

Contra Costa County, California Debt Management Policy

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**DEBT MANAGEMENT POLICY
TABLE OF CONTENTS**

I.	Purpose	1
II.	Debt Affordability Advisory Committee	1
III.	Comprehensive Capital Planning	2
IV.	Planning and Structure of County Indebtedness	2
V.	Method of Sale	4
VI.	Refinancing of Outstanding Debt	5
VII.	Credit Ratings	5
VIII.	Management Practices	5
Government Finance Officers Association: Checklist of Debt Policy Considerations		Appendix 1
Post-Issuance Compliance Procedures		Appendix 2
Annual Disclosure Requirement Listing		Appendix 3
Community Facilities Districts		Appendix 4
Multifamily Mortgage Revenue Bond Program		Appendix 5
Successor Agency to the former Contra Costa County Redevelopment Agency		Appendix 6

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 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.

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.

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/registrars, 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 its 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.

GOVERNMENT FINANCE OFFICERS ASSOCIATION

Checklist of Debt Policy Considerations

1. How long is the capital planning period?
2. Have all non-debt sources of funds been considered?
3. How are borrowing plans reviewed internally?
4. What level of debt is manageable in order to maintain or improve the government's credit quality?
5. How much "pay-as-you-go" financing should be included in the capital plan?
6. How much short-term borrowing will be undertaken, including both operating and capital borrowings?
7. How much debt will be issued in the form of variable-rate securities?
8. How does the redemption schedule for each proposed issue affect the overall debt service requirements of the government?
9. What types of affordability guidelines will be established to help monitor and preserve credit quality?
10. What provisions have been made to periodically review the capital plan and borrowing practices?
11. What is the overlapping debt burden on the taxpayer?
12. How will the formal debt policies be integrated into the capital planning and funding process?

**County of Contra Costa
Post-Issuance Tax Compliance Procedures
For Tax-Exempt and Build America Bonds**

The purpose of these Post-Issuance Tax Compliance Procedures is to establish policies and procedures in connection with tax-exempt bonds and “Build America bonds” (“Bonds”) issued by the County of Contra Costa and the County of Contra Costa Financing Authority (together, the “County”) so as to ensure that the County complies with all applicable post-issuance requirements of federal income tax law needed to preserve the tax-exempt or Build America bond status of the Bonds.

General

Ultimate responsibility for all matters relating to County financings and refinancings, other than Tax and Revenue Anticipation Notes (“TRANS”), rests with the County Administrator (the “Administrator”). The County Treasurer and County Auditor-Controller are responsible for tax compliance with respect to TRANS.

Post-Issuance Compliance Requirements

External Advisors / Documentation

The Administrator and other appropriate County personnel shall consult with bond counsel and other legal counsel and advisors, as needed, throughout the Bond issuance process to identify requirements and to establish procedures necessary or appropriate so that the Bonds will continue to qualify for the appropriate tax status. Those requirements and procedures shall be documented in a County resolution(s), Tax Certificate(s) and / or other documents finalized at or before issuance of the Bonds. Those requirements and procedures shall include future compliance with applicable arbitrage rebate requirements and all other applicable post-issuance requirements of federal tax law throughout (and in some cases beyond) the term of the Bonds.

The Administrator and other appropriate County personnel also shall consult with bond counsel and other legal counsel and advisors, as needed, following issuance of the Bonds to ensure that all applicable post-issuance requirements in fact are met. This shall include, without limitation, consultation in connection with future contracts with respect to the use of Bond-financed assets and future contracts with respect to the use of output or throughput of Bond-financed assets.

Whenever necessary or appropriate, the County shall engage expert advisors (each a “Rebate Service Provider”) to assist in the calculation of arbitrage rebate payable in respect of the investment of Bond proceeds.

Role of the County as Bond Issuer

Unless otherwise provided by County resolutions, unexpended Bond proceeds shall be held by the County, and the investment of Bond proceeds shall be managed by the [Administrator]. The Administrator shall maintain records and shall prepare regular, periodic statements to the County regarding the investments and transactions involving Bond proceeds.

If a County resolution provides for Bond proceeds to be administered by a trustee, the trustee shall provide regular, periodic (monthly) statements regarding the investments and transactions involving Bond proceeds.

