EXHIBIT A

4.7.1 Debt Management Policy

This Debt Management Policy sets forth certain debt management objectives for the County and establishes overall parameters for issuing and administering the County's debt. Recognizing that cost-effective access to the capital markets depends on prudent management of the County's debt program, this policy will be incorporated into an annual debt report presented to the Finance and Government Operations Committee with ultimate recommendation to the Board of Supervisors.

4.7.1.1 Debt Management Goals and Objectives

The County's debt issuance activities and procedures shall be aligned with the County's vision and goals for providing adequate facilities and programs that support the residents. The County shall consider the overall impact of the current and future debt burden of the financing when determining the duration of the debt issue. When issuing debt, the County shall ensure that it:

1. Maintains accountability for the fiscal health of the County, including management and transparency of the County's financing programs.
2. Attains the best possible credit rating for each debt issue in order to reduce interest costs, within the context of preserving financial flexibility and meeting capital funding requirements.

The purpose of this Debt Management Policy is to assist the County in pursuit of the following objectives:

- Minimize debt service and issuance costs
- Maintain access to cost-effective borrowing
- Achieve the highest practical credit rating
- Full and timely repayment of debt
- Maintain full and complete financial disclosure and reporting
- Ensure financial controls are in place with respect to proceeds of debt issuances
- Ensure compliance with applicable State and Federal laws

4.7.1.2 General Provisions

(A) Scope of Application

(1) Entities Covered

These policies establish the parameters within which debt may be issued by the County of Santa Clara and the Santa Clara County Financing Authority. The County, as a member of any joint powers authority, shall take these policies into account when considering the issuance of joint powers authority debt.

Supplemental policies, tailored to the specifics of certain types of financings, may be adopted by the Board of Supervisors in the future. These supplemental policies may address, but are not limited to, any future County general obligation, enterprise, multifamily housing, and land-secured financings.

(2) Types of Debt that May be Issued

The following types of debt may be issued under this policy subject to State and Federal law, the County's Charter and County Ordinances and Policies as may be applicable. Prior to issuance of debt, a reliable revenue source shall be identified to secure repayment of the debt. Cost savings are not a revenue source for the purposes of securing debt repayment.

a. General obligation bonds
b. Bond or grant anticipation notes
c. Lease revenue bonds or notes, certificates of participation and lease-purchase transactions
d. Other revenue bonds or notes and certificates of participation (COPs)
e. Tax and revenue anticipation bonds or notes (TRANs)
f. Land-secured financings, such as special tax revenue bonds and limited obligation assessment bonds
g. Conduit financings, such as financings for affordable rental housing and qualified 501(c)(3) organizations
h. Special financing programs or structures offered by the federal or state government such as Qualified Energy Conservation Bonds (QECBs) or other tax credit obligations or obligations that provide subsidized interest payments, when the use of such programs or structures is determined to result in sufficiently lower financing costs compared to traditional bonds and/or COPs
i. Derivatives. While the County currently has one interest rate swap in its outstanding debt portfolio, no further issuance of derivatives is contemplated.

Debt may be publicly issued or privately placed and may be issued on either a long-term basis (“Long-term Borrowing”) or short-term basis (“Short-term Borrowing”) consistent with the provisions of this Policy.

From time to time, the Board of Supervisors may find that other forms of debt, or that an exception to the revenue requirement, consistent with the Objectives and Goals of this Policy, would further its public purposes and may approve the issuance of such debt without an amendment of this Policy.

(B) Responsibility for Debt Management Activities

The Finance Agency shall be responsible for managing and coordinating all activities related to the issuance and administration of debt, including the implementation of internal control procedures to ensure that the proceeds of debt are directed to the intended use. The Director of Finance is appointed by the County Executive and is subject to his or her direction and supervision. In accordance with the County Charter and the County Ordinance Code, the Director of Finance is charged with responsibility for the conduct of all Finance functions.

Departments implementing debt-financed capital programs will work in partnership with the Finance Agency to provide information and otherwise facilitate the issuance and administration of debt.

