

# Issuer's Role in Planning a Debt Issuance

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# Section 1: Key Financial Policies and Practices

# Why Have a Debt Policy?

- Creates tool to reconcile capital needs with available resources
- Establishes basic parameters and principles of issuer's approach to borrowing
  - When, why, how debt can be issued
  - Promotes discipline in the decision-making process
- Educates stakeholders
  - Exposes elected officials, non-finance staff, and the public to fundamental elements of the debt issuance process
  - Provides an opportunity to discuss policy elements
  - Enhances credibility and transparency, and ensures that there is a common understanding among elected officials and staff regarding the approach to debt financing
- Favorably viewed by rating agencies
- Required by State law



# CA Government Code Section 8855<sup>1</sup>

- SB 1029, which became effective Jan. 1, 2017, requires local issuers to adopt a debt policy prior to the issuance of debt
- A local debt policy must include the following:
  - (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



# Benefits of a Strong Debt Policy

- Board approved policies encourage consistency and provide protection against political expediency
- Regulators and rating agencies favor written policies adopted by the governing body
  - Signals to rating agencies and investors that a government is well managed
- GFOA Best Practice – “A debt management policy should improve the quality of decisions, articulate policy goals, provide guidelines for the structure of debt issuance, and demonstrate a commitment to long-term capital and financial planning.”<sup>2</sup>

# Elements of a Debt Policy

- Minimum requirements set forth in Gov't Code Section 8855
- Varying approaches to level of detail
  - Policies may be 4 pages long, or 24 pages long...
    - Pros and cons to having a more specific, prescriptive policy vs. a more general policy
    - Per GFOA: “Debt management policies should be written with attention to the issuer's specific needs and available financing options and are typically *implemented through more specific operating procedures*”<sup>3</sup>
- Common elements of a debt policy include:
  - Debt Objectives
  - Debt Capacity
  - Debt Issuance Process
  - Debt Instruments
  - Debt Structure
  - Refunding Parameters



# Debt Objectives

- How will the agency determine whether to issue debt?
  - Integration of capital planning and debt financing activities
  - Funding options, including debt, evaluated on case-by-case basis
- Type of debt authorized and the authorization process
- Striking the balance
  - Current resources (pay-as-you-go) vs. future resources (debt)
  - Current users vs. future users (generational equity)
- Limits on indebtedness
  - Imposed by State and/or federal law
  - Affordability constraints
  - Limits imposed by parity debt covenants



# Debt Instruments

- Direct debt
  - General Obligation Bonds
  - Appropriation debt (e.g., lease revenue obligations)
- Revenue debt
- Short-term borrowings – TRANs, Bond Anticipation Notes (BANs), etc.
- Variations on the theme
  - Fixed-rate and variable-rate
  - Publicly offered and privately placed
- Other debt to consider
  - Conduit Debt
  - State and Federal subsidized borrowing programs
  - Interfund Borrowing





# Debt Structure

- Term
  - Should not exceed useful life of asset
  - More rapid amortization creates future capacity
- Repayment pattern
  - Level debt service
  - Escalating debt service
  - Wrapping around existing debt
- Deferral of principal
  - Capitalized interest until completion of project
- Redemption features
- Variable vs. fixed interest rates



# Debt Issuance Process

- Types of offerings - public offering vs. private placement - and selection of method of sale
- Selection of professional team
- Credit ratings
- Credit enhancement
- Disclosure – primary and continuing
  - Disclosure policies and practices may be addressed in a separate standalone policy or as part of a debt policy

# Refunding Parameters

- Refundings usually undertaken for savings, but can also be used to restructure debt or change legal covenants
- Debt policies typically include a Net Present Value savings minimum for refundings
  - Between 3% and 5% minimum NPV savings is common
  - Generally measured on an aggregate basis
    - Individual maturities may not meet threshold but still be desirable to include in refunding
- Tax-exempt advance refundings no longer permitted,<sup>4</sup> but there are still alternative techniques such as forward delivery and taxable refunding
  - Minimum savings policy would still apply
  - Some issuers target higher savings to compensate for additional risk

# Other Key Financial Policies and Practices

- Reserve Policy
- Pension Funding Policy (as applicable)
- Capital Improvement Plan
- Multi-year Financial Planning

*“When evaluating a credit, we seek to understand the probable impact of fund balance policies, multi-year financial or capital planning, liquidity management, accuracy of budget forecasts, and willingness to make mid-year adjustments.”*