Arbitrage Rebate and Yield

Unless a Tax Certificate documents that bond counsel has advised that arbitrage rebate will not be applicable to an issue of Bonds:

- the County shall engage the services of a Rebate Service Provider, and the County or the Bond trustee shall deliver periodic statements concerning the investment of Bond proceeds to the Rebate Service Provider on a prompt basis;
- upon request, the Administrator and other appropriate County personnel shall provide to the Rebate Service Provider additional documents and information reasonably requested by the Rebate Service Provider;

- the Administrator and other appropriate County personnel shall monitor efforts of the Rebate Service Provider and assure payment of required rebate amounts, if any, no later than 60 days after each 5-year anniversary of the issue date of the Bonds, and no later than 60 days after the last Bond of each issue is redeemed; and
- during the construction period of each capital project financed in whole or in part by Bonds, the Administrator and other appropriate County personnel shall monitor the investment and expenditure of Bond proceeds and shall consult with the Rebate Service Provider to determine compliance with any applicable exceptions from the arbitrage rebate requirements during each 6-month spending period up to 6 months, 18 months or 24 months, as applicable, following the issue date of the Bonds.

The County shall retain copies of all arbitrage reports and trustee statements as described below under "Record Keeping Requirements".

Use of Bond Proceeds

The Administrator and other appropriate County personnel shall:

- monitor the use of Bond proceeds, the use of Bond-financed assets (e.g., facilities, furnishings or equipment) and the use of output or throughput of Bond-financed assets throughout the term of the Bonds (and in some cases beyond the term of the Bonds) to ensure compliance with covenants and restrictions set forth in applicable County resolutions and Tax Certificates;
- maintain records identifying the assets or portion of assets that are financed or refinanced with proceeds of each issue of Bonds;
- consult with Bond Counsel and other professional expert advisers in the review of any contracts or arrangements involving use of Bond-financed facilities to ensure compliance with all covenants and restrictions set forth in applicable County resolutions and Tax Certificates;
- maintain records for any contracts or arrangements involving the use of Bond-financed facilities as might be necessary or appropriate to document compliance with all covenants and restrictions set forth in applicable County resolutions and Tax Certificates;
- meet at least annually with personnel responsible for Bond-financed assets to identify and discuss any existing or planned use of Bond-financed, assets or output or throughput of Bond-financed assets, to ensure that those uses are consistent with all covenants and restrictions set forth in applicable County resolutions and Tax Certificates.

All relevant records and contracts shall be maintained as described below.

Record Keeping Requirements

Unless otherwise specified in applicable County resolutions or Tax Certificates, the County shall maintain the following documents for the term of each issue of Bonds (including refunding Bonds, if any) plus at least three years:

- a copy of the Bond closing transcript(s) and other relevant documentation delivered to the County at or in connection with closing of the issue of Bonds;
- a copy of all material documents relating to capital expenditures financed or refinanced by Bond proceeds, including (without limitation) construction contracts, purchase orders, invoices, trustee requisitions and payment records, as well as documents relating to costs reimbursed with Bond proceeds and records identifying the assets or portion of assets that are financed or refinanced with Bond proceeds;
- a copy of all contracts and arrangements involving private use of Bond-financed assets or for the private use of output or throughput of Bond-financed assets; and
- copies of all records of investments, investment agreements, arbitrage reports and underlying documents, including trustee statements.

