



# Conejo Recreation & Park District

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## DEBT MANAGEMENT POLICY

Date	Reviewed By	Summary of Changes
6/4/2026	CRPD Board	Initial Adoption

### **Summary**

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This Debt Policy (this “Debt Policy”) has been developed to govern and provide guidance with respect to bonds, loans, promissory notes, lines of credit, other indebtedness and certain long-term lease and installment purchase obligations issued, incurred or entered into by the Conejo Recreation and Park District (the “District”). This Debt Policy may be amended or waived by the Board of Directors (the “Board”) from time to time as deemed appropriate in the prudent management of debt of the District.

This Debt Policy is intended to comply with applicable provisions of State law, including the California Public Resources Code, whether or not the debt is subject to any constitutional or statutory debt limit or to be secured by and paid from the proceeds of taxes, and California Government Code Section 8855(i), which requires that a local debt policy include:

- (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; and
- (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.

The District hereby recognizes that a fiscally prudent debt management policy is required in order to support the District’s:

- (1) sound financial position;
- (2) flexibility to respond to changes in future service priorities, revenue levels and operating expenses;
- (3) creditworthiness;
- (4) protection of current and future taxpayers and constituents of the District;

- (5) planning goals and objectives, capital improvement program, and budget, as applicable;
- (6) balance between the use of long-term debt proceeds and the use of general fund revenues;

The Finance & Audit Committee (the "Committee") has responsibility to review and make recommendations to the Board regarding the issuance or incurrence and the management of debt. The Committee considers issues related to outstanding and proposed debt and makes recommendations to the Board concerning issues affecting or relating to the credit quality, security and repayment of debt, including but not limited to procurement of services, structure, repayment terms and covenants of the proposed debt, and issues which may affect the security of the debt and ongoing disclosure to relevant parties. From time to time as deemed necessary, the Committee may recommend to the Board that the District engage the services of one or more qualified municipal advisors with respect to such matters, provided that such advisors satisfy all applicable registration requirements, including those established by the United States Securities and Exchange Commission and the Municipal Securities Rulemaking Board.

### **General Policy and Purposes of Long-Term and Short-Term Debt**

The District is committed to financial planning, maintaining appropriate reserve levels and employing prudent practices in governance, management and budget administration. The District intends to issue debt for the purposes stated in this Debt Policy and to implement policy decisions incorporated in the District's annual operating budget. The District shall strive to protect taxpayers and constituents by using conservative financing methods and techniques so as to obtain the highest practical credit rating and the lowest practical borrowing cost. The District will comply with applicable state and federal law related to the maximum term of debt and the procedures for levying and imposing any related taxes, assessments, rates and charges.

The District shall use the proceeds of long-term debt for the purposes of financing the construction, acquisition and rehabilitation of capital improvements and facilities, equipment and land. The District may also issue or incur debt to provide grant funding to other local agencies to assist in the financing of additional park and recreation projects that support the District's goals.

*Long-Term Debt* should be considered when:

- (1) The debt provides the means to acquire open space and other potential park land consistent with the District's goals, mission and services;
- (2) the project to be financed will provide benefit to constituents over multiple years;
- (3) the total debt does not constitute an unreasonable burden to the District or taxpayers;
- (4) when the cost of a project exceeds budgeted revenue allocations;
- (5) the debt is used to refinance outstanding debt for debt service savings or other benefits of a debt restructuring, as further described below; and

- (6) Unless otherwise expressly authorized by the Board, the District will not issue or incur Long-Term Debt to finance current operating expenses or routine maintenance expenses.

*Short-Term Debt*, such as tax and revenue anticipation notes, commercial paper, and lines of credit, will be considered as interim sources of funding for cashflow needs of the District or bridge financing in anticipation of long-term borrowing. Short-Term Debt may be issued for any purpose for which long-term debt may be issued, such as capital improvements including acquiring equipment, and may include capitalized interest and other financing-related costs. Prior to issuance of Short-Term Debt, a reliable revenue source shall be identified to secure repayment of the debt. The final maturity of Short-Term Debt shall not exceed applicable legal term limits, and if financing equipment or other capital improvements, shall be consistent with the economic or useful life of the project.