*Moody’s Rating Methodology, “US Local Government General Obligation Debt,” 1/26/21*



# S&P's Financial Management Assessment

- S&P's Financial Management Assessment evaluates **“management practices and policies in the seven areas most likely to affect credit quality”** <sup>5</sup>
  - Revenue and expenditure assumptions
  - Budget amendments and updates
  - Long term financial planning
  - Long term capital planning
  - Investment management policies
  - Debt management policies
  - Reserve and liquidity policies



# Favorable Management Practices

- ✓ Established budget reserve
- ✓ Regular economic and revenue reviews
- ✓ Prioritized spending plans and established contingency plans
- ✓ Formal capital improvement plan
- ✓ Long-term planning
- ✓ Debt affordability model
- ✓ Pay-as-you-go financing
- ✓ Multi-year financial plan
- ✓ Effective management and information systems
- ✓ Well-defined and coordinated economic development plan



# Section 2: Selection of Financing Team

# Typical Participants in a Bond Financing Team







# Issuer and Their Counsel

- Issuer – Issuing body with the authority to issue bonds
- Bond Counsel – Every bond issue must be reviewed by a lawyer or law firm
  - The legal opinion is authorization of the debt and covers two main issues:
    - Ensures that the bonds are legal, valid, and binding obligations of the issuer
    - Verifies the tax status of the debt (if interest is exempt from federal, state, or local taxes)
- Other Counsel – may include special tax counsel, disclosure counsel, and issuer's counsel. Such special counsel may be necessary for specific issues that are more complex and diverse than standard offerings



# Municipal Advisor

- Advises the Issuer throughout the planning and bond issuance process
  - Provides advice on all aspects of process including development of the plan of finance, identifying financing options, structuring the debt, determining the method of sale, obtaining ratings, and supporting the issuer in pricing negotiations
- Acts as the Issuer's fiduciary



# Underwriter/Underwriter's Counsel

- Underwriter – Securities dealer who purchases bonds from the issuer and resells them to investors
  - In doing so, the Underwriter assumes a financial risk and expects to make a profit on the transaction
  - The Underwriter does not have a fiduciary responsibility to the issuer, but rather works both for the Issuer and for the investors
- Underwriter's Counsel – Represents the underwriter(s) in a negotiated issue
  - Performs a due diligence review of the issuer ensuring that the issuer's financial condition and all other pertinent information are accurately disclosed



# Trustee/Paying Agent

- Trustee – Financial institution that is given fiduciary powers by a bond issuer to enforce the terms of a bond indenture.
  - Ensures that bond payments are made as scheduled, and protects the interests of the bondholders if the issuer defaults
- Paying Agent – Agent who accepts payments from the issuer of a security and distributes the payments to the holders of the security



# Escrow and Verification Agents

- Roles specific to refunding bonds:
  - Escrow Agent – Serves as custodian of the funds and holds securities to pay debt service on refunded bonds
  - Verification Agent – Verifies cash flow sufficiency to the call date of the escrowed securities



# Other Consultants

- Engineering Consultants
- Feasibility Consultants
- Rate Consultants
- Special Tax Consultants
- Arbitrage Rebate Consultant
- Printer/Document Hosting Platforms



# Rating Agencies and Credit Enhancement

- Rating agencies rate municipal bond issuers in order to categorize their credit worthiness and likelihood of default
  - Credit ratings play a significant role in broadening the investor base for an issuer and generally having a strong rating enhances an issuer's access to investors, helping to lower their cost of capital
- Credit Enhancement – Supports an issuer's credit in exchange for a fee or a premium, in the form of enhancement such as bond insurance or a letter of credit