**County of Contra Costa
Annual Report Filing Requirements by Outstanding Bond Issue, Listed by Most Recent to Oldest**

Issue Description	Due Date	Filing Requirements
<p>County of Contra Costa Public Financing Authority Lease Revenue Bonds \$58,055,000 consisting of: \$6,790,000 2010 Series A-1 (Capital Project I – Tax Exempt Bonds); \$13,130,000 2010 Series A-2 (Capital Project I – Taxable Build America bonds); \$20,700,000 2010 Series A-3 (Capital Project I – Taxable Recovery Zone Bonds); and \$17,435,000 2010 Series B (Refunding) Dated: October 28, 2010</p>	<p>Nine months after FYE 6/30 (3/31)</p>	<p>(a) The audited financial statements of the County for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the County’s audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.</p> <p>(b) Numerical and tabular information for the immediately preceding Fiscal Year of the type contained in the Official Statement under the following captions:</p> <ol style="list-style-type: none"> 1. The status of the construction and installation of the improvement constituting Capital Project I and Capital Project II until such time as each Capital Project has been completed; 2. Report of changes in “DEBT SERVICE SCHEDULE;” 3. APPENDIX B–“COUNTY FINANCIAL INFORMATION–Recent County General Fund Budgets” (update Table B-1 “COUNTY OF CONTRA COSTA GENERAL FUND BUDGET”); 4. APPENDIX B–“COUNTY FINANCIAL INFORMATION–Ad Valorem Property Taxes” (update Table B-2 “COUNTY OF CONTRA COSTA SUMMARY OF SECURED ASSESSED VALUATIONS AND AD VALOREM PROPERTY TAXATION”); 5. APPENDIX B–“COUNTY FINANCIAL INFORMATION–Accounting Policies, Reports and Audits” (update Table B-6 “COUNTY OF CONTRA COSTA GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES”); 6. APPENDIX B–“COUNTY FINANCIAL INFORMATION–Pension Plan” (update Table B-9 “CONTRA COSTA COUNTY EMPLOYEES’ RETIREMENT ASSOCIATION SCHEDULE OF FUNDED STATUS”); 7. APPENDIX B–“COUNTY FINANCIAL INFORMATION–Other Post-Employment Healthcare Benefits” (update Table B-16 “CONTRA COSTA COUNTY OTHER POST-EMPLOYMENT HEALTHCARE BENEFIT PLAN SUMMARY OF PARTICIPATING EMPLOYEES AND CONTRIBUTIONS”); 8. APPENDIX B–“COUNTY FINANCIAL INFORMATION–Long Term Obligations” (update Table B-22–“CONTRA COSTA COUNTY OUTSTANDING LEASE OBLIGATIONS AND PENSION OBLIGATION BONDS”).

**County of Contra Costa
Annual Report Filing Requirements by Outstanding Bond Issue, Listed by Most Recent to Oldest**

Issue Description	Due Date	Filing Requirements
<p>County of Contra Costa Public Financing Authority Lease Revenue Bonds \$232,330,000 consisting of: (Refunding and Various Capital Projects) 2007 Series A, \$122,065,000 and (Medical Center Refunding) 2007 Series B, \$110,265,000 Dated: March 14, 2007</p>	<p>Nine months after FYE 6/30 (3/31)</p>	<p>(a) The audited financial statements of the County for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the County's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.</p> <p>(b) Numerical and tabular information for the immediately preceding Fiscal Year of the type contained in the Official Statement under the following captions:</p> <ol style="list-style-type: none"> 1. Report of changes in "DEBT SERVICE SCHEDULE;" 2. APPENDIX B-"COUNTY FINANCIAL INFORMATION-Recent County General Fund Budgets" (update Table B-1 "COUNTY OF CONTRA COSTA GENERAL FUND BUDGET"); 3. APPENDIX B-"COUNTY FINANCIAL INFORMATION-Ad Valorem Property Taxes" (update Table B-2 "COUNTY OF CONTRA COSTA SUMMARY OF SECURED ASSESSED VALUATIONS AND AD VALOREM PROPERTY TAXATION"); 4. APPENDIX B-"COUNTY FINANCIAL INFORMATION-Accounting Policies, Reports and Audits" (update Table B-5 "COUNTY OF CONTRA COSTA GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES"); 5. APPENDIX B-"COUNTY FINANCIAL INFORMATION-Pension Plan" (update Table B-12 "CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION SCHEDULE OF FUNDED STATUS"); 6. APPENDIX B-"COUNTY FINANCIAL INFORMATION-Long Term Obligations" (update Table B-23-"CONTRA COSTA COUNTY OUTSTANDING LEASE OBLIGATIONS AND PENSION OBLIGATION BONDS").
<p>County of Contra Costa Public Financing Authority Lease Revenue Bonds (Various Capital Projects), 2003 Series A, \$18,500,000 Dated: August 14, 2003</p>	<p>Nine months after FYE 6/30 (3/31)</p>	<p>1. The audited financial statements of the County for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the County's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available</p> <p>2. Numerical and tabular information for the immediately preceding Fiscal Year of the type contained in the Official Statement under the following captions:</p> <ol style="list-style-type: none"> (a) "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" (report changes in "-Debt Service Schedule"); (b) "APPENDIX A - COUNTY ECONOMIC, DEMOGRAPHIC AND FINANCIAL INFORMATION - Recent County General Fund Budgets" (update table entitled "COUNTY OF CONTRA COSTA GENERAL FUND BUDGET"); (c) "APPENDIX A - COUNTY ECONOMIC, DEMOGRAPHIC AND FINANCIAL INFORMATION - Ad Valorem Property taxes" (updated table entitled "COUNTY OF CONTRA COSTA SUMMARY OF ASSESSED VALUATIONS AND AD VALOREM PROPERTY TAXATION"); (d) "APPENDIX A - COUNTY ECONOMIC, DEMOGRAPHIC AND FINANCIAL INFORMATION - Accounting Policies, Reports and Audits" (update table entitled "COUNTY OF CONTRA COSTA GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES"); (e) "APPENDIX A - COUNTY ECONOMIC, DEMOGRAPHIC AND FINANCIAL INFORMATION - Long Term Obligations - General Obligation Debt" and "- Lease Obligations" (update table entitled "COUNTY OF CONTRA COSTA OUTSTANDING MARKETABLE LEASE AND PENSION BOND OBLIGATIONS")

