



# MOUNTAINS RECREATION & CONSERVATION AUTHORITY

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## MEMORANDUM

TO: The Governing Board

FROM:  Joseph T. Edmiston, FAICP, Hon. ASLA, Executive Officer

DATE: July 3, 2019

SUBJECT: **Agenda Item XI: Consideration of a resolution approving and adopting a local debt policy**

Staff Recommendation: That the Governing Board of the Mountains Recreation and Conservation Authority (MRCA) approve the resolution adopting a local debt policy (attached).

Background: In September 2016, the Governor signed SB 1029 into law. The intent of this law is to encourage fiscal responsibility, to help ensure that debt proceeds are spent for their intended purposes, and to make debt proceeds' disposition more transparent to the public. In relevant part, SB 1029 amends the California Government Code to augment the information that municipal issuers of debt and certain other financing obligations must provide to the California Debt and Investment Advisory Commission (CDIAC).

Pursuant to the law in effect prior to SB 1029, CDIAC collects, maintains, and provides comprehensive information on all state and all local debt authorization and issuances and serves as a statistical clearinghouse for all state and local debt issuances. Issuers of debt are required to submit reports to the commission within specified timeframes of the proposed issuance of debt and of final sale.

Under the law as amended by SB 1029, CDIAC is required, commencing January 1, 2017, to also track and report all state and local outstanding debt until fully repaid or redeemed. In addition, under the amended law, the proposed debt issuance report must include a certification for debt issued after January 1, 2017 that the agency has adopted a local debt policy that includes the following five elements:

- The purposes for which the debt proceeds may be used
- improvement program or budget, if applicable

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- The types of debt that may be issued
- The relationship of the debt to, and integration with, the issuer's capital
- Policy goals related to the issuer's planning goals and objectives
- The internal control procedures that the issuer has implemented, or will implement, to ensure that the proceeds of the proposed debt issuance will be directed to the intended use

As it is good practice, and to facilitate compliance with SB 1029 and the related certification of the MRCA that is required in connection with the replacement credit facility for the current, expiring letters of credit, that will be brought forward for the Board's consideration at its next meeting, staff recommends that the Governing Board approve the attached resolution adopting a local debt policy.