# Selecting the Financing Team

**Procurement process**

**Decision makers**

**Formal approval**

**Method of Sale**

**Requests for Qualifications, Requests for Proposals, Mini RFPs**

**Interviews**

**Individual selections, pools**

**DEIB Considerations**

**What to consider**

**What to avoid**





# Section 3: Creating the Financing Plan



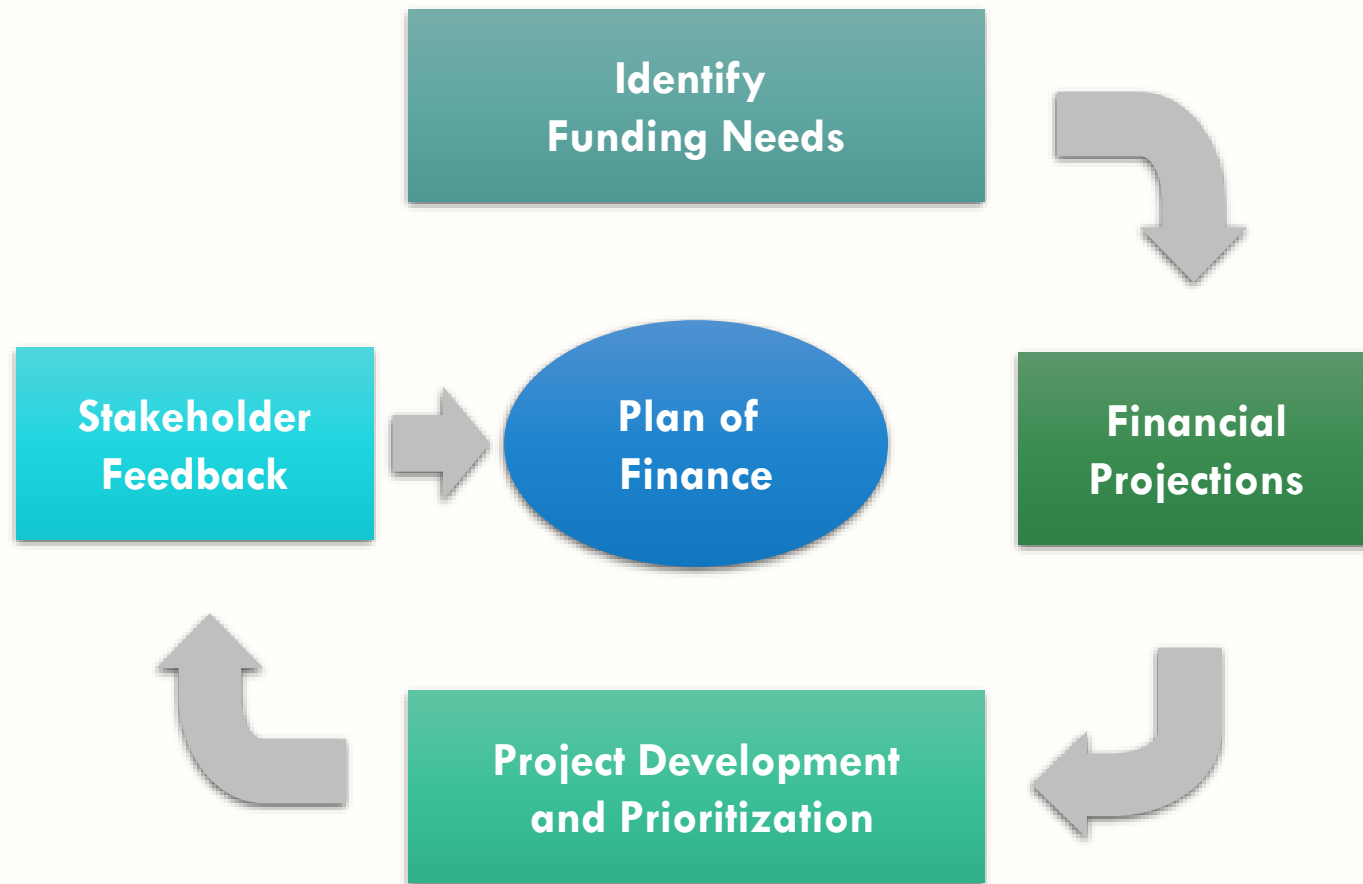
# Plan of Finance

- What is it?
  - A long-term planning tool to balance scarce resources among ongoing expenditures and capital needs
- What does it do?
  - Identifies capital needs and available sources of revenue to fund them
    - Helps control revenue streams/expenditures and develops a rate-setting/budgeting plan to meet funding objectives
  - Determines the feasibility of various funding options
    - Helps develop strategies for minimizing borrowing costs over time

# Basic Options for Funding Capital Projects

- **Pay As You Go: Utilize reserves or ongoing revenues**
  - Requires ample cash reserves and manageable capital program
  - Policy objectives may favor
- **Beg: Secure state or federal grants or low-interest loans**
  - Requires available funding on attractive terms
  - Timing uncertainties and program restrictions can offset subsidy benefit
- **Borrow: Issue debt**
  - Spreads cost over useful life of asset, current and future users pay
  - Can accelerate phased projects, capture cost savings
  - Preserves cash reserves for other things