**County of Contra Costa
Annual Report Filing Requirements by Outstanding Bond Issue, Listed by Most Recent to Oldest**

Issue Description	Due Date	Filing Requirements
<p>County of Contra Costa California Taxable Pension Obligation Bonds, Series 2003A, \$322,710,000 Dated: May 1, 2003</p>	<p>Nine months after FYE 6/30 (3/31)</p>	<p>1. The audited financial statements of the County for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the County's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available</p> <p>2. Numerical and tabular information for the immediately preceding Fiscal Year of the type contained in the Official Statement under the following captions:</p> <p>(a) "APPENDIX A – COUNTY ECONOMIC, DEMOGRAPHIC AND FINANCIAL INFORMATION – Recent County General Fund Budgets" (update table entitled "COUNTY OF CONTRA COSTA GENERAL FUND BUDGET");</p> <p>(b) "APPENDIX A – COUNTY ECONOMIC, DEMOGRAPHIC AND FINANCIAL INFORMATION – Ad Valorem Property taxes" (updated table entitled "COUNTY OF CONTRA COSTA SUMMARY OF ASSESSED VALUATIONS AND AD VALOREM PROPERTY TAXATION");</p> <p>(c) "APPENDIX A – COUNTY ECONOMIC, DEMOGRAPHIC AND FINANCIAL INFORMATION – Accounting Policies, Reports and Audits" (update table entitled "COUNTY OF CONTRA COSTA GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES");</p> <p>(d) "APPENDIX A – COUNTY ECONOMIC, DEMOGRAPHIC AND FINANCIAL INFORMATION – Long Term Obligations – General Obligation Debt" and "- Lease Obligations" (update table entitled "COUNTY OF CONTRA COSTA OUTSTANDING MARKETABLE LEASE AND PENSION BOND OBLIGATIONS")</p>
<p>County of Contra Costa Public Financing Authority Lease Revenue Bonds (Refunding and Various Capital Projects), 2002 Series B \$25,440,000 Dated: September 5, 2002</p>	<p>Nine months after FYE 6/30 (3/31)</p>	<p>1. The audited financial statements of the County for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the County's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available</p> <p>2. Numerical and tabular information for the immediately preceding Fiscal Year of the type contained in the Official Statement under the following captions:</p> <p>(a) "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" (report changes in DEBT SERVICE SCHEDULE);</p> <p>(b) "APPENDIX B – COUNTY FINANCIAL INFORMATION – County General Fund Budgets" (update table entitled GENERAL FUND BUDGETS);</p> <p>(c) "APPENDIX B – COUNTY FINANCIAL INFORMATION – Ad Valorem Property Taxes" (update table entitled SUMMARY OF ASSESSED VALUATIONS AND AD VALOREM PROPERTY TAXATION);</p> <p>(d) "APPENDIX B – COUNTY FINANCIAL INFORMATION – Accounting Policies, Reports and Audits" (update table entitled SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES);</p> <p>(e) "APPENDIX B – COUNTY FINANCIAL INFORMATION – Long Term Obligations – General Obligation Debt" and "- Lease Obligations" (update financial information)</p>

