Obligations Classified as Debt/Other Post Employment Benefits (**OPEB)/Vested Vacation Benefits.** OPEBs and vacation benefits are earned by County employees based on time in service. The County records these vacation benefits as earned in accordance with generally accepted accounting principles as established by the Governmental Accounting Board (GASB). The liability for the benefit is recorded on the Fund level financial statements. The expense is recorded during the conversion to the Government Wide financial statements in accordance with GASB standards. For Enterprise funds the expense and liability are accrued in the respective funds. In this initial policy, the amount of OPEB and vacation benefits will not be in measures used to evaluate the County's debt affordability. However, the County's net OPEB obligation is posted to the County's balance sheet.

V. METHOD OF SALE. The County will select a method of sale that is the most appropriate in light of financial, market, transaction-specific and County-related conditions, and explain the rationale for its decision.

A. Competitive Sales. Debt obligations are generally issued through a competitive sale. The County and its financial advisor will set the terms of the sale to encourage as many bidders as possible. By maximizing bidding, the County seeks to obtain the lowest possible interest rates on its bonds. Some of the conditions that generally favor a competitive sale include:

1. the market is familiar with the County;
2. the County is a stable and regular borrower in the public market;
3. there is an active secondary market with a broad investor base for the County's bonds;
4. the issue has a non-enhanced credit rating of A or above or can obtain credit enhancement prior to the competitive sale;
5. the debt structure is backed by the County's full faith and credit or a strong, known or historically performing revenue stream;
6. the issue is neither too large to be easily absorbed by the market nor too small to attract investors without a concerted sale effort;
7. the issue does not include complex or innovative features or require explanation as to the bonds' security;
8. the issue can be sold and closed on a schedule that does not need to be accelerated or shortened for market or policy reasons; and
9. interest rates are stable, market demand is strong, and the market is able to absorb a reasonable amount of buying or selling at reasonable price changes.

B. Negotiated Sales. When certain conditions favorable for a competitive sale do not exist and when a negotiated sale will provide significant benefits to the County that would not be achieved through a competitive sale, the County may elect to sell its debt obligations through a private placement or negotiated sale, upon approval by the County Board of Supervisors. Such determination shall be made on an issue-by-issue basis, for a series of issues, or for part or all of a specific financing program. The following practices are recommended to be observed in the event of a negotiated sale:

1. ensure fairness by using a competitive underwriter selection process through a request for proposals where multiple proposals are considered;
2. remain actively involved in each step of the negotiation and sale processes to uphold the public trust;
3. ensure that either an employee of the County, or an outside professional other than the issue underwriter, who is familiar with and abreast of the condition of the municipal market, is available to assist in structuring the issue, pricing, and monitoring sales activities;
4. require that the financial advisor used for a particular bond issue not act as underwriter of the same bond issue;
5. require that financial professionals disclose the name or names of any person or firm, including attorneys, lobbyists and public relations professionals compensated in connection with a specific bond issue;
6. request all financial professionals submitting joint proposals or intending to enter into joint accounts or any fee-splitting arrangements in connection with a bond issue to fully disclose to the County any plan or arrangements to share tasks, responsibilities and fees earned, and disclose the financial professionals with whom the sharing is proposed, the method used to calculate the fees to be earned, and any changes thereto; and
7. review the "Agreement among Underwriters" and insure that it is filed with the County and that it governs all transactions during the underwriting period.

VI. REFINANCING OF OUTSTANDING DEBT. The County may undertake refinancings of outstanding debt under the following circumstances:

A. Debt Service Savings. The County may refinance outstanding long-term debt when such refinancing allows the County to realize significant debt service savings (2% minimum by maturity ~~on its own~~ and a minimum 4% savings overall ~~on its own or if combined with more than one refinancing~~) without lengthening the term of refinanced debt and without increasing debt service in any subsequent fiscal year. The County may also consider debt refinancing when a primary objective would be the elimination of restrictive covenants that limit County operations.

B. Defeasance. The County may refinance outstanding debt, either by advance refunding to the first call or by defeasance to maturity, when the public policy benefits of replacing such debt outweigh the costs associated with new issuance as well as any increase in annual debt service.

VII.CREDIT RATINGS

A. Rating Agency Relationships. The Senior Deputy County Administrator/Finance Manager is responsible for maintaining relationships with the rating agencies that assign ratings to the County's various debt obligations. This effort includes providing periodic updates on the County's general financial condition along with coordinating meetings and presentations in conjunction with a new debt issuance.

B. Quality of Ratings. The County shall request ratings prior to the sale of securities from each of two major rating agencies for municipal bond public issues. Currently these agencies are Moody's Investors Service and Standard & Poor's Corporation. The County shall provide a written and/or oral presentation to the rating agencies to help each credit analyst make an informed evaluation. The County shall make every reasonable effort to maintain its Aa implied general obligation bond credit ratings.

VIII. MANAGEMENT PRACTICES. The County has instituted sound management practices and will continue to follow practices that will reflect positively on it in the rating process. Among these are the County development of and adherence to long-term financial and capital improvement plans, management of expense growth in line with revenues and maintenance of an adequate level of operating reserves.

A. Formal Fiscal Policies. The County shall continue to establish, refine, and follow formal fiscal policies such as: Investment Policy, General Fund Reserve Policy, Budget Policy, and this Debt Management Policy.