# Developing a Plan of Finance





# Key Elements of a Plan of Finance

- **Projects**
  - Capital improvement plan that identifies and prioritizes projects
  - Reliable cost estimates that incorporate future capital costs and O&M of the project to be financed
- **Revenue**
  - Realistic revenue forecasts
  - Address the longevity, availability, reliability and flexibility of future revenue sources
- **Financial Policies and Targets**
  - Debt Policy
  - Coverage target
  - Ratings target
  - Tax/Fee target
  - Reserve target
- **Legal Framework**
  - Authorization to levy taxes or fees
  - Authorization to issue debt
  - Tax law governing the issuance of debt and use of proceeds



# Plan of Finance Must Be Flexible

- A plan of finance is not meant to remain static, but should be revisited and be flexible
  - It should allow for continuous feedback and should be responsive to the needs of the various stakeholders
- It should be flexible, in order to respond to any unforeseen circumstances or capitalize on any unique market opportunities
  - Rate increases approved or not
  - New environmental/legislative mandates
  - New funding programs
  - New management/elected officials
  - Economic environment changes
  - Tax law changes
  - Credit rating downgrade/upgrade



# Section 4: Debt Capacity



# Constraints on Debt Capacity

- Restrictions imposed by law
- Restrictions imposed by contract
- Restrictions influenced by rating agency and investor reaction
- Restrictions imposed by affordability and fiscal discipline



# Restrictions Imposed by Law

- The State Constitution limits “indebtedness” <sup>6</sup>
  - “Indebtedness” (General Obligation Bonds - paid out of property taxes, require 2/3 vote; schools can issue GOs with 55% approval)
  - Statutory restrictions on the amount of debt as a percent of assessed valuation
- Various court decisions have carved out key exceptions for leases, revenue bonds paid out of “special funds,” and obligations imposed by law
- More significant than the restrictions on debt are the restrictions on the revenues that can be raised to repay debt
  - Proposition 13 (1978) limited property taxes and instituted the need for voters to approve special taxes <sup>7</sup>
  - Proposition 218 (1996) closed judicially-defined exceptions to Prop 13, requiring votes for all taxes, and restricted fees and assessments <sup>8</sup>



# Restrictions Imposed by Contract

- Many bond and/or loan documents impose limits on additional “parity” debt: the Additional Bonds Test (ABT)
  - An ABT requires the issuer to meet a minimum coverage level in order to incur additional debt secured by the same revenues at the same lien level
  - Typically, limited restrictions on subordinate lien obligations
- Established based on feedback from rating agencies, bond insurers, investors
  - Can affect rating and insurance premium (if any)
  - 1.25 coverage of debt service by “net revenues” (after payment of O&M expenses) is common for revenue bonds

# Rating Considerations

- Moody's, Standard & Poor's, Fitch, and Kroll publish rating methodologies for all types of debt they rate
  - How they evaluate debt metrics factors into their ratings
  - Certain key ratios are associated with specific rating levels
- Helpful in understanding expected credit impacts of decision to issue debt
  - Credit ratings are only one factor in making a public policy decision

S&P Global Ratings <sup>9</sup>

Total Governmental Funds Debt Service as % of Total Governmental Funds Expenditures		Debt & Contingent Liabilities (10% of Indicative Rating)				
		Net Direct Debt as % of Total Governmental Funds Revenue				
		< 30	30 to 60	60 to 120	120 to 180	≥ 180
< 8	1	2	3	4	5	
8 to 15	2	3	4	4	5	
15 to 25	3	4	5	5	5	
25 to 35	4	4	5	5	5	
≥ 35	4	5	5	5	5	

Moody's <sup>10</sup>

Factor 4: Debt/Pensions (20%)

	Aaa	Aa	A	Baa	Ba	B & Below	Weight
Net Direct Debt / Full Value	< 0.75%	0.75% ≤ n < 1.75%	1.75% ≤ n < 4%	4% ≤ n < 10%	10% ≤ n < 15%	> 15%	5%
Net Direct Debt / Operating Revenues	< 0.33x	0.33x ≤ n < 0.67x	0.67x ≤ n < 3x	3x ≤ n < 5x	5x ≤ n < 7x	> 7x	5%



