



# LINDSAY FINANCING AUTHORITY MEETING AGENDA

City Hall, 251 E. Honolulu St., Lindsay, CA 93247

Notice is hereby given that the Lindsay Financing Authority will hold a Regular Meeting on **December 12, 2023, after 6:00 PM immediately following the Regular Meeting of the Lindsay City Council** aft in person and via webinar. The webinar address for members of the public is <https://zoom.us/j/99279557087>. Those who would like to make a public comment during the public comment portion of the agenda may do so by utilizing the raise hand feature or indicating they would like to make a comment in the chat.

Persons with disabilities who may need assistance should contact the City Clerk prior to the meeting at (559) 562-7102 ext. 8034 or via email at [lindsaycityclerk@lindsay.ca.us](mailto:lindsaycityclerk@lindsay.ca.us).

1. **CALL TO ORDER**
2. **ROLL CALL**
3. **APPROVAL OF AGENDA**
4. **PUBLIC COMMENT**

The public is invited to comment on any subject under the jurisdiction of the Lindsay Financing Authority. Please note that speakers that wish to comment on a Regular Item or Public Hearing on tonight's agenda will have an opportunity to speak when public comment for that item is requested by the Mayor. Comments shall be limited to three (3) minutes per person, with thirty (30) minutes for the total comment period, unless otherwise indicated by the Mayor. The public may also choose to submit a comment before the meeting via email. Public comments received via email will be distributed to the Financing Authority prior to the start of the meeting and incorporated into the official minutes; however, they will not be read aloud. Under state law, matters presented under public comment cannot be acted upon by the Financing Authority at this time.

## 5. **CONSENT CALENDAR**

Routine items approved in one motion unless an item is pulled for discussion.

- 5.1 Consider the Approval of **Financing Authority Resolution No. 23-01**, A Resolution of the Financing Authority of the City of Lindsay Adopting a Debt Management Policy (pp. 3 – 11)

## 6. **ADJOURNMENT**

Lindsay Financing Authority meetings are held in the City Council Chambers at 251 E. Honolulu Street in Lindsay, California. Materials related to an Agenda item submitted to the legislative body after distribution of the Agenda Packet are available for public inspection in the office of the City Clerk during normal business hours. The complete agenda is available at [www.lindsay.ca.us](http://www.lindsay.ca.us). In compliance with the Americans with Disabilities Act & Ralph M. Brown Act, if you need special assistance to participate in this meeting, or to be able to access this agenda and documents in the agenda packet, please contact the office of the City Clerk at (559) 562-7102 x 8034. Notification prior to the

meeting will enable the City to ensure accessibility to this meeting and/or provision of an alternative format of the agenda and documents in the agenda packet.



## STAFF REPORT

TO: Lindsay Financing Authority  
FROM: Salvador Guzman, Director of Finance  
DEPARTMENT: City Manager  
ITEM NO.: 5.1  
MEETING DATE: December 12, 2023

### **ACTION & RECOMMENDATION**

Consider the Approval of Financing Authority Resolution No. 23-01, A Resolution of the Financing Authority of the City of Lindsay Adopting a Debt Management Policy.

City Staff recommends that the City Council pass and adopt Financing Authority Resolution No. 23-01, which adopts the attached Debt Management Policy which will help ensure that City and Financing Authority debt is issued and managed prudently.

### **BACKGROUND | ANALYSIS**

Section 8855(i) of the California Government Code requires that each public agency (e.g., the City and the Lindsay Financing Authority) provide to California Debt and Investment Advisory Commission (CDIAC) no later than 30 days prior to the sale of any debt a report of the proposed issuance of debt by the public agency. Effective January 1, 2017, public agencies must certify on the Report of Proposed Debt Issuance that they have adopted local debt policies concerning the issuance of debt that satisfies the requirements of Section 8855(i). Under Section 8855(i), the debt policies must include (A) through (E), below.

- A. The purposes for which the debt proceeds may be used.
- B. The types of debt that may be issued.
- C. The relationship of the debt to, and integration with, the issuer's capital improvement program or budget, if applicable.
- D. Policy goals related to the issuer's planning goals and objectives.
- E. 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.

In addition to the requirement set forth by Section 8855(i), it is prudent financial management for the City and Financing Authority to adopt a debt management policy that sets parameters for issuing debt, manages the City's and Financing Authority's debt portfolios, and provides guidance to decision makers. The attached Debt Management Policy has been prepared to assist the City and the Financing Authority to satisfy the requirements of Section 8855(i) as well as to include best management practices expected by the pertinent credit markets and municipal bond industry.

## **FISCAL IMPACT**

No fiscal impact associated with this action. It should be noted that this Debt Management Policy will guide future debt issuance and management, potentially leading to cost savings, more efficient capital spending, and improved fiscal health for the City.