**County of Contra Costa
Annual Report Filing Requirements by Outstanding Bond Issue, Listed by Most Recent to Oldest**

Issue Description	Due Date	Filing Requirements
<p>County of Contra Costa Public Financing Authority Lease Revenue Bonds (Various Capital Projects), 2002 Series A \$12,650,000 Dated: June 1, 2002</p>	<p>Nine months after FYE 6/30 (3/31)</p>	<p>1. The audited financial statements of the County for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the County's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available</p> <p>2. Numerical and tabular information for the immediately preceding Fiscal Year of the type contained in the Official Statement under the following captions:</p> <p>(a) "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Base Rental Payments" (report changes in DEBT SERVICE SCHEDULE);</p> <p>(b) "APPENDIX B – COUNTY FINANCIAL INFORMATION – County General Fund Budgets" (update table entitled GENERAL FUND BUDGETS);</p> <p>(c) "APPENDIX B – COUNTY FINANCIAL INFORMATION – Ad Valorem Property Taxes" (update table entitled SUMMARY OF ASSESSED VALUATIONS AND AD VALOREM PROPERTY TAXATION);</p> <p>(d) "APPENDIX B – COUNTY FINANCIAL INFORMATION – Accounting Policies, Reports and Audits" (update table entitled SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES);</p> <p>(e) "APPENDIX B – COUNTY FINANCIAL INFORMATION – Long Term Obligations – General Obligation Debt" and "– Lease Obligations" (update financial information)</p>
<p>County of Contra Costa Public Financing Authority, 2001 Revenue Bonds (Reassessment District of 2001), \$6,575,000 Dated: June 7, 2001</p>	<p>Nine months after FYE 6/30 (3/31)</p>	<p>(a) Items relating to the Authority</p> <p>(i) Outstanding principal amount of the Bonds as of the end of the most recent fiscal year; and (ii) Balance of the Reserve Fund as of the end of the most recent fiscal year.</p> <p>(b) Items relating to the Reassessment District. Unless otherwise provided in the audited financial statements filed on or prior to the annual filing deadline for the Annual Reports provided for in Section 3 above, financial information and operating data with respect to the Reassessment District for the preceding fiscal year, substantially similar to that provided in the corresponding tables and charts in the Official Statement for the Bonds, as follows:</p> <p>(i) Principal amount outstanding of the Reassessment Bonds.</p> <p>(ii) Balance in the Redemption Funds created pursuant to the Paying Agent Agreement relating to the Reassessment Bonds.</p> <p>(iii) Total aggregate assessed value (per the County records) of all parcels currently subject to the Reassessments within the Reassessment District showing the total aggregate assessed valuation for all land and the total aggregate assessed valuation for all improvements within the Reassessment District.</p> <p>(iv) With respect to the Reassessment District, but only in the event the sum of uncured Reassessment delinquencies for such Reassessment District for the preceding Fiscal Year exceeds 5 percent of the Reassessment installments posted to the tax roll for such Fiscal Year (3% if any portion of the Reassessment District does not participate in the County's Teeter Plan), delinquency information for each parcel then delinquent in the payment of Reassessments, including the amount of such delinquency, length of delinquency and status of any foreclosure (including results of foreclosure sales).</p> <p>(v) A land ownership summary listing property owners (and the assessed values of their property) responsible for more than five percent (5%) of the annual Reassessments within the Reassessment District, as shown on the Contra Costa County Assessor's last equalized tax roll prior to the September next preceding the Annual Report Date.</p> <p>(vi) A copy of any information given by the Authority to the California Debt and Investment Advisory Commission pursuant to Government Code Section 6599.1.</p>