# Affordability and Fiscal Constraints

- Appropriation debt (lease revenue bonds, certificates of participation) is probably the most important for defining limits
  - Usually no new revenue source, unlike GO Bonds
  - Must be able to afford debt payments along with all other costs supported by the pledged revenues (typically the General Fund)
  - Rating metrics less likely to be a real constraint in this context than the ability to pay
- Total debt
  - Some agencies combine voter-approved and appropriation debt
  - Overlapping debt of other agencies is virtually impossible to control, but may be a factor in ratings

# Key Considerations for Issuing Bonds

- Issuer's Objectives
  - What kind of projects are planned? When are funds needed?
  - What revenues are available - or could be raised - to repay debt?
  - How much payment flexibility does the issuer need?
- Legal and Policy Constraints
  - What kind of debt can be issued?
  - What kind of approvals by legislative body or electorate are required?
  - Are there any other policy constraints to consider?
- Can you afford the debt?
  - Adequate revenues?
  - Adequate reserves?
  - Adequate coverage cushion?
  - What could go wrong?



# Section 5: The Rating Process

# Rating Agencies

- Who are they, what do they do, and how do they do it?

The logo for S&P Global Ratings, featuring the text "S&P Global" in red and "Ratings" in grey below it, with a thin horizontal line above "S&P Global".

The logo for KBRA, consisting of a yellow square with a black triangle pointing up and to the right, followed by the letters "KBRA" in white on a black rectangular background.

The logo for Moody's, featuring the word "MOODY'S" in a blue, serif font.

The logo for Fitch Ratings, featuring the word "Fitch" in red and "Ratings" in grey, both in a serif font.

- Rating Methodologies: Ratings are assessed and assigned in accordance with published rating methodologies <sup>11</sup>

# Rating Examples: SFPUC

## SFPUC Ratings\*

- Water Enterprise
- Wastewater Enterprise
- Power Enterprise
- CleanPowerSF

\*As of June 30, 2022

		MOODY'S	STANDARD & POOR'S	FITCH	KBRA	THE RATINGS MAP*
LONG-TERM RATINGS	INVESTMENT GRADE	Aaa	AAA	AAA	AAA	High Grade
		Aa1	AA+	AA+	AA+	
		<span style="color: green;">●</span> <span style="color: blue;">●</span> Aa2	<span style="color: orange;">●</span> AA	AA	AA	
		Aa3	<span style="color: blue;">●</span> AA-	<span style="color: orange;">●</span> AA-	AA-	
		A1	A+	A+	A+	
		<span style="color: yellow;">●</span> A2	A	A	A	Upper Medium Grade
		A3	A-	A-	A-	
		Baa1	BBB+	BBB+	BBB+	
		Baa2	BBB	BBB	BBB	Lower Medium Grade
	Baa3	BBB-	BBB-	BBB-		
	NON-INVESTMENT GRADE	Ba1	BB+	BB+	BB+	Speculative
		Ba2	BB	BB	BB	
		Ba3	BB-	BB-	BB-	
		B1	B+	B+	B+	Highly Speculative
		B2	B	B	B	
		B3	B-	B-	B-	
		Caa1	CCC+	CCC	CCC+	Substantial Risks
		Caa2	CCC		CCC	Extremely Speculative
		Caa3	CCC-		CCC-	
		Ca	CC		CC	
				C		
	D	DDD	D	Default		
		DD				
		D				

Source of table: <https://www.treasurer.ca.gov/cdiac/debtpubs/financing-guide.pdf>



# Rating Agencies Assign Outlooks

- Direction – Positive, Stable, Negative

As of June 30, 2022

	Moody's		Standard & Poor's		Fitch	
	Long-Term	Outlook	Long-Term	Outlook	Long-Term	Outlook
<b>Water Enterprise</b>	Aa2	Stable	AA-	Stable	--	--
<b>Wastewater Enterprise</b>	Aa2	Stable	AA	Stable	--	--
<b>Power Enterprise</b>	--	--	AA	Stable	AA-	Stable
<b>CleanPowerSF*</b>	A2	Stable	--	--	--	--

Source: moodys.com, spglobal.com, and fitchratings.com

*\*On December 9, 2020, Moody's Investors Service, ("Moody's") assigned a first-time A2 Issuer Rating to CleanPowerSF, with a stable outlook.*