### **Types of Debt and Debt Limitations**

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The following are types of debt that the District may issue or incur subject to this Policy:

*Voter-Approved General Obligation Bonds:* When the Board determines that it is necessary to incur general obligation bonded indebtedness for the acquisition or improvement of real property or for funding or refunding of any outstanding indebtedness, the Board shall adopt a resolution making such determinations and calling an election on a proposition to incur such indebtedness. California Public Resources Code Section 5790(c) provides that the District shall not incur bonded indebtedness that exceeds 10% of the assessed value of all taxable property in the District at the time such bonds are issued. Based on FY 2025-26 approximate assessed valuation in the District of \$40.2 billion, the District could issue up to \$4.02 billion in such bonds, if approved by the voters.

*Tax and Revenue Anticipation Notes:* Because most of the District's general fund revenues are derived from property taxes, the District may issue tax and revenue anticipation notes or obtain bank lines of credit with banks or other financial institutions that are repaid with current year revenues to smooth any temporary cash shortages due to the timing of the District's receipt of property tax revenues. California Public Resources Code Section 5788.17 provides authority for the District to borrow money and incur indebtedness under the limitations and requirements of the temporary borrowing provisions of the California Government Code (commencing at Section 53820) if, after approval of the final budget and levy of taxes in any fiscal year the Board, acting on the recommendation of the Committee, determines that funds are needed for District obligations lawfully incurred in the fiscal year and before the receipt of income for the fiscal year sufficient to meet such obligations. Such borrowing may be in the form of tax and revenue anticipation notes or other evidences of indebtedness authorized by a resolution adopted by a four-fifths vote of all members of the Board.

*Other Short-Term Notes:* California Public Resources Code Section 5788.17 also provides authority for the District to borrow money by issuing notes authorized by Board resolution under alternative temporary borrowing provisions of the California Government Code (commencing at Section 53850) to fund any District purpose, including but not limited to current expenses, capital expenditures, investment and reinvestment, and the discharge of any obligation or indebtedness of the District. The notes may have a term of up to 15 months and may be secured by a pledge

of taxes, income, revenue (including but not limited to revenue from the state and federal governments), cash receipts or other moneys of the District that are not encumbered for a special purpose. The aggregate principal of and interest on all such notes issued in any fiscal year may not exceed 85% of estimated uncollected amounts which will be available to pay such principal and interest.

*Grant Anticipation Notes:* California Public Resources Code Section 5788.17 also provides authority for the District to borrow money by issuing grant anticipation notes authorized by Board resolution under the grant anticipation borrowing provisions of the California Government Code (commencing at Section 53859), secured by specified accounts receivable from state or federal governments, including, without limitation, grants, loans, or a combination of both, for which funds have been appropriated and committed to the District. Such notes may be used only to fund the purpose for which the grant or loan is to be received, and their amount may not exceed 95% of the grant or loan funds appropriated and committed within 36 months.

*Borrowing for Real Property Acquisition:* Section 5788.21 of the California Public Resources Code provides authority for the District to acquire necessary real property by issuing promissory notes or purchasing on contract in amounts not exceeding two times the District's actual income from property tax revenues in the prior fiscal year. Such notes or contracts, which must be authorized by the Board in a resolution adopted by a four-fifths vote of all members, may have a term of up to 10 years.

*Lease Revenue Bonds, Certificates of Participation and Lease-Purchase Transactions:* As an alternative to bonds, promissory notes or other forms of debt, the District may use lease financing to acquire, lease and improve property, with lease payments subject to budget and appropriation from the District's general fund. Such debt shall not be secured by the levy and collection of property taxes, nor shall it be subject to any constitutional or statutory debt limit or voter-approval requirement.

*No Derivatives.* The District shall not use or enter into derivative instruments, such as interest rate swaps. Such instruments may have their value established or derived from or with reference to the value of another instrument, index or other referenced interest rate.

## **Structuring and Issuing Debt**

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The following are some of the considerations that the Board will observe with respect to the District issuing or incurring debt:

*Term:* Long-Term Debt shall have a maximum maturity of (a) thirty years when issued or incurred for the acquisition or improvement of land and facilities designated in the District's capital improvement plan ("CIP"); or (b) twenty years for the acquisition or improvement of land or facilities not designated in the CIP; or (c) any other applicable statutory limit, if shorter. Any debt with a term exceeding that specified by this Debt Policy must be approved by not less than 2/3 of the Board members voting on the matter.

