



RANDALL COUNTY DEBT MANAGEMENT POLICY

The basis of any well-managed debt program is a comprehensive debt policy. A debt policy sets forth the parameters for issuing and managing outstanding debt. This policy will provide guidance to decision makers regarding the timing and purposes for which debt may be issued, types and amounts of permissible debt and the method of sale that may be utilized.

POLICY

Randall County will adhere to the following specific policies:

Debt Issuance – The County will consider the use of debt financing for one-time capital improvement projects. Debt financing may include general obligation bonds, revenue bonds, certificates of obligation, certificates of participation, tax notes, lease/purchase agreements, and other obligations permitted to be issued or incurred under Texas law. The County shall consider refunding outstanding bonds if (a) present value savings are at least 3%, with exceptions, of the par amount of the refunding bonds; (b) the bonds to be refunded have restrictive or outdated covenants; or (c) restructuring debt is deemed to be the most desirable option for the county.

Restrictions on Debt Issuance - Proceeds from long-term debt shall not be used for current maintenance and operations of the county.

Limitations on Outstanding Debt – As provided in the Constitution of the State of Texas, the Net Bonded Debt of Randall County shall not exceed five percent (5%) of the net value of the taxable real property of the County.

Debt Service Limitations – In evaluating debt capacity, general-purpose annual debt service payments should generally not exceed 15% of the constitutional debt limit, taking into consideration total budgeted expenditures for all funds of the County.

Debt Structure – The County will design the repayment of its overall debt so as to recapture its credit capacity for future use. The County shall strive to repay at least 20% of the combined principal amount of its general obligation debt within five years and at least 40% within ten years. The scheduled maturity of individual debt issues shall not exceed the expected useful life of the capital project or asset(s) financed. The County

shall also consider the purchase of bond insurance for debt issues when the present value of the estimated debt service savings is equal to or greater than the insurance premium.

Debt Issuance Process – The County shall use a competitive bidding process in the sale of debt unless market conditions or the nature of the issue, such as refunding bonds, warrant a negotiated sale. The County will employ outside financial specialists, including financial advisors and bond counsel, to assist in developing bond issuance strategy, preparing bond documents and marketing bonds to investors.

Debt Maintenance Responsibilities – The County will seek to maintain and, if possible, improve its current bond ratings in order to minimize borrowing costs and preserve access to credit. Randall County will adhere to a policy of full public disclosure with regard to the issuance of debt, as well as continuing disclosure for county indebtedness.

Adopted this 23rd day of February, 2010.

Ernie Houdashell
Ernie Houdashell, Randall County Judge

ATTEST:
Renee Calhoun
Renee Calhoun, Randall County Clerk