# The Typical Rating Process, Step-by-Step

- Determine how many ratings are needed
- Determine format for meetings with rating analysts: on-site vs. remote
- Develop the credit presentation
- Send advance information to rating analysts
- Hold meetings and respond to follow up requests as needed
- Credit Committee assigns the rating
- Ratings are published with a report explaining rationale
- On-going surveillance



# Determining How Many and Which Rating(s)

- Market considerations / size of transaction
- Historic relationships
- Differences in criteria and market recognition
- Preliminary credit determinations based on scorecards

# Scorecards and Metrics

<b>Factor</b>	<b>Factor Weighting</b>	<b>Sub-factor</b>	<b>Sub-factor Weighting</b>
System Characteristics	30%	Asset Condition (Remaining Useful Life)	10%
		System Size (O&M)	7.5%
		Service Area Wealth (Median Family Income)	12.5%
Financial Strength	40%	Annual Debt Service Coverage	15%
		Days Cash on Hand	15%
		Debt to Operating Revenues	10%
Management	20%	Rate Management	10%
		Regulatory Compliance and Capital Planning	10%
Legal Provisions	10%	Rate Covenant	5%
		Debt Service Reserve Requirement	5%
<b>Total</b>	<b>100%</b>	<b>Total</b>	<b>100%</b>

Source: Moody's Investors Service "Rating Methodology, US Municipal Utility Revenue Debt" April 2022

# Using Published Medians

- Municipal Advisors and Underwriters can use published rating medians to guide understanding of likely rating

		Water + Wastewater Aa Rated Medians	SFPUC			
			Water		Wastewater	
			FY 2020	FY 2021	FY 2020	FY 2021
Annual Debt Service Coverage	15%	2.00x - 1.70x	1.61	1.21	2.41	1.79
Days Cash on Hand	15%	150 - 35 days	618	570	635	454
Debt to Operating Revenues	10%	2.00x - 4.00x	7.75	8.29	4.76	4.99
Rate Covenant	5%	1.30x - 1.20x	1.25	1.25	1.25	1.25
Debt Service Reserve Requirement	5%	Funded Reserve	No DSRF	No DSRF	No DSRF	No DSRF
Maximum Annual Debt Service Coverage			1.24	0.93	0.47	0.32

Source: Moody's Investors Service Medians and Montague DeRose & Associates

# Understanding How Peers Compare

Utility	System	Ratings (Moody's, S&P, Fitch)	Senior Lien Bond Covenant DSC Minimum	Internal Policy/Financial Planning DSC Target
City and County of Denver (Denver Water)	Water	Aaa/AAA/AAA	1.10	1.80
City of San Diego, CA	Water	Aa2/NR/AA	1.20	1.50
City of Seattle, WA*	Water	Aaa/AA+/NR	1.25	1.70
District of Columbia Water and Sewer Authority	Water	Aa1/AA+/AA	1.20	1.40
East Bay Municipal Utility District	Water	Aaa/AAA/AA+	1.10	1.60
East Bay Municipal Utility District	Wastewater	Aa1/AAA/AA+	1.10	1.60
Los Angeles Department of Water and Power*	Water	Aa2/AA+/AA	1.00	1.70
New York City Municipal Water Finance Authority*	Water and Sewer	Aa1/AAA/AA+	1.15	1.15
San Diego County Water Authority	Water	Aa2/AAA/AA+	1.20	1.50
<b>San Francisco Public Utilities Commission</b>	<b>Water</b>	<b>Aa2/AA-/NR</b>	<b>1.00 (Current) 1.25 (Indenture)</b>	<b>1.10 (Current) 1.35 (Indenture)</b>
Santa Clara Valley Water District	Water	Aa1/AA-/AA+	1.25	2.00

Source: moodys.com, spglobal.com, fitchratings.com, and Montague DeRose & Associates



# Presenting the Credit

- Meetings format: on-site vs. remote
  - Nature of the credit or project – would it be better understood a tour
  - Availability of rating analysts (locally based vs. out of town)
- Developing the credit presentation
  - What is the purpose?
  - What is the message?
  - What should the presentation contain?
  - Who should be included and who should do the talking?
- How to prepare for the meeting
  - Provide materials to analysts in advance
    - Prior year and current ACFRs, budgets, CIP, key financial policies, bond documents
  - Rehearse the presentation