## **ATTACHMENTS**

- Debt Management Policy
- Financing Authority Resolution No. 23-01

## **DEBT MANAGEMENT POLICY**

This Debt Management Policy (this “Debt Policy”) of the City of Lindsay, California (the “City”) and the Lindsay Financing Authority (the “Authority” and together with the City, the “Issuers” and each an “Issuer”) was approved by the City Council of the City and the governing board of the Authority (the “Governing Board”) at a meeting held on December 12, 2023. This Debt Policy may be amended by the City Council and the Governing Board as they deem appropriate from time to time in the prudent management of their respective debt. Any approval of debt by the City Council or the Governing Board that is not consistent with this Debt Policy shall constitute a waiver of this Debt Policy.

### **1. Findings**

This Debt Policy is intended to comply with Government Code Section 8855(i), effective on January 1, 2017, and shall govern all debt undertaken by the Issuers.

Each Issuer hereby recognizes that a fiscally prudent debt policy is required in order to:

- Maintain their sound financial position.
- Ensure they have the flexibility to respond to changes in future service priorities, revenue levels, and operating expenses.
- Protect their credit worthiness. Ensure that all debt is structured in order to protect both their respective current and future taxpayers, ratepayers and constituents.
- Ensure that the Issuer’s respective debt is consistent with their planning goals and objectives and capital improvement program or budgets, as applicable.

### **2. Policies**

#### **A. Purposes For Which Debt May Be Issued**

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

(a) Long-term debt financings are appropriate when the following conditions exist:

- When the project to be financed is necessary to provide basic services.
- When the project to be financed will provide benefit to constituents over multiple years.
- When total debt does not constitute an unreasonable burden to the Issuers and their respective taxpayers and ratepayers.

- When the debt is used to refinance outstanding debt in order to produce debt service savings or to realize the benefits of a debt restructuring.

(b) Long-term debt financings will not generally be considered appropriate for current operating expenses and routine maintenance expenses.

(c) The Issuers may use long-term debt financings subject to the following conditions:

- The project to be financed must be approved by the City Council and/or the Governing Board, as applicable.
- The weighted average maturity of the debt (or the portion of the debt allocated to the project) will not exceed the average useful life of the project to be financed by more than 20%.
- The applicable Issuer estimates that sufficient revenues will be available to service the debt through its maturity.
- The applicable Issuer determines that the issuance of the debt will comply with the applicable state and federal law.

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

(iii) Financings on Behalf of Other Entities. The Issuers may also find it beneficial to issue debt on behalf of other governmental agencies or private third parties in order to further the respective public purposes of the Issuers. In such cases, the Issuers shall take reasonable steps to confirm the financial feasibility of the project to be financed and the financial solvency of any borrower and that the issuance of such debt is consistent with the policies set forth herein.

## **B. Types of Debt**

For purposes of this Debt Policy, "debt" shall be interpreted broadly to mean loans, bonds, notes, certificates of participation, financing leases, or other financing obligations, but the use of such term in this Debt Policy shall be solely for convenience and shall not be interpreted to characterize any such obligation as an indebtedness or debt within the meaning of any statutory or constitutional debt limitation where the substance and terms of the obligation comport with exceptions thereto.

The following types of debt are allowable under this Debt Policy:

- general obligation bonds
- bond or grant anticipation notes

- lease revenue bonds, certificates of participation and lease-purchase transactions
- other revenue bonds and certificates of participation
- tax and revenue anticipation notes
- land-secured financings, such as special tax revenue bonds issued under the Mello-Roos Community Facilities Act of 1982, as amended, and limited obligation bonds issued under applicable assessment statutes
- conduit financings, such as financings for affordable rental housing and qualified 501(c)3 organizations
- state or federal loans, including Revolving Fund loans
- loans and lines of credit with banks and other financial institutions
- refunding bonds, notes, loans and other obligations

The Issuers may from time to time find that other forms of debt would be beneficial to further its public purposes and may approve such debt without an amendment of this Debt Policy.

Debt shall be issued as fixed rate debt unless the applicable Issuer makes a specific determination as to why a variable rate issue would be beneficial to such Issuer in a specific circumstance.

### **C. Relationship of Debt to Capital Improvement Program and Budget**

The Issuers are committed to long-term capital planning. The Issuers intend to issue debt for the purposes stated in this Debt Policy and to implement policy decisions incorporated in their respective capital budget and the capital improvement plan, if any.

The Issuers shall strive to fund the upkeep and maintenance of its infrastructure and facilities due to normal wear and tear through the expenditure of available operating revenues. The Issuers shall seek to avoid the use of debt to fund infrastructure and facilities improvements that are the result of normal wear and tear.

The Issuers shall integrate its debt issuances with the goals of its capital improvement program by timing the issuance of debt to ensure that projects are available when needed in furtherance of their respective public purposes.

The Issuers shall seek to avoid the use of debt to fund infrastructure and facilities improvements in circumstances when the sole purpose of such debt financing is to reduce annual budgetary expenditures.