*Debt service:* In general, the aggregate principal amount of the District's debt will be structured with level debt service over the term of the obligation. Alternative structures of principal will be

considered with respect to any tax rate commitments made directly or indirectly to the District's voters; for example, principal may be front-loaded to provide a more stable tax rate over the life of the bond program.

*Interest rate modes:* Debt shall bear or accrue interest or interest components at fixed interest rates unless the Board makes a specific determination that variable interest rates would be beneficial in a specific circumstance. Although the District will issue or incur tax-exempt debt whenever practicable to take advantage of the lower interest rate, debt bearing interest that is federally taxable will be considered when deemed by the Board as appropriate for flexibility in the potential private use of debt-financed facilities or when there are uncertainties concerning the time limitations for the expenditure of the proceeds of debt under applicable federal tax laws and regulations.

*Disclosure:* For all public sales of debt, the District will retain the services of disclosure counsel (who may also serve as bond counsel) to prepare the Official Statement to be used in connection with the offering and sale of such debt. Appropriate staff will review the disclosure to assist the Board in determining that it is accurate and does not fail to include information that might be material to an investor's decision to buy, sell or hold District debt.

*Method of sale:* Except as otherwise required by statute, debt can be sold at a public offering either through a competitive or negotiated sale, or through a private placement with a bank or other financial institution. The preferred method of sale will reflect primarily the amount and type of obligation, its structure, market conditions, transaction costs and project timelines, as well as the recommendations of a municipal advisor engaged by the District in connection with such debt.

### **Relationship of Debt to Long-Term Planning and Capital Improvement Program or Budget**

The District is committed to long-term financial planning, maintaining appropriate reserve levels and employing prudent practices in governance, management and budget administration. The District intends to issue debt for the purposes stated in this Debt Policy and to implement policy decisions incorporated in the District's capital budget and the capital improvement plan.

The District shall integrate its debt issuances with the goals of its capital improvement program and annual operating budget and schedule the issuance of debt to ensure that funding for projects is available when needed and is in furtherance of the District's public purposes.

The District shall strive to fund the maintenance of its infrastructure and facilities due to normal wear and tear through non-debt funding or through expenditure of available operating revenues.

### **Refinancing**

Periodic reviews of outstanding Long-Term Debt will be undertaken to identify refinancing opportunities. A refinancing of outstanding debt will be considered (within federal tax law constraints, if applicable) if there is a net economic benefit of the refinancing in the form of savings, or if there are other sound reasons to restructure and refinance outstanding such debt. For example, refinancings which do not result in net debt service savings may be undertaken to

achieve District objectives relating to changes in covenants, call provisions, operational flexibility, tax status of the issue, or the District's debt service profile.

### **Internal Control Procedures**

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When issuing debt, in addition to complying with the terms of this Debt Policy, the District shall comply with any other applicable policies, including any policy regarding initial bond disclosure, continuing disclosure, post-issuance compliance, and/or investment of bond proceeds. The District will periodically review the requirements of and will remain in compliance with the following during the term of outstanding debt:

- any continuing disclosure undertakings under Securities and Exchange Commission Rule 15c2-12;
- any federal tax compliance requirements, including without limitation arbitrage and rebate compliance and records retention;
- the District's current investment policies as they relate to the investment of proceeds of debt; and
- any applicable post-issuance reporting requirements to the California Debt and Investment Advisory Commission.

Whenever reasonably possible, proceeds of debt will be held by a third-party trustee or fiscal agent, and the District will submit written requisitions for the expenditure of such proceeds. The District will submit a written requisition only after obtaining the signature of the General Manager.

With respect to the investment of proceeds of debt issued, the District shall actively manage such investments in a manner that is consistent with State law governing the investment of public funds and in accordance with the covenants of the related financing documents executed by the District. Preservation of principal shall be the primary goal of the District's investment strategy, followed by the availability of funds and then by return on investment.

### **Waivers of Debt Policy**

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Circumstances may arise from time to time when the Board may waive strict adherence to any provision of this Debt Policy in the best interests of the District, and the failure of a debt financing to comply with one or more provisions of this Debt Policy shall in no way affect the validity of any debt issued by the District in accordance with applicable laws.