# What Happens After the Meeting?

- Follow-through is important
  - Respond promptly and thoroughly to questions and follow-up requests
  - Yes, you are being graded!
- Behind the curtain: The Credit Committee meeting
- Reviewing the draft rating report
  - Do's and Don'ts
- Ongoing rating surveillance





# Section 6: Working with the Governing Body



# Working with the Governing Body

- Approve Debt and Financial Policies
- Approve issuance of RFP for financing team members
- Approve selection of team
- Approve CIP
- Staff report
  - Important communication tool
  - Good faith estimates per State law
- Approve plan of finance and debt issuance



# Considerations

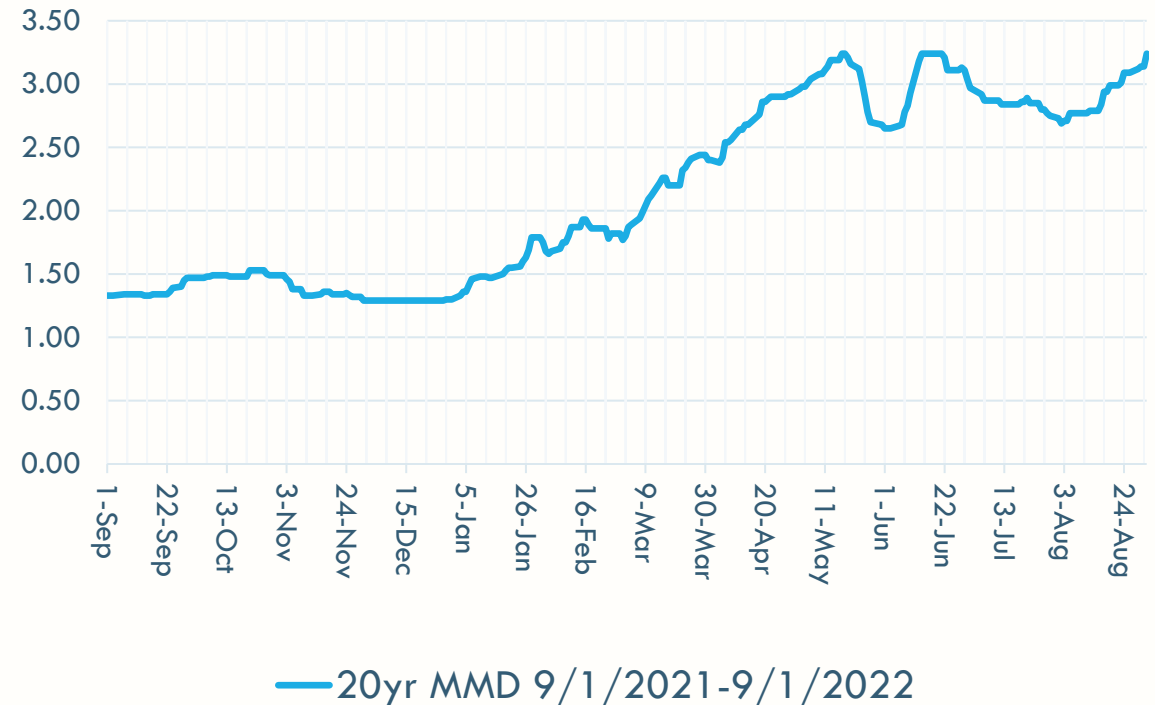
- Educating decision makers
- Understanding internal process AND understanding market
- Brown Act (California Government Code sections 54950-54963)
- Good Faith Estimates vs. Estimates vs. Results
- Plain English versus acronyms and jargon
- Project issues vs. Financing issues