(1) Debt Management Policy Review and Approval

This policy shall be presented to the Finance and Government Operations Committee as part of the annual debt report and reviewed annually by the Finance Agency to ensure its consistency with respect to the County’s debt management objectives. Any modifications to this policy shall be presented to the Finance and Government Operations Committee with ultimate approval by the Board of Supervisors.

(2) Debt Administration Activities

The Finance Agency is responsible for the County’s debt administration activities, particularly the timely payment of debt, investment of bond proceeds, monitoring compliance with bond covenants, continuing disclosure, and arbitrage compliance for tax-exempt debt. The Finance Agency is also responsible for implementing internal control procedures to ensure that bond proceeds or other debt is directed to the intended use.

(3) Annual Debt Report

The Finance Agency shall prepare an annual debt report for review by the Finance and Government Operations Committee containing the following:

- Description of the currently outstanding debt portfolio
- Refunding and restructuring opportunities
- Future financings
- Debt administration

4.7.1.3 Purposes For Which Debt May Be Issued

(A) Long-term Borrowing

Long-term borrowing may be used to finance the acquisition or improvement of land, facilities, or equipment for which it is appropriate to spread these costs over multiple budget years, attempting to match the useful life of the assets acquired by the financing. Long-term borrowing may also be used to fund capitalized interest, costs of issuance, required reserves, and any other financing related costs which may be legally capitalized. Long-term borrowing shall not be used to fund operating costs.

(B) Short-term Borrowing

Short-term borrowing, such as TRANs (tax and revenue anticipation notes) and lines of credit, will be considered as an interim source of funding to be utilized when appropriate. Short-term debt may be issued for any purpose for which long-term debt may be issued, including capitalized interest and other financing related costs.

(C) Refunding and Restructuring

Periodic reviews of outstanding debt will be undertaken to identify refunding and restructuring opportunities. Refunding will be considered (within federal tax law constraints) if and when there is a net economic benefit of the refunding. Refundings which are non-economic may be undertaken to achieve objectives relating to changes in covenants, call provisions, operational flexibility, tax status, issuer or the debt service profile.

In general, refundings which produce a net present value savings of at least three percent (3%) of the refunded debt are considered economically viable. Refundings which produce a net present value savings of less than three percent (3%) will be considered on a case by case basis. Refundings with negative savings will not be considered unless there is a compelling public policy objective that is accomplished by retiring the debt.

Restructuring may be undertaken with the objective of minimizing long-term volatility and the exposure to future market conditions on the overall debt portfolio.

4.7.1.4 Debt Issuance

(A) Relationship to County's Budget

The County will keep outstanding debt within the practical limits of the County's debt rating and any applicable law.

The County shall assess the impact of new debt issuance on the short-term and long-term affordability of all outstanding and planned debt issuance, including additional operating costs. Such analysis recognizes that the County has limited capacity for debt service in its budget, and that each newly issued financing will obligate the County to a series of payments until the bonds are repaid. Tools include, but are not limited to, the County's Debt Affordability Model which helps evaluate the impact of proposed debt on the operating budget as well as on the County's credit ratings.

(B) Credit Quality

The County seeks to obtain and maintain the highest possible credit ratings for all categories of short and long-term debt. If appropriate from a cost-benefit standpoint, and appropriate from a sale structure, the County will consider the issuance of bonds that do not carry investment grade ratings.

The County has traditionally benefited from strong ratings and shall take any necessary steps to maintain favorable ratings.

(C) Structural Features

The Director of Finance shall be responsible for determining the appropriate structure for the debt financing considering factors including, but not limited to, the inter-generational benefit of the financing and current market conditions.

(1) Debt Repayment

Debt will be structured for a period consistent with a fair allocation of costs to current and future beneficiaries of the financed capital project. The County shall structure its debt issues so that the maturity of the debt issue is consistent with the economic or useful life of the capital project to be financed.