**County of Contra Costa
Annual Report Filing Requirements by Outstanding Bond Issue, Listed by Most Recent to Oldest**

Issue Description	Due Date	Filing Requirements
<p>County of Contra Costa California Taxable Pension Obligation Bonds, Refunding Series 2001, \$107,005,000 Dated: March, 20, 2001</p>	<p>Nine months after FYE 6/30 (3/31)</p>	<p>1. The audited financial statements of the County for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the County's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available</p> <p>(a) "APPENDIX B – COUNTY FINANCIAL INFORMATION – County General Fund Budgets" (update table entitled GENERAL FUND BUDGETS);</p> <p>(b) "APPENDIX B – COUNTY FINANCIAL INFORMATION – Ad Valorem Property Taxes" (update table entitled SUMMARY OF ASSESSED VALUATIONS AND AD VALOREM PROPERTY TAXATION);</p> <p>(c) "APPENDIX B – COUNTY FINANCIAL INFORMATION – Accounting Policies, Reports and Audits" (update table entitled SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES);</p> <p>(d) "APPENDIX B – COUNTY FINANCIAL INFORMATION – Long Term Obligations – General Obligation Debt" and "– Lease Obligations" (update financial information)</p>
<p>County of Contra Costa Public Financing Authority Lease Revenue Bonds (Various Capital Projects), 2001 Series A, \$18,030,000 Dated: January 1, 2001</p>	<p>Nine months after FYE 6/30 (3/31)</p>	<p>1. The audited financial statements of the County for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the County's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available</p> <p>2. Numerical and tabular information for the immediately preceding Fiscal Year of the type contained in the Official Statement under the following captions:</p> <p>(a) "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Base Rental Payments" (report changes in DEBT SERVICE SCHEDULE);</p> <p>(b) "APPENDIX B – COUNTY FINANCIAL INFORMATION – County General Fund Budgets" (update table entitled GENERAL FUND BUDGETS);</p> <p>(c) "APPENDIX B – COUNTY FINANCIAL INFORMATION – Ad Valorem Property Taxes" (update table entitled SUMMARY OF ASSESSED VALUATIONS AND AD VALOREM PROPERTY TAXATION);</p> <p>(d) "APPENDIX B – COUNTY FINANCIAL INFORMATION – Accounting Policies, Reports and Audits" (update table entitled SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES);</p> <p>(e) "APPENDIX B – COUNTY FINANCIAL INFORMATION – Long Term Obligations – General Obligation Debt" and "– Lease Obligations" (update financial information)</p>

**County of Contra Costa
Annual Report Filing Requirements by Outstanding Bond Issue, Listed by Most Recent to Oldest**

Issue Description	Due Date	Filing Requirements
<p>County of Contra Costa Public Financing Authority Lease Revenue Bonds (Refunding and Various Capital Projects), 1999 Series A, \$74,685,000 Dated: February 1, 1999</p>	<p>Nine months after FYE 6/30 (3/31)</p>	<p>1. The audited financial statements of the County for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the County's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available</p> <p>2. Numerical and tabular information for the immediately preceding Fiscal Year of the type contained in the Official Statement under the following captions:</p> <p>(a) "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Base Rental Payments" (report changes in DEBT SERVICE SCHEDULE);</p> <p>(b) "APPENDIX B – COUNTY FINANCIAL INFORMATION – County General Fund Budgets" (update table entitled GENERAL FUND BUDGETS);</p> <p>(c) "APPENDIX B – COUNTY FINANCIAL INFORMATION – The Contra Costa County Investment pool" (update various tables);</p> <p>(d) "APPENDIX B – COUNTY FINANCIAL INFORMATION – Ad Valorem Property Taxes" (update table entitled SUMMARY OF ASSESSED VALUATIONS AND AD VALOREM PROPERTY TAXATION);</p> <p>(e) "APPENDIX B – COUNTY FINANCIAL INFORMATION – Accounting Policies, Reports and Audits" (update table entitled GENERAL FUND BALANCE SHEET);</p> <p>(f) "APPENDIX B – COUNTY FINANCIAL INFORMATION – Accounting Policies, Reports and Audits" (update table entitled SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES);</p> <p>(g) "APPENDIX B – COUNTY FINANCIAL INFORMATION – Long Term Obligations – General Obligation Debt" and "– Lease Obligations" (update financial information)</p>

Additional tasks to be completed around the time of the Annual Report:

1. RZEDB Self Certification Form for CDLAC (due by March 1 each year bonds are outstanding)
2. CDIAC Marks-Roos Report for Reassessment District of 2001 (due by October 1 each year bonds are outstanding)