# Section 7: Sale Timing Considerations

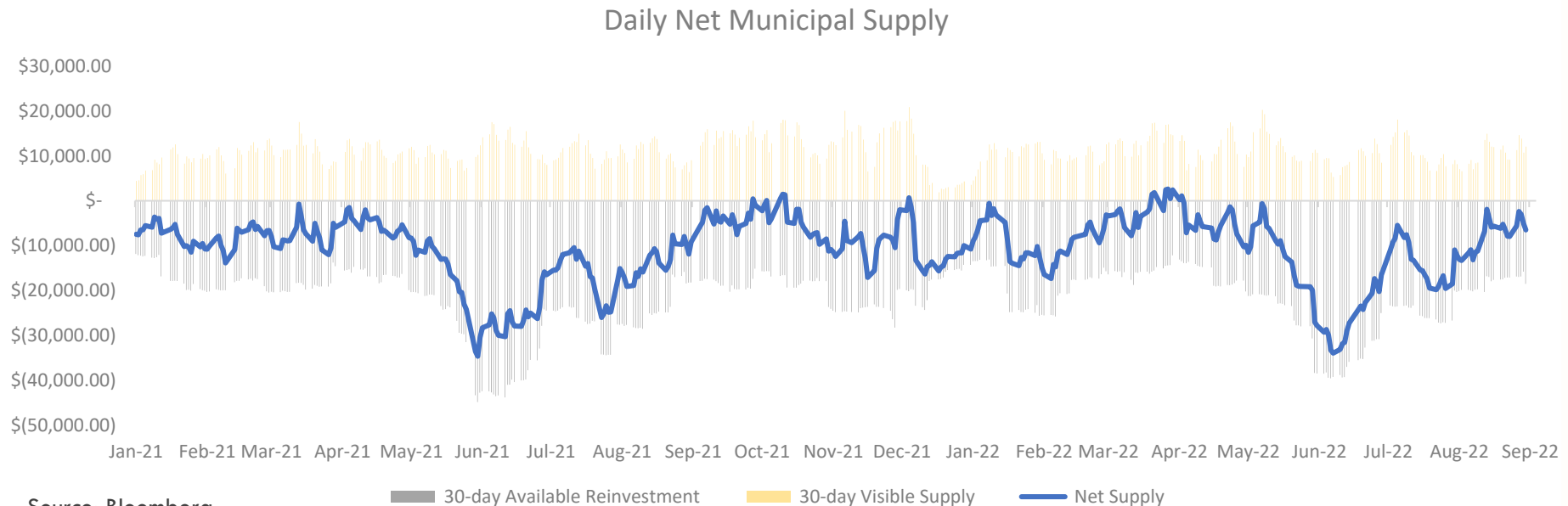
# Sale Timing Considerations – Internal

- Generally municipal issuers do not and should not try to time the market
  - Driving consideration for when to issue is project readiness and need for funds
- Within that context, issuers may also think about:
  - Financial disclosure timing
    - When available
    - Factors driving uncertainty in disclosure
  - Elected body considerations
    - Elections
    - Vacation periods



# Sale Timing Considerations – External

- Market considerations
  - Tax season (lack of investor cash)
  - Large coupon redemption months (lots of investor cash)
  - Fed meetings – especially important now with uncertainty and market volatility
  - Economic data releases





Questions?

# Contacts

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# Sources

<sup>1</sup> [https://leginfo.legislature.ca.gov/faces/codes\\_displaySection.xhtml?sectionNum=8855.&highlight=true&lawCode=GOV&keyword=8855](https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?sectionNum=8855.&highlight=true&lawCode=GOV&keyword=8855)

<sup>2</sup> <https://www.gfoa.org/materials/debt-management-policy>

<sup>3</sup> <https://www.gfoa.org/materials/debt-management-policy>

<sup>4</sup> “Municipal Securities Provisions of H.R. 1, the ‘Tax Cuts and Jobs Act,’” <https://www.msrb.org/Market-Topics/~media/20AB21E90C3E4103885B4E8670B1F1E8.ashx>

<sup>5</sup> S&P Criteria: U.S. Public Finance: Financial Management Assessment, June 27, 2006,  
<https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourcelid/3731111>

<sup>6</sup> California Constitution Article XVI - Public Finance, Section 18.

<sup>7</sup> California Constitution Article XIII A - Tax Limitation, Section 1.

<sup>8</sup> California Constitution Article XIII C - Voter Approval for Local Tax Levies; California Constitution Article XIII D - Assessment and Property-Related Fee Reform

<sup>9</sup> “U.S. Local Governments General Obligation Ratings: Methodology And Assumptions, Sept. 12, 2013,”  
<https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/type/HTML/id/2735313>

<sup>10</sup> Rating Methodology: “US Local Government General Obligation Debt,” Jan. 26, 2021, <https://ratings.moodys.com/api/rmc-documents/70015>

<sup>11</sup> <https://www.kbra.com/understanding-ratings/methodologies/public-finance/in-use>  
<https://disclosure.spglobal.com/ratings/en/regulatory/ratings-criteria/-/articles/criteria/governments/filter/us-public-finance>  
<https://ratings.moodys.com/rating-methodologies>  
<https://www.fitchratings.com/criteria>