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requirements and minimize the District's debt cost. Such services, depending on the type of financing, may include municipal advisory, underwriting, trustee, verification agent, escrow agent, arbitrage consulting, printer and special tax consulting. The goal in selecting service providers, whether through a competitive process or sole-source selection, is to achieve an appropriate balance between service and cost. Procurement for service providers shall follow Executive Limitations Policy EL-5 Procurement, as amended from time to time. Per EL-5 Procurement (Rev July 29, 2015) the CEO is authorized to execute contracts for consultant services up to \$225,000; contracts exceeding this limit would require Board approval. The District Counsel has sole discretion in entering legal services contracts with no dollar limit.

v. Method of Sale

Except to the extent a competitive process is required by law, the CEO or his delegates shall be responsible for determining the appropriate way to offer any securities to investors. The District has used both competitive bidding and negotiated sales to sell its bonds. Also, available to the District is a private placement method. On a case by case basis the CEO or his delegates will decide as to the most effective method of sale.

For negotiated sale, any underwriters that are currently suspended by the California State Treasurer's Office from its negotiated underwriting pool may not participate in the District's negotiated sale, pending Board approval.

vi. Maturity

The District shall issue debt with an average life less than or equal to the average life of the assets being financed. The final maturity of the debt should be no longer than 40 years. Factors to be considered when determining the final maturity of debt include: the average life of the assets being financed, relative level of interest rates and the year-to-year differential in interest rates.

vii. Maturity Structure

The District's long-term debt may include serial and term bonds. Serial bonds have various maturity dates scheduled at regular intervals until the entire issue is retired. Term bonds have a long-term maturity date and are outstanding until the debt is retired. Other maturity structures may also be considered which can be demonstrated to be consistent with the objectives of the District's Debt Policy.

viii. Credit Enhancement

The District shall procure credit enhancement for a sale of bonds if the Financial Services Division, in consultation with the Municipal Advisor and the Underwriters, determines that it is cost effective to do so. Credit enhancement consists primarily of insuring the bonds over the life of their term.

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