(2) Variable-rate Debt

The County may choose to issue securities that pay a rate of interest that varies according to a pre-determined formula or results from a periodic remarketing of the securities. Such issuance must be consistent with applicable law and covenants of pre-existing bonds, and in an aggregate amount consistent with the County's creditworthiness objectives. When making the determination to issue bonds in a variable rate mode, consideration will be given in regards to the useful life of the project or facility being financed or refinanced or the term of the project requiring the funding, market conditions, and the overall debt portfolio structure. The Director of Finance shall evaluate the use of variable-rate debt on a case by case basis to determine whether the potential benefits are sufficient to offset any potential costs.

(3) Tax Structure

The County may choose to issue securities on a taxable or tax-exempt basis. The Director of Finance shall evaluate the use of taxable versus tax-exempt bonds on a case by case basis to determine which structure will be most effective and beneficial.

(D) Professional Assistance

The County shall utilize the services of bond counsel on all debt financings. The County shall utilize the services of independent financial/municipal advisors when deemed appropriate by the Director of Finance. The Director of Finance shall have the authority to periodically select service providers as necessary to meet legal requirements and minimize net County debt costs. Such services, depending on the type of financing, may include financial advisory, underwriting, trustee, verification agent, escrow agent, arbitrage consulting, and special tax consulting. The goal in selecting service providers, whether through a competitive process or single-source selection, is to achieve an appropriate balance between service and cost.

(E) Method of Sale

Except to the extent a competitive process is required by law, the Director of Finance shall be responsible for determining the appropriate manner in which to offer any securities to investors. The County has used competitive bid, negotiated sale, and private placement to sell its bonds. On a case-by-case basis the Director of Finance will make a determination as to the most effective method of sale.

4.7.1.5 Debt Administration

(A) Investment of Bond Proceeds

Investment of bond proceeds or other forms of debt shall be consistent with federal tax requirements, the County's Investment Policy as modified from time to time, and with requirements contained in the governing bond documents.

(B) Disclosure Practices and Arbitrage Compliance

(1) Financial Disclosure

The County is committed to full and complete primary and secondary market financial disclosure in accordance with disclosure requirements established by the Securities and Exchange Commission and the Municipal Securities Rulemaking Board, as may be amended from time to time. The County is also committed to cooperating fully with rating agencies, institutional and individual investors, other levels of government, and the general public to share clear, timely, and accurate financial information.

(2) Arbitrage Compliance

The Finance Agency shall maintain a system of record keeping and reporting to meet the arbitrage compliance requirements of federal tax law.

4.7.1.6 Compliance with Internal Control Procedures

The Finance Director shall establish internal control procedures to ensure that the proceeds of any debt issuance are directed to the intended use. Such procedures shall assist the County in maintaining the effectiveness and efficiency of operations, properly expending funds, reliably reporting debt incurred by the County and the use of proceeds, complying with all laws and regulations, preventing fraud and avoiding conflict of interest.

The County shall be vigilant in ensuring that bond or other proceeds are only expended in accordance with the stated purposes at the time such debt was incurred as defined in the text of the voter-approved bond measure or other governing document. This includes maintaining records of draws on said proceeds which identify the purpose and payee of said draw.

Proceeds of debt will be held either by (a) the County, to be held and accounted for in a separate fund or account, the expenditure of which will be carefully documented by the County; or (b) by a third-party trustee or fiscal agent, which will disburse such proceeds to or upon the order of the County upon submission of one or more written requisitions by the Finance Director or designee.

The policy of the County is to comply with all federal tax and securities law which may be applicable to its debt, which may include requirements relating to arbitrage, rebate and continuing disclosure. Reviews of such requirements in connection with prior and new debt issues may be conducted by County Counsel or bond counsel. Any county personnel involved in conducting such reviews may receive periodic training regarding their responsibilities as needed.

In addition, the Finance Director or designee shall ensure that the County completes, as applicable, all performance and financial audits that may be required for any debt issued by the County, including disclosure requirements applicable to a particular transaction.