B. Rebate Reporting and Covenant Compliance The Senior Deputy County Administrator/Finance Manager is responsible for maintaining a system of record keeping and reporting to meet the arbitrage rebate compliance requirements of the federal tax code and/or contracting for such service. This effort includes tracking investment earnings on debt proceeds, calculating rebate payments in compliance with tax law, and remitting any rebatable earnings to the federal government in a timely manner in order to preserve the tax- exempt status of the County's outstanding debt issues. Additionally, general financial reporting and certification requirements embodied in bond covenants are monitored to ensure that all covenants are complied with.

C. Reporting Practices. The County will comply with the standards of the Government Finance Officers Association for financial reporting and budget presentation and the disclosure requirements of the Securities and Exchange Commission.

D. Post-Issuance Compliance Procedures. To assure it manages its debt obligations in accordance with all federal tax requirements, the County will comply with the Post-Issuance Compliance Procedures set forth in Appendix 2 hereto.

Contra Costa County
Clinic Expansion
Amortization Scenarios
Rates as of 5/27/2015

	Final Maturity 2045			Final Maturity 2040			Final Maturity 2035		
Period Ending	Principal	Interest	Debt Service	Principal	Interest	Debt Service	Principal	Interest	Debt Service
6/1/2016	-	467,254.22	467,254.22	-	462,520.79	462,520.79	-	457,581.10	457,581.10
6/1/2017	-	566,368.76	566,368.76	-	560,631.26	560,631.26	-	554,643.76	554,643.76
6/1/2018	270,000.00	566,368.76	836,368.76	360,000.00	560,631.26	920,631.26	505,000.00	554,643.76	1,059,643.76
6/1/2019	275,000.00	558,268.76	833,268.76	370,000.00	549,831.26	919,831.26	520,000.00	539,493.76	1,059,493.76
6/1/2020	290,000.00	547,268.76	837,268.76	385,000.00	535,031.26	920,031.26	540,000.00	518,693.76	1,058,693.76
6/1/2021	300,000.00	535,668.76	835,668.76	400,000.00	519,631.26	919,631.26	560,000.00	497,093.76	1,057,093.76
6/1/2022	315,000.00	520,668.76	835,668.76	420,000.00	499,631.26	919,631.26	590,000.00	469,093.76	1,059,093.76
6/1/2023	330,000.00	504,918.76	834,918.76	445,000.00	478,631.26	923,631.26	620,000.00	439,593.76	1,059,593.76
6/1/2024	345,000.00	488,418.76	833,418.76	465,000.00	456,381.26	921,381.26	650,000.00	408,593.76	1,058,593.76
6/1/2025	365,000.00	471,168.76	836,168.76	490,000.00	433,131.26	923,131.26	685,000.00	376,093.76	1,061,093.76
6/1/2026	380,000.00	452,918.76	832,918.76	515,000.00	408,631.26	923,631.26	720,000.00	341,843.76	1,061,843.76
6/1/2027	400,000.00	433,918.76	833,918.76	540,000.00	382,881.26	922,881.26	755,000.00	305,843.76	1,060,843.76
6/1/2028	420,000.00	413,918.76	833,918.76	565,000.00	355,881.26	920,881.26	790,000.00	268,093.76	1,058,093.76
6/1/2029	445,000.00	392,918.76	837,918.76	595,000.00	327,631.26	922,631.26	830,000.00	228,593.76	1,058,593.76
6/1/2030	455,000.00	379,568.76	834,568.76	610,000.00	309,781.26	919,781.26	855,000.00	203,693.76	1,058,693.76
6/1/2031	470,000.00	363,643.76	833,643.76	635,000.00	288,431.26	923,431.26	885,000.00	173,768.76	1,058,768.76
6/1/2032	490,000.00	347,193.76	837,193.76	655,000.00	266,206.26	921,206.26	915,000.00	142,793.76	1,057,793.76
6/1/2033	505,000.00	329,431.26	834,431.26	680,000.00	242,462.50	922,462.50	950,000.00	109,625.00	1,059,625.00
6/1/2034	525,000.00	311,125.00	836,125.00	705,000.00	217,812.50	922,812.50	985,000.00	75,187.50	1,060,187.50
6/1/2035	545,000.00	291,437.50	836,437.50	730,000.00	191,375.00	921,375.00	1,020,000.00	38,250.00	1,058,250.00
6/1/2036	565,000.00	271,000.00	836,000.00	755,000.00	164,000.00	919,000.00			
6/1/2037	585,000.00	248,400.00	833,400.00	790,000.00	133,800.00	923,800.00			
6/1/2038	610,000.00	225,000.00	835,000.00	820,000.00	102,200.00	922,200.00			
6/1/2039	635,000.00	200,600.00	835,600.00	850,000.00	69,400.00	919,400.00			
6/1/2040	660,000.00	175,200.00	835,200.00	885,000.00	35,400.00	920,400.00			
6/1/2041	685,000.00	148,800.00	833,800.00						
6/1/2042	715,000.00	121,400.00	836,400.00						
6/1/2043	745,000.00	92,800.00	837,800.00						
6/1/2044	770,000.00	63,000.00	833,000.00						
6/1/2045	805,000.00	32,200.00	837,200.00						
Total	**13,900,000.00**	**10,520,848.14**	**24,420,848.14**	**13,665,000.00**	**8,551,945.95**	**22,216,945.95**	**13,375,000.00**	**6,703,218.76**	**20,078,218.76**