The Issuers shall seek to issue debt in a timely manner to avoid having to make unplanned expenditures for capital improvements or equipment from their respective general funds.

## **D. Policy Goals Related to Planning Goals and Objectives**

The Issuers are committed to long-term financial planning, maintaining appropriate reserve levels and employing prudent practices in governance, management and budget administration. The Issuers intend to issue debt for the purposes stated in this Debt Policy and to implement policy decisions incorporated in their respective annual operations budget, if any.

It is a policy goal of the Issuers to protect their respective taxpayers, ratepayers and constituents by utilizing conservative financing methods and techniques so as to obtain the highest practical credit ratings (if applicable) and the lowest practical borrowing costs.

The Issuers will comply with applicable state and federal law as it pertains to the maximum term of debt and the procedures for levying and imposing any related taxes, assessments, rates and charges.

When refinancing debt, it shall be the policy goal of the Issuers to do so either for the purpose of realizing debt service savings or for the purpose of restructuring debt in a manner which is in their best financial interests. Any refinancing of debt for the purpose of realizing debt service savings shall achieve a minimum net present value debt service savings equal to or greater than 3.0% of the refunded principal amount or such lesser amount as shall be designated in the resolution adopted by the City Council or the Governing Board, as applicable, which authorizes the refunding proceedings.

## **E. Internal Control Procedures**

When issuing debt, in addition to complying with the terms of this Debt Policy, the Issuers shall comply with any other applicable policies regarding initial bond disclosure, continuing disclosure, post-issuance compliance, and investment of bond proceeds.

The Issuers will periodically review the requirements of and will remain in compliance with the following:

- any continuing disclosure undertakings under SEC Rule 15c2-12,
- any federal tax compliance requirements, including without limitation arbitrage and rebate compliance, related to any prior bond issues, and
- their investment policies, if any, as they relate to the investment of bond proceeds.

It is the policy of the Issuers to ensure that proceeds of debt are spent only on lawful and intended uses. Whenever reasonably possible, proceeds of debt will be held by a third-party trustee and the Issuers will submit written requisitions for such proceeds. The Issuers will submit a requisition only after obtaining the signature of the City Manager of the City or the Executive Director of the Authority, as applicable. In those cases where it is not reasonably possible for the proceeds of debt to be held by a third-party trustee, the person performing the function of chief financial officer of the City or the Authority, as applicable, shall retain records of all expenditures of proceeds through the final payment date for the debt.



## **F. Adoption By Related Local Agency**

This Debt Policy may be adopted, and shall be applicable to, any other local agency for which the City Council acts as the governing board thereof (each, a "**Local Agency**"). The adoption of this Debt Policy by the Local Agency shall be evidenced by a resolution adopted by the City Council, in its capacity as the governing board of such Local Agency, adopting this Debt Policy and specifying the officer(s) authorized to submit the requisitions, and required to retain the records, described in Section E above on behalf of such Local Agency.

DRAFT



## A RESOLUTION OF THE FINANCING AUTHORITY OF THE CITY OF LINDSAY

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**NUMBER** 23-49

**TITLE** A RESOLUTION OF THE FINANCING AUTHORITY OF THE CITY OF LINDSAY ADOPTING A DEBT MANAGEMENT POLICY

**MEETING** At a regularly scheduled meeting of the City of Lindsay Financing Authority held on December 12, 2023, at 251 E. Honolulu Street, Lindsay, CA 93247

**WHEREAS**, pursuant to Senate Bill 1029 (“SB 1029”), which was signed by the California Governor on September 12, 2016, California public agencies that issue debt must adopt debt management policies that meet certain criteria; and

**WHEREAS**, in response to SB 1029 and in order to adhere to sound financial management practices, the City of Lindsay wishes to adopt and maintain a debt management policy; and

**WHEREAS**, there has been presented to this meeting a proposed form of a debt management policy, which is also attached hereto as Exhibit A (the “Debt Policy”).

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LINDSAY DOES HEREBY RESOLVE AS FOLLOWS:**

- SECTION 1. The Financing Authority hereby approves and adopts the Debt Policy presented to the meeting at which this resolution is adopted.
- SECTION 2. This resolution shall take effect from and after the date of its passage and adoption.



## A RESOLUTION OF THE FINANCING AUTHORITY OF THE CITY OF LINDSAY

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**PASSED AND ADOPTED** by the Financing Authority of the City of Lindsay as follows:

MEETING DATE	December 12, 2023
MOTION	
SECOND MOTION	
AYES	
ABSENT	
ABSTAIN	
NAYS	

CERTIFICATION OF THE FOREGOING RESOLUTION AS FULL, TRUE, PASSED AND ADOPTED BY THE FINANCING AUTHORITY OF THE CITY OF LINDSAY AS DETAILED.

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FRANCESCA QUINTANA  
CITY CLERK

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HIPOLITO A. CERROS  